

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

TUESDAY, OCTOBER 23, 2018 ~ VOL. CCLXXII NO. 96

WSJ.com

★★★★ \$4.00

DJIA 25317.41 ▼ 126.93 0.5%

NASDAQ 7468.63 ▲ 0.3%

STOXX 600 359.74 ▼ 0.4%

10-YR. TREAS. ▲ 1/32, yield 3.196%

OIL \$69.17 ▲ \$0.05

GOLD \$1,221.20 ▼ \$4.10

EURO \$1.1467

YEN 112.82

What's News

Business & Finance

Bank customers are pulling billions of dollars out of accounts that don't earn interest and putting their money into higher-yielding alternatives. A1

- ◆ Some big U.S. lenders have started to share their closely guarded underwriting models with Credit Karma as part of a new service. B1

- ◆ U.S. steel producers, which successfully pushed for tariffs on imported steel and aluminum, have proved equally effective at avoiding tariffs they don't want. A1

- ◆ Kimberly-Clark said it was switching CEOs amid a restructuring program intended to boost profit at the firm. B1

- ◆ A judge cut by more than \$200 million a verdict linking Bayer's Roundup to cancer but upheld the jury's findings that the firm acted with malice. B1

- ◆ KKR is adding to its auto-parts portfolio with a \$7.1 billion deal for Fiat Chrysler's parts-making arm. B5

- ◆ Halliburton beat profit forecasts but said demand for some of its operations came in weaker than anticipated. B2

- ◆ Falling shares of financial and energy companies pulled the Dow down 126.93 points to 25317.41. B11

- ◆ Uber's top deal maker has resigned, a move that comes after allegations of sexual misconduct were revealed. B3

- ◆ Hasbro highlighted the challenges it is facing after the demise of Toys "R" Us, as it posted a 12% sales drop. B3

- ◆ Oculus VR co-founder Iribe announced that he is leaving Facebook. B4

World-Wide

- ◆ An estimated 5,000 Honduran migrants set out Monday from southern Mexico on a journey toward the U.S. border, as Trump threatened to end or cut foreign aid to Central American countries for failing to stop the caravan. A1

- ◆ Turkish authorities embraced a strategy to leak evidence gradually in the days after the killing of a dissident journalist as part of a bid to blunt the international standing of rival Saudi Arabia, Turkish officials said.

Turkish investigators quickly determined Jamal Khashoggi had been killed by Saudi operatives but authorities didn't publicly announce what they knew because they were worried about provoking

- ◆ Merkel has offered government support to efforts to open up Germany to imports of U.S. gas, a key concession to Trump. A6

- ◆ Italy vowed to forge ahead with its spending plans, despite warnings by the European Union that its proposed budget would breach the bloc's fiscal rules. A7

- ◆ The U.S. plans to talk with allies and Moscow before giving formal notice of pulling out of a nuclear pact with Russia, Bolton said. A6

- ◆ States will be allowed to offer less-comprehensive health plans yet still qualify for federal subsidies under a new policy that will let them skirt key rules under the ACA. A2

- ◆ The Supreme Court shielded Commerce's Ross from being deposed about the decision to ask people on the 2020 census whether they are U.S. citizens. A2

- ◆ Two U.S. warships sailed through the Taiwan Strait, sending China a message amid tensions between Washington and Beijing. A16

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Former Rival Cruz Welcomes Trump to Texas Ahead of Vote



FRIENDLY GROUND: Sen. Ted Cruz of Texas greeted President Trump in Houston after the president arrived for a rally Monday night. Mr. Cruz, who ran against Mr. Trump in the Republican presidential primary in 2016, faces a challenge from Democratic Rep. Beto O'Rourke.

Turkey Targets Saudis' Narrative

BY DAVID GAUTHIER-VILLARS
AND SUMMER SAID

ISTANBUL—Turkish authorities embraced a strategy to leak evidence gradually in the days after the killing of a dissident journalist as part of an effort to blunt the international standing of rival Saudi Arabia, Turkish officials said.

Turkish investigators quickly determined Jamal Khashoggi had been killed by Saudi operatives but authorities didn't publicly announce what they knew because they were worried about provoking

a confrontation with the rich and powerful kingdom. But as Mr. Khashoggi's disappearance gained global attention and Saudi Arabia denied any knowledge of it, Turkish officials saw a chance to counter Riyadh's narrative.

"We turned on the drip-drip," a Turkish official said.

More drips came on Monday: Turkish security-camera footage showing a man with a fake beard and dressed to look like Mr. Khashoggi exiting a back door of the Saudi consulate in Istanbul after the journalist was killed. The footage

weakened the narrative Riyadh released on Saturday that he died by accident during a brawl. A Saudi official confirmed the kingdom's use of a Khashoggi double but declined to elaborate.

President Trump said Monday that he was "not satisfied" with Saudi Arabia's new explanation and that he expected to know more about the circumstances on Tuesday with the help of "top [U.S.] intelligence people" in Turkey.

Central Intelligence Agency Director Gina Haspel flew on Monday to Turkey to meet with investigators

there as the U.S. reviews evidence in the case.

President Recep Tayyip Erdogan of Turkey pledged to reveal what happened "in its naked truth" in a Tuesday address to lawmakers from his ruling Justice & Development Party. Turkish officials said they have an audio recording proving the Saudis killed the journalist "in a barbaric way."

The Trump administration has forged a tighter military

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◆ White House cautiously defends Saudi ties..... A7

U.S. Steelmakers Win Tariff Exemptions Others Covet

BY INTI PACHECO
AND JOSH ZUMBRUN

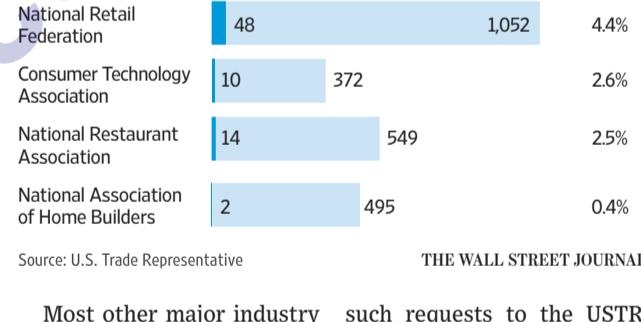
U.S. steel producers, which prevailed in their push for the Trump administration to impose tariffs on imported steel and aluminum, have also proved equally effective—and far more effective than many other industries—at avoiding tariffs they don't want.

Steel producers petitioned the U.S. Trade Representative in September for relief on 132 tariff lines, primarily for raw materials and chemicals used in the steelmaking process that members of the Steel Manufacturers Association import from China. They were able to get 66, or half, of them removed from the final list.

Overall, the U.S. took nearly 300 tariff lines off the list, meaning about one out of every five removals was backed by the steel industry. A tariff line can refer to a single product but sometimes includes more than one.

Duty Free

Industries had varying degrees of success in getting tariff lines removed from the final list.



Source: U.S. Trade Representative

such requests to the USTR. The National Retail Federation and National Restaurant Association were granted less than 5% of their requested exemptions. The National Association of Home Builders got two of its nearly 500 requested exemptions.

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THE WALL STREET JOURNAL.

Banks See Billions Exit Interest-Free Accounts

BY RACHEL LOUISE ENSIGN

There's less free money to go around for banks.

After nearly three years of rate increases from the Federal Reserve, customers are pulling billions of dollars out of accounts that don't earn interest and putting their money into higher-yielding alternatives. That will crimp banks' ability to increase profits going forward.

The four largest U.S. banks—JPMorgan Chase & Co., Bank of America Corp., Wells Fargo & Co. and Citigroup Inc.—reported a combined 5% drop in U.S. deposits that earn no interest in the third quarter, compared with a year earlier.

Customers withdrew more than \$30 billion from U.S. bank accounts that don't earn interest over the year that ended June 30, the first such annual decline in more than a decade, according to Federal Deposit Insurance Corp. data.

These deposits largely consist of business and consumer

checking accounts and are considered particularly valuable because banks can use these no-cost deposits to make loans. As short-term interest rates rise, they become even more lucrative.

While the Fed started raising short-term rates in December 2015, banks have been able to boost earnings by charging higher rates on loans even as they pay depositors nearly nothing. But after eight incremental Fed increases, some customers are moving their money to capture higher yields elsewhere, threatening future gains in bank profits.

Some depositors are simply moving their cash to new bank accounts that offer higher interest rates, in line with the rising fed-funds rate. Others are seeking out slightly more-lucrative options farther afield, such as money-market funds, certificates of deposit

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◆ Lenders share secrets with new credit service..... B1

Today's Specials Are Impossible to Read

As restaurants grow dimmer, diners are reaching for cellphone flashlights

BY KATY MC LAUGHLIN
AND ANUPREETA DAS

Sitting at the bar at Pops for Champagne while in Chicago on business, Joseph Davey, 52 years old, couldn't read the menu to decipher drink options in the near-darkness.

So he did the only reasonable thing he could:

He pulled out his phone flashlight and lit up the page.

"I'm no spring chicken, but I don't consider myself a senior citizen either," said Mr. Davey, a restaurant beverage director who lives in Indianapolis. Scrutinizing what he de-

scribed as "a great selection of bubbles," by the light of an iPhone 7 might have hinted at decrepitude—except, he said, drinkers decades younger than him were doing the same.

The trend in restaurant design isn't just romantically moody and dim, but downright inky, leaving aspiring menu-readers with little choice but to whip out their cellphone flashlights. They may illuminate the mysteries of the entrees, but can also bust the vibe of any downtown brasserie's amber glow with the cold lasers of light-emitting diodes.

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A glass, darkly

Army's Iraq Lessons: Written, Withheld

The service's chief wanted a history for future generations; five years in, it has yet to publish

BY MICHAEL R. GORDON

WASHINGTON—Army chief of staff Gen. Ray Odierno issued the marching orders in the fall of 2013. Some of the Army's brightest officers would draft an unvarnished history of its performance in the Iraq War.

A towering officer who served 55 months in Iraq, Gen. Odierno told the team the Army hadn't produced a proper study of its role in the Vietnam War and had to spend the first years in Iraq relearning lessons. This time, he said, the team would research before memories faded and publish a history while

the lessons were most relevant.

It would be unclassified, he said, to stimulate discussion about the intervention—one that deepened the U.S.'s Middle East role and cost more than 4,400 American lives. He arranged for 30,000 pages of documents to be declassified. For nearly three years, the team studied those papers and conducted more than 100 interviews.

By June 2016, it had drafted a two-volume history of more than 1,300 pages. H.R. McMaster, the former national security adviser to President Trump, reviewed

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INSIDE



#METOO AND WORKPLACE GENDER GAP

JOURNAL REPORT, RI

U.S. NEWS

High Court Shields Ross

BY BRENT KENDALL

WASHINGTON—The Supreme Court on Monday shielded Secretary of Commerce Wilbur Ross from being questioned under oath about the government's decision to ask people on the 2020 census whether they are U.S. citizens.

The court, in a brief written order, stayed the effect of a lower-court ruling that had required Mr. Ross to sit for a deposition conducted by lawyers for a group of 18 states and other plaintiffs who are challenging the lawfulness of the administration's move to add the citizenship question.

The justices, however, did leave open the challengers' ability to gather information from elsewhere in the Trump administration, including by questioning Justice Department lawyer John Gore about his connection to the citizenship question.

The court's mixed outcome came in response to an emergency request by the Justice Department, which sought to

shut down the depositions and other legal discovery sought by the plaintiffs ahead of a high-stakes trial scheduled to begin Nov. 5. The court, as is customary in emergency rulings, didn't explain its reasoning. It gave the DOJ until Oct. 29 to file more legal papers in the case. If the government does so, the stay protecting Mr. Ross from questioning will remain in place indefinitely while legal proceedings continue.

The court's action was one of the first that included the participation of Justice Brett Kavanaugh, who was confirmed on Oct. 6. Two justices, conservatives Neil Gorsuch and Clarence Thomas, registered partial dissent, saying they would have granted all of the government's request to shield Trump officials from being questioned.

The Justice Department didn't immediately respond to a request for comment.

While the ruling on Mr. Ross was a setback for the plaintiff states, they applauded the rest of the court's order.

"We welcome the Court's de-

cision to allow us to complete discovery in the case, with the exception only of Sec. Ross' deposition, which remains on hold pending further briefing," said Amy Spitalnick, spokeswoman for New York Attorney General Barbara Underwood, wrote in an email. "We'll get to the bottom of how the decision to demand citizenship status was made, as we continue our

At issue is a decision to ask people on the 2020 census if they are U.S. citizens.

case to ensure a full and fair Census."

Mr. Ross, whose Commerce Department oversees the Census Bureau, announced in March that the 2020 census would ask all U.S. households about citizenship status. The decennial census has asked about respondents' citizenship

at previous times in the nation's history, including from 1890 to 1950, but hasn't done so since. A citizenship question appears on a different Census Bureau questionnaire, called the American Community Survey, which is sent annually to roughly two million households.

Mr. Ross said he decided to add the census question because the Justice Department needed the data to better enforce the federal law that protects minority voting rights.

New York and 17 other states, 10 cities, the U.S. Conference of Mayors and immigrant advocacy groups filed suit in Manhattan federal court to challenge Mr. Ross's decision.

The challengers say Mr. Ross's actions weren't about protecting voting rights but instead an arbitrary policy change motivated by the Trump administration's tough-on-immigration politics.

The New York litigation is one of several pending cases on the citizenship question and the one on the fastest track.

States Can Waive More ACA Rules

BY MICHELLE HACKMAN

WASHINGTON—States will be allowed to offer less-comprehensive health plans yet still qualify for federal subsidies under a new Trump administration policy that will let them skirt key regulations under the Affordable Care Act.

The change, announced Monday, marks a fundamental shift in how the federal government enforces the states' administration of the ACA, accelerating a trend in which red and blue states can craft significantly different health-care policies under the same federal law.

Under the guidelines, the administration will consider state ACA waiver requests that would allow federal subsidies to cover skimpier, less-expensive plans that don't meet the law's requirements. Such plans can be cheaper for consumers and might be preferable for younger and healthier Americans, but many health-care analysts say they could end up siphoning healthy customers out of the ACA market, resulting in higher premiums for older people and others with pre-existing medical conditions who need fuller plans.

Seema Verma, who heads the Centers for Medicare and Medicaid Services, which oversees the ACA, described the move as a major step in lowering health-care prices.

Democrats said the move contradicted Republicans' claims that they want to protect people with pre-existing medical conditions from high premiums.

The Obama administration also allowed states to submit proposals to waive ACA requirements, but with far more limitations.

Since Republicans in Congress failed last year to repeal the ACA, the Trump administration has steadily pursued policies giving individual states the option of weakening the law's provisions.

The NRF said the final tariff list unfairly punishes U.S. companies and consumers because it includes a significant number of products made solely or mostly in China, and that it can take months or years for companies to find new suppliers.

The CTA said it was pleased to see the tariff line that includes parts for smartwatches was removed from the list but said retaliatory tariffs are a "bad policy."

The National Association of Home Builders said the tariffs will result in a tax increase on housing of \$2.5 billion.

The steel industry's ties to the Trump administration include Commerce Secretary Wilbur Ross, who led the process resulting in global steel and aluminum tariffs earlier this year and had long been an investor in steel companies. U.S. Trade Representative Robert Lighthizer previously spent two decades as a corporate lawyer, often representing the steel industry. A former member of Mr. Lighthizer's staff, Jean Carroll Kemp, joined the steel trade association in January as a senior vice president.

The Steel Manufacturers Association said it is "not unique in having hired former government officials for their expertise and analysis of trade issues, consistent with post-government employment ethics rules."

—Anthony DeBarros contributed to this article.



U.S. steelmakers threw their support behind the initial tariffs, saying that they needed them to compete with cheap imports.

sources, either because there are no U.S. producers or because domestic producers can't supply enough of them. Many of the petitions for relief from other industries made similar claims.

In March, President Trump pledged to impose tariffs on imported steel and aluminum. Steel-industry executives had championed that effort, saying

they needed the tariffs to compete with cheap imports.

The industry continues to support the tariffs and the Trump administration's trade objectives broadly. But we wanted to inform the U.S. trade representative about the impact these tariffs would have on certain products that are critical for domestic steelmakers," said Philip K. Bell, president

of the Steel Manufacturers Association. As for the industry's relative success in lobbying for relief, Mr. Bell said, "It's really due to our hard work."

More than 6,000 letters were submitted by different trade groups, small-business owners and corporations requesting exemptions from the final list.

The National Retail Feder-

ation, whose members include Amazon.com Inc. and Walmart Inc., asked for the removal of 1,100 tariff lines and was granted 48 of its requests. The Consumer Technology Association, whose members include International Business Machines Corp. and Samsung Electronics Co., wanted to remove nearly 400 tariff lines; 10 were taken off.

Noninterest Accounts Lose Favor

Continued from Page One and bonds issued by companies and governments.

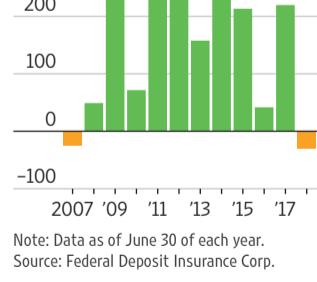
Deposits that earn no interest are "the crown jewel of the bank funding base," said Allen Tischler, a senior vice president at Moody's Investors Service. "You start losing that and you end up not being able to benefit from future rate increases."

Before the financial crisis, noninterest-bearing deposits made up a much smaller portion of money at banks. In 2007, the Fed started cutting interest rates in an effort to combat mounting economic problems. The central bank left them near zero for seven years in an unprecedented move.

Deposit Dropoff

After a series of rate hikes from the Federal Reserve, bank customers are finally pulling their money out of accounts that earn no interest.

Net change in total U.S. bank deposits that earn no interest



Note: Data as of June 30 of each year.

Source: Federal Deposit Insurance Corp.

Noninterest deposits as a share of total U.S. deposits



counts. With rates so low, those credits were often worth more than the customers would have earned in an interest-bearing account.

When the Federal Reserve started raising rates in late 2015, bank profits quickly benefited. That was because lenders started charging more on certain loans like credit cards and lines of credit to businesses, but didn't immediately pay depositors more.

Slowly, lenders started paying higher rates to some savvy corporate and wealth-management customers, who might otherwise take their money elsewhere. Still, money in noninterest accounts continued to grow.

That is now reversing, if slowly. Noninterest deposits of around \$3.2 trillion were equal to 26.3% of domestic deposits at U.S. banks in the second quarter, according to FDIC data. Although way above pre-crisis levels, the ratio is down from 27.5% a year ago. That equates to about \$30.6 billion less in noninterest accounts.

The push for a better deposit deal is coming mostly from businesses, which have more to gain because of their large amounts of cash. Lenders including Bank of America, JPMorgan and regional lender PNC Financial Services Group Inc. all said on earnings calls that business customers in the third quarter moved money from accounts that earn zero interest into accounts that pay more.

Bank of America, for instance, said average corporate noninterest deposits fell 11%, compared with last year's third quarter. Meanwhile, corporate deposits that earned interest rose 49%.

"Does it make sense to have the money in a noninterest account? It used to," said Tom Hunt, director of treasury services at the Association for Financial Professionals. When the trade group surveyed its members who work in corporate finance, it found companies in 2018 kept less of their short-term cash in bank deposits and more in higher-paying investments.

The result: Not only do banks have to pay up for a greater share of their deposits, they also have to pay more on the deposits that pay interest. Both factors weigh on bank lending profit margins, which are closely watched by investors.

"Noninterest-bearing deposits are the goose that lays the golden egg for a bank," said Gerard Cassidy, an analyst at RBC Capital Markets. Their decline, he said, is one reason the profit boost from rising interest rates will likely end over the next year or so.

U.S. WATCH

NEW YORK

Explosive Device Found at Soros Home

An explosive device was found Monday afternoon at the home of billionaire and Democratic donor George Soros in New York's Westchester County, law-enforcement officials said.

The Bedford Police Department said it received a call from the residence regarding a suspicious package. An employee at Mr. Soros's residence found the package, revealing what appeared to be an explosive device, police said.

The employee put the package in a wooded area until police arrived. Police deactivated the device and were investigating.

—Zolan Kanno-Youngs

NEW HAMPSHIRE

Judge Blocks a Law Aimed at Voter Fraud

A judge in New Hampshire has blocked a state law that would have required additional documentation from voters who move to the state within 30 days of an election.

In a preliminary injunction, Hillsborough Superior Court Judge Kenneth Brown said the law would create longer lines at polling stations and would unfairly target certain groups including young Democrats and the homeless. He also said the law aims to target voter fraud, a problem that is not widespread in the state, and that the forms were confusing.

—Associated Press

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CORRECTIONS & AMPLIFICATIONS

A graphic with a Technology article Monday about Viacom Inc. showed the adjusted operating income of Viacom's divisions. The graphic was incorrectly labeled adjusted operating revenue.

French painter Eugène Delacroix was born in 1798. The Off Duty column "Flower

School" on Saturday incorrectly said 1989.

Saudi Arabia's Future Investment Initiative was incorrectly called the Financial Investment Initiative in a Banking & Finance article Wednesday about banking executives' decisions to skip the conference.

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

U.S. NEWS

Amazon Search Sparks Property Frenzy

Investors say focusing on finalist cities is good way to bet on places with young tech talent

BY SHAYNDI RAICE AND KEIKO MORRIS

Plenty of real-estate investors are poised to buy property in whichever city **Amazon.com** Inc. picks for its second headquarters. Some aren't waiting.

Speculators are raising funds to invest in real estate near the winning site—wherever that may be—or are gathering cash commitments so they can pounce immediately after the winner is announced. Others are buying up shares of a real-estate firm that owns much of the property in a north Virginia city that many consider a leading contender.

These investors say that focusing on potential Amazon sites is a way to bet broadly on fast-growth areas, especially those with a growing pool of tech talent.

"HQ2 is guaranteed to meet three criteria: tech job growth, tech job growth and tech job growth," said Bryan Copley, co-founder of the Seattle-based real-estate startup CityBldr, using a shorthand for Amazon's second headquarters.

Mr. Copley is raising \$100 million for a fund that will buy residential property in Seattle, Los Angeles and the city that wins Amazon's second headquarters.

The Seattle-based online giant said last year it was looking to invest \$5 billion in a second headquarters that could employ up to 50,000 people over two decades. After 238 cities and towns applied, Amazon narrowed a list to 20 finalists in January.

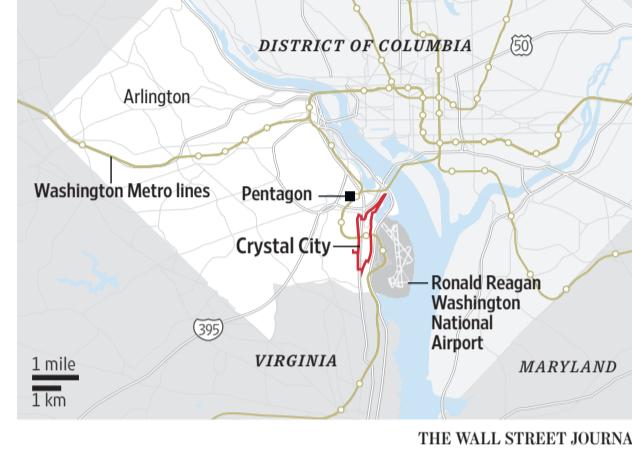
The list includes New York and Los Angeles as well as smaller cities attracting tech talent, including Denver, Pittsburgh and Nashville, Tenn.

The rush to invest is a result of Amazon's unorthodox approach to its search. Amazon chose a public process, leaving room for speculators to place their bets. Usually, companies keep the search quiet for as long as they can, economic-development analysts say.

Since metro areas are pitching specific sites and even suggesting certain properties for Amazon's new head-



JASON ANDREW FOR THE WALL STREET JOURNAL (2)



Real-estate investment trust JBG Smith Properties owns commercial real estate in the Crystal City neighborhood of Arlington, Va., top, including 2011 Crystal Drive, at left. The area is considered a top contender for Amazon's second headquarters.

quarters, it is as if they have been drawing up maps for real-estate buyers to target. Some investors are investing in sites they think Amazon might desire; others are betting on ripple effects such as increased demand in neighborhoods around a new headquarters.

Mr. Copley says that with proprietary software, he can pick the most underutilized properties in any city. It will take him five minutes to narrow down the best 500 multi-family investments once Amazon announces a winning city, he added. Then he plans to make offers on many of them and hope he can get at least a few to bite.

Others are placing their wagers now. Ryan Dobratz, co-head portfolio manager of Third Avenue Real Estate Value Fund, thinks the Washington area has the best shot of winning, in particular the Crystal City neighborhood of Arlington, Va.

His firm has been buying shares of JBG Smith Properties, a real-estate investment trust that owns much of the commercial real estate on the Crystal City site. JBG declined to comment.

JBG's concentration in Crystal City likely has powered its stock higher despite a soft office market for the area overall, according to a report from research firm Green Street Advisors. JBG's Crystal City holdings make it "the most 'direct' way to play the Amazon lottery among office REITs," the report said.

Sales-price growth on residential properties in 10 of the counties on Amazon's short-

ham, a retired firefighter and owner of rental properties in the Hazelwood neighborhood, which is near a former steel-production site considered a possible Amazon location.

Mr. Cunningham said he has received many more calls from interested buyers since Amazon announced the finalists, and the offers have never been higher. Amazon "blew the dust off Hazelwood," he said, adding there are other factors, like proximity to universities and downtown.

Other high-profile tech headquarters searches have triggered a real-estate shopping spree. Uber Inc. bought the old Sears building in Oakland, Calif., in 2015 and turned it into a 356,000-square-foot office space, Uptown Station, that was planned as a new headquarters for the ride-sharing firm. It was a big win for Oakland, which was starting to attract large technology employers from San Francisco and Silicon Valley. Investors followed.

Uber never moved in and sold the building for about \$180 million in 2017, a scandal-plagued year for the company. Still, many other investments in Oakland have paid off as the area has continued to grow.

Erick Quay, who runs a hedge fund in New York called Quay Capital, plans to invest within the first six months of an Amazon announcement. He is betting prices won't move much right away, and said he would pass on investing in the winner if he doesn't find the right opportunity.

Craig Kinzer thinks gaming Amazon's headquarters is too risky. The founder of real-estate firm Kinzer Partners said he heard a pitch from CityBldr's Mr. Copley and found it compelling. But he ultimately declined to invest.

"Real estate is local," he said. "You can be a national company, but ultimately it is about really understanding what's on the ground locally."

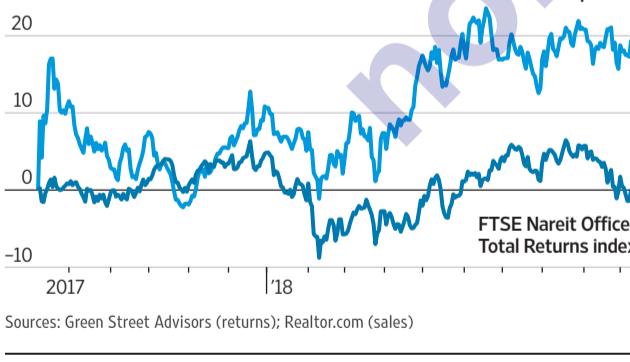
list increased 7% year-to-year in July, accelerating from a 4% rise in July 2017, according to Realtor.com. (The website is operated by News Corp, owner of The Wall Street Journal, under license from the National Association of Realtors.)

Pittsburgh's selection as a finalist helped boost a market that already had interest from investors, said David Cunningham.

Prime Real Estate

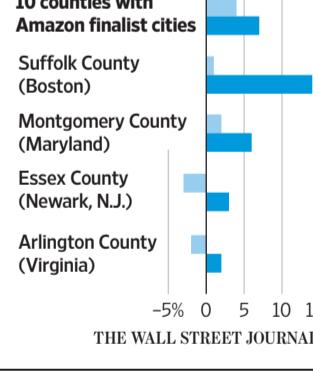
JBG Smith Properties—a real-estate investment trust that owns property in northern Virginia on a possible site for Amazon's second headquarters—has outperformed its peer group. Home prices are rising in many places on Amazon's shortlist.

Total returns percentage changes since July 2017



Sources: Green Street Advisors (returns); Realtor.com (sales)

Median home sale price, change from a year earlier, selected counties



THE WALL STREET JOURNAL.

Drugs Used for Delirium Fail in Study

BY MELANIE EVANS

New research found no benefit from two antipsychotic drugs used by hospitals to treat delirium in critically ill patients, the latest study to call into question a common but unproven medical practice.

Delirious intensive-care patients who were treated with the drugs haloperidol and ziprasidone didn't emerge from their confusion any sooner than those given a placebo, according to the study published online Monday in the *New England Journal of Medicine*.

Doctors not involved in the study said its findings are likely to prompt hospitals to rethink how often and when to use the drugs.

"This study makes me wonder if I am helping my patient or not" when prescribing an antipsychotic to an agitated, delirious patient, said Ashish Jha, an internal-medicine phy-

sician and Harvard University health-policy professor.

Dr. Jha said the results highlight the need for more research into delirium treatment and a greater focus by doctors and hospitals on preventing the condition, such as altering hospital schedules to avoid sleep disruptions, which are linked to delirium.

Delirium, which can cause confusion, anxiety and delusions, is a common issue for hospitals. As many as one in four hospital patients become delirious, with the risk increasing for older patients and those who have had surgery, according to studies.

To treat the delirious patients, hospitals often give intravenous injections of one of the drugs. Haloperidol has been sold under the brand name Haldol, while Ziprasidone has been sold as Geodon. Fresenius SE is a maker of generic Haloperidol, and Pfizer Inc. makes Geodon.

Both drugs were approved to treat conditions like schizophrenia and bipolar disorder whose patients share some symptoms with delirious hospital patients, but not delirium specifically.

Few studies had probed whether the drugs actually helped delirious hospital patients, prompting some doctors to question whether hospitals' widespread use was warranted.

The Society of Critical Care Medicine, an association for intensive-care doctors, nurses and other workers, published updated treatment guidelines in September that discourage use of the antipsychotics, though they may be useful in certain circumstances, like for severely agitated patients.

John Devlin, a Northeastern University pharmacy professor who chaired the society's update, said the new findings now demonstrate the ineffectiveness of routine use of the drugs. "That practice abso-

lutely should stop," he said.

The new study was the first in-depth examination of using the antipsychotics on delirious hospital patients, said E. Wesley Ely, a professor at the Vanderbilt University School of Medicine who was one of the study's authors.

It examined about 560 critically ill hospital patients across 16 medical centers between 2011 and 2017. The study excluded patients who had been diagnosed with dementia before entering the trial.

The patients were randomly assigned to receive either a placebo or one of the antipsychotics, along with the non-pharmaceutical interventions, such as encouraging patients to be active and engage with family members, that are commonly given for delirium.

"There was no evidence that either haloperidol or ziprasidone led to a shorter duration of delirium and coma," the researchers wrote.



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U.S. NEWS

Trump Has Won Battle for the GOP's Soul

**CAPITAL JOURNAL**
By Gerald F. Seib

Regardless of the outcome of the midterm election, this much already has become clear: The battle for the soul of the Republican party is over, and President Trump has won.

Mr. Trump was long resisted by his party's establishment, and rejected by a large swath of the GOP's core ideological conservatives, many of whom formed a kind of never-Trump resistance.

Now, as the second anniversary of his election approaches, both of those op-

position fronts have crumbled. For Republicans, for better or for worse, it's Mr. Trump's more-populist party now.

At the grass roots, Republicans have united behind Mr. Trump with surprising solidarity. In this campaign season, establishment GOP candidates have accepted his help and endorsement and, in many cases, mimicked his style and themes.

The furious Democratic opposition to Supreme Court nominee Brett Kavanaugh has galvanized even many Republicans dubious about Mr. Trump. They see him as a flawed but preferable alternative to a Democratic Party they dislike and fear, and appear to regard him as a useful shield against it.

Perhaps most surprising, conservatives who disdained Mr. Trump and considered his views on trade, immigration and national security to be heretical are increasingly

drifting toward him.

"I do think Trump right now is winning," says Peter Wehner, a conservative leader and former political aide in the George W. Bush White House who is a critic of the president. "He is consolidating. People are acclimating themselves to him.... The Kavanaugh hearing made it visceral."

Frank Luntz, a Republican pollster who conducts frequent focus groups with voters around the country, says he also has been observing conservatives coalescing behind Mr. Trump—and bending to his policies.

"He's redefined what conservatism means," he says. "I'm shocked at how many now support his trade policies. They support tariffs. On immigration, they were never for a wall. But now they are for a physical separation."

Signs of this Trump dominance and conservative acquiescence are woven throughout a new Wall

Street Journal/NBC News poll. Among Republican voters overall, Mr. Trump has an 87% job approval rating. Among voters who describe themselves as conservatives, his job approval rating is virtually identical at 85%.

The Kavanaugh fight united even many Republicans dubious about the president.

Eight in 10 conservatives have positive feelings toward the president; by contrast, only 42% have positive views of Senate Majority Leader Mitch McConnell, largely responsible for placing dozens of new conservative judges on the federal bench.

In an indication conservatives are adapting to Trump policies, 74% say Republicans are better than are Democrats at handling trade, and

70% say the same about immigration.

The question is how Mr. Trump, who as a candidate was openly critical of party leaders and conservative activists, has managed to establish this grip.

It isn't necessarily because Republicans like his demeanor. In fact, many still are offended by that style. A third of Republicans say they don't like Mr. Trump personally but approve of most of his policies.

Part of the embrace of Mr. Trump undoubtedly comes because the economy is humming along so well. Mr. Luntz says the Kavanaugh fight in particular made Republicans who had been put off by the president's anger and insulting style begin to embrace those characteristics. "They have bought into Trump's claim that nothing else works," he says.

Among conservatives, Mr. Wehner says, the move back

toward Mr. Trump has come at least in part because the price of fighting him has been high. "There were people willing early on to take him on and they got smashed and hammered at the base of the party and they shut up," he says.

The party's embrace of Mr. Trump is risky. He isn't just disliked but disliked intensely by a swath of Americans, who may be repelled by a party so closely tied to him. Mr. Trump also is pushing the GOP away from some positions that have defined Republicanism for decades.

It's also possible, of course, that this embrace is temporary, and will evaporate if the economy sags and the party's fortunes suffer.

Still, Mr. Wehner notes Mr. Trump is changing the party's identity in ways that could have lasting effects: "What happens is, Trump is changing the core base of the party, and that will eventually filter up to officeholders."

employment," he said. He was arrested in Guatemala on Oct. 16 for breaching that country's immigration rules and deported to Honduras on Friday.

The caravan puts Mexico between a rock and a hard place, said Andrew Selee, president of the Migration Policy Institute, a nonpartisan think tank in Washington.

"Most Mexicans are sympathetic to the migrants," he said. "On the other hand, you don't want to anger the U.S. and be seen as just allowing migrants to cross through your country freely."

On Sunday, Mr. Trump warned the migrants on Twitter that they would be denied entry to the U.S. He wrote Monday the caravan included "criminals and unknown Middle Easterners," without offering evidence.

Mr. Trump has seized on the caravan to rally Republican voters ahead of the Nov. 6 elections. Close Senate races are being fought in the U.S. border states of Arizona and Texas.

"We need a wall built fast," Mr. Trump told a crowd of supporters in Houston Monday night during a rally for Sen. Ted Cruz, his one-time political rival.

The White House didn't say how or when the U.S. would begin changing the amount of aid it sends to El Salvador, Guatemala, Honduras and Mexico. For fiscal year 2019, the U.S. plans to send about \$70 million in aid to Guatemala, \$66 million to Honduras and \$46 million to El Salvador, according to the State Department. Most of the funds go to violence prevention, justice and rule-of-law programs, along with funding for border and narcotics enforcement.



Hondurans aboard a truck in Metapa, Mexico, on Monday continued on their way toward the U.S. as part of a caravan of 5,000 migrants.

JOSE PEDRO PARDI/AGENCE FRANCE PRESSE/GT/GETTY IMAGES

border, facing a difficult journey through some of the most violent areas of Mexico. There are several routes, including a 1,100-mile long journey to the border town of Reynosa across from McAllen, Texas, or a far longer, 2,420-mile trek to Tijuana by San Diego.

"We can't get to the northern border all together" said Ireneo Mujica, the head of People without Borders, a U.S.-Mexico nonprofit that has backed the caravan. Such a huge group moving across Mexico days before the U.S.

midterms, he said, would embolden Mr. Trump. "If this full caravan arrives to the U.S. border, it would be like a declaration of war," Mr. Mujica said.

Others were confident the caravan could stay united and get to the U.S. border. "The plan is to get to Tijuana! The fight continues, we don't give up," said Denis Contreras, a Honduran social activist helping to organize the caravan.

Most migrants said they want to get to the U.S. but generally don't know what legal options they have ahead.

Many said they were determined to abandon Honduras. When they saw news on television that a caravan had left from San Pedro Sula heading north, many thought it was the right moment to leave.

"I was at my apartment near Tegucigalpa when I saw on [my news] channel that the caravan was leaving," said Maria Rodriguez, 17 years old. "I said to myself: that's my opportunity." She said a criminal gang extorted her family business.

For many would-be migrants, leaving in a caravan is

attractive because they can avoid paying some \$5,000 in smugglers' fees and are safer traveling in numbers.

On Oct. 5, Honduran social activist and leftist politician Bartolo Fuentes shared the information about the caravan on his Facebook account. His post was shared more than 200 times, and he continued to post extensively about the caravan in the following days.

Mr. Fuentes has repeatedly denied being the organizer. "The true organizer of the caravan is violence, poverty, un-

Vulnerable Nevadan Embraces President

BY REID J. EPSTEIN

LAS VEGAS—No Republicans on the ballot in 2018 have shifted their Trump-era political allegiances more than Nevada Sen. Dean Heller.

Mr. Heller never endorsed President Trump's 2016 campaign and declared himself "99% against Trump." During Mr. Trump's first months in office, Mr. Heller called a press conference to announce his opposition to the Republican health-care overhaul Mr. Trump promised.

Then Trump-era political facts of life intervened. A Republican seeking his second full Senate term, Mr. Heller drew a primary challenger who pledged allegiance to Mr. Trump.

Days later, Mr. Heller told Nevada reporters he had voted for Mr. Trump after months of refusing to say so. Later, he put himself on the front lines of the GOP tax law and a year ago broadcast TV ads touting his support for Mr. Trump's judicial nominees.

His closer ties to the president have made Mr. Heller, the most vulnerable GOP senator in this year's midterm elections, a more competitive candidate. His race against Democratic Rep. Jacky Rosen is considered by both parties as a tossup even though Democratic candidate Hillary Clinton carried the state by 2.4 percentage points in the 2016

presidential election.

Democrats have long viewed flipping the Nevada seat as integral to taking control of the Senate. The party needs a net gain of two seats to win a majority, which officials in both parties now view as a long shot given better polling for Republican candidates in recent weeks.

In March, Trump campaign manager Brad Parscale called Mr. Heller's primary challenger, Danny Tarkanian, to push him out of the Senate race and into a contest for a House seat in Las Vegas.

"Five days after I got in the primary, he was a big Trump supporter," Mr. Tarkanian said during an interview at his campaign office. "He saw the handwriting on the wall that he had to support President Trump if he was going to win."

Ms. Rosen's campaign has dubbed him "Senator Spine-

less" in TV ads that mock his newfound Trump loyalty.

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WORLD NEWS

In Shift, Merkel Backs U.S. Gas Imports

Berlin's concession to Trump seen as move to resolve trade dispute, defuse sanction risk

By BOJAN PANCEVSKI

BERLIN—Chancellor Angela Merkel has offered government support to efforts to open up Germany to U.S. gas, a key concession to President Trump as he tries to loosen Russia's grip on Europe's largest energy market.

Over breakfast this month, the chancellor told a small group of lawmakers her government had decided to co-finance the construction of a €500 million (\$576 million) liquefied-natural-gas shipping terminal in northern Germany, according to people familiar with the meeting, giving a crucial nudge to a project that had failed to get off the ground for years in a country that gets most of its gas cheaply from Russia.

Mr. Trump has intensively lobbied Europe to buy significant amounts of LNG as part of his campaign to rewrite the terms of trade relations. German and U.S. officials said Berlin hoped embracing U.S. gas might help solve a protracted trade dispute and possibly even defuse threats by Washington to impose sanctions on Nord Stream 2, an unbuilt German-Russian gas pipeline that



German Chancellor Angela Merkel addressing the Bundestag in Berlin last week.

would double Russia's gas export capacity to Germany.

As she briefed lawmakers from Germany's northern coastal region, Ms. Merkel didn't describe her change of mind as a defeat but as a "strategic" decision that could pay off in the longer term, according to the people. Experts agree that opening up its energy market won't have an immediate economic benefit for Germany, but it could eventually help the country diversify.

For years, plans to build an LNG terminal by several

groups were stalled because there was no government support that would make such a project economical. On Oct. 16, less than a week after the meeting, an international consortium filed its first official bid for state support for a terminal in the northern town of Stade, near Hamburg.

A ceremony took place on a terrace overlooking Berlin's landmark Brandenburg Gate in the presence of senior politicians and U.S. Ambassador Richard A. Grenell, a confidant of Mr. Trump and conduit in his lobbying effort.

"We're creating jobs and we're also deepening the trans-

Atlantic relationship. The U.S. is totally committed to bringing U.S. LNG to Europe and to Germany," Mr. Grenell said.

How much support Berlin will provide and in what form—cash subsidies, loans, credit guarantees, loss protection for investors, or a mixture of the four—remains unclear. But the government has already decided to fast-track the review of the application, according to people familiar

with the process, making it likely that the decision will be made by the end of the year.

The Stade project is backed by Macquarie Ltd, the Australian financial group, China Harbour Engineering Company Ltd, a Chinese dredging firm, and DowDuPont Inc. of the U.S.

Two competing consortia are expected to file applications for government backing to build an LNG terminal—one in Brunsbüttel, some 30 miles north of Stade, and a third in Wilhelmshaven, a nearby marine base. German officials

said Stade and Brunsbüttel are front-runners due to their advanced stage and locations.

U.S. LNG is around 20% more expensive than Russian gas, which is delivered straight to Germany, mainly via the Nord Stream pipeline. During her conversation with local lawmakers, Ms. Merkel said she didn't think an LNG terminal would break even for at least a decade and would require long-term government support.

A German government spokesman said the decision to fund a terminal was made in accordance with commercial interests and not U.S. pressure.

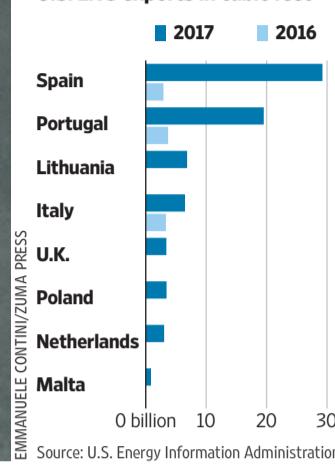
One U.S. argument making headway in Germany is that buying U.S. LNG would improve Germany's energy security by making it less reliant on Moscow. Russia accounts for over 50% of German gas imports, according to BP's 2018 Statistical Review of World Energy. Mr. Trump has repeatedly said Berlin was "captive" to Moscow and would become dependent on Russian exports.

Oliver Grundmann, a lawmaker from Ms. Merkel's conservatives for the Stade constituency, said the terminal could supply LNG to the port of Hamburg to refuel new ocean liners. "We need to make this step now, and not just because Mr. Trump is demanding it, but because it's necessary for our future," he said.

Quick Rise

U.S. LNG exports to Europe have skyrocketed, but Germany has not imported any of it.

U.S. LNG exports in cubic feet



Source: U.S. Energy Information Administration

THE WALL STREET JOURNAL.

U.S. to Consult Allies Before Leaving Russia Nuclear Pact

By ANN M. SIMMONS

MOSCOW—The U.S. is serious about pulling out of a landmark nuclear agreement with Russia, but further discussions are planned before formal notice of the decision would be given to Moscow, national-security adviser John Bolton told The Wall Street Journal.

President Trump announced

the prospective exit from the agreement during a rally in Nevada on Saturday. He reiterated his stance at the White House on Monday, saying the U.S. would build up its nuclear arsenal, if necessary, aiming unusually tough language at Russia.

"We'll build it up until they come to their senses," Mr. Trump said. "When they do, then we'll all be smart and we'll all stop and, by the way, not only stop [but] reduce, which I would love to do."

Asked if he meant to deliver a threat to Russia, Mr. Trump said: "It's a threat to whoever you want," adding, "It includes China, and it includes Russia and whoever wants to play that game. You can't play that game on me."

Mr. Bolton, a longtime critic

of the 1987 Intermediate-range Nuclear Forces Treaty, said he had "an extensive discussion about what the president said" with his Russian security-council counterpart, Nikolai Patrushev, on Monday.

"I think if you look at the president's statement in Nevada on Saturday, it's very strong, very clear, very direct as to what the United States is

going to do," Mr. Bolton said on Monday. But, he said, the administration was "going to be doing a lot of consultation with allies in Europe and Asia [and] certainly we're going to have more discussions with Russia."

The U.S. has accused Russia of contravening the treaty, which bans the use of intermediate- and shorter-range rockets, as well as testing, producing

or fielding new ground-based missiles. Russia is developing a missile system, but says it is in full compliance with the pact.

Washington hasn't given formal notice to Moscow of its intention to leave the treaty, the rules of which require the withdrawing party to give six months' notice. Mr. Bolton said the required warning would be given "in due course."

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WORLD NEWS

Italy Vows To Defy EU Rules

ROME—Italy's government vowed to forge ahead with its spending plans, despite warnings by the European Union that its proposed budget would breach the bloc's fiscal

By Giovanni Legorano in Rome and Laurence Norman in Brussels

rules, raising the chances of a clash with Brussels.

In a reply Monday to a European Commission letter sent last week, Rome said it wouldn't back down from plans to run a budget deficit of 2.4% of gross domestic product—triple the level agreed by the previous government.

The move could lead the EU to reject the Italian coalition government's budget and impose fines on the country.

"The Italian government is conscious that it has chosen a budget-policy approach which is not in line" with EU rules, Economy Minister Giovanni Tria wrote. "It was a tough but necessary decision in light of the persistent delay in recuperating the precrisis GDP levels."

The decision is part of its aim to deliver on campaign promises made by the coalition partners, the populist 5 Star Movement and League parties. These include slashing taxes and increasing welfare spending to help the poor and unemployed. The measures are widely popular in Italy.

The partners came to power in June promising to fight the strictures of the eurozone's rules that limit the ability of member countries to run wide deficits in case they undermine the economic stability of the single-currency area.

The European Commission on Tuesday will discuss Italy's budget. The Commission is expected to decide during the meeting whether to ask Rome to resubmit its budget, European officials said. Formally, the EU's executive has until Monday to decide.

In addressing the Commission's criticisms, the government said its structural deficit will be widened only next year and that it commits to start reducing it from 2022.

The government considers it necessary to push for an acceleration of economic growth, Rome said. The measures it plans to implement, which will be partially funded by the wider deficit, will help economic growth and, in turn, reduce the country's debt as a share of GDP, it wrote.

That was in response to a letter the European Commission sent to Rome on Thursday that described Italy's draft budget as an unprecedented breach of EU rules.

The letter asked for reasons Italy wanted to deviate from recommended fiscal policies. This represented the first formal step of a procedure that could end in the rejection of Italy's budget plan and imposition of fines on the country.

◆ Italy's debt predicament worries investors.....B12

White House Cautiously Defends Saudi Ties

BY PETER NICHOLAS AND REBECCA BALLHAUS

President Trump said Monday he wanted to know what happened in the death of Saudi journalist Jamal Khashoggi but voiced a protective view of the U.S.-Saudi alliance, a perspective also expressed by two of his top aides.

"I don't want to lose all of that investment that's being made in our country," Mr. Trump told reporters outside the White House as he left for a campaign trip to Texas.

Mr. Khashoggi died after he entered the Saudi consulate Oct. 2 in Istanbul.

Jared Kushner, senior adviser and son-in-law to Mr. Trump, said that the White House has "eyes wide open" when it comes to Saudi Arabia. He suggested it was too early to make a final judgment about Saudi Arabia's complicity in Mr. Khashoggi's death. Speaking at a CNN event, he said the Trump administration



A portrait of King Salman, right, and his son, Crown Prince Mohammed bin Salman, in Riyadh on Monday.

Arabia, urging him to conduct a "transparent" inquiry and to get the facts out quickly, Mr. Kushner said Monday.

Mr. Bolton, in his interview with the Journal, said that U.S. and Saudi officials have been "in very intense consultation on this subject."

Treasury Secretary Steven Mnuchin traveled to Saudi Arabia on Monday and met Prince Mohammed, with the visit portrayed in a photo posted on Twitter by the Saudi Foreign Ministry. Mr. Mnuchin last week canceled plans to speak at a Saudi investment conference, but planned other meetings, a Treasury Department spokesman said.

Central Intelligence Agency Director Gina Haspel traveled Monday to Turkey to meet with investigators there as the U.S. reviews evidence in the Khashoggi case.

Several U.S. allies have recoiled at the killing and called for reprisals against Riyadh.

was still "in the fact-finding phase."

He described Saudi Arabia as a "very strong ally" that has served as a counterweight to Iran in the region.

National security adviser John Bolton echoed that

theme Monday in Moscow over the course of an interview with The Wall Street Journal. The U.S.-Saudi relationship "goes back to Franklin Roosevelt's time," Mr. Bolton said. "It's very, very important. It's been a lasting

relationship and certainly something we want to preserve."

On Oct. 10, Messrs. Kushner and Bolton took part in a tense phone call with Crown Prince Mohammed bin Salman, the day-to-day leader of Saudi

Turkey Shares New Evidence

Continued from Page One

and political alliance with Saudi Arabia, putting its brash Crown Prince Mohammed bin Salman at the center of a Middle East coalition that is hostile to Iran and to Islamist movements like the Muslim Brotherhood that are supported by Mr. Erdogan's Turkey.

Turkey's disclosures about Mr. Khashoggi's death have circumvented Saudi Arabia's deep-pocketed public-relations machine, roiled the U.S.-Saudi relationship and undermined the kingdom's image in business circles. In recent days, scores of executives have canceled their participation in a major Saudi business conference due to start on Tuesday.

"We do not have to do anything," a senior Turkish official said. "The Saudis are doing a great job at ruining themselves."

Given the trail of evidence they gathered, Turkish authorities expected the Saudis to quickly acknowledge a role, at least privately, in Mr. Khashoggi's disappearance. But Riyadh's persistent rebuttal of Turkey's findings led to three weeks of tense, behind-the-scene exchanges between the two countries, according to Turkish and Saudi officials who were briefed on their countries' investigations.

The journalist, then 59 years old, entered the Saudi consulate on Oct. 2 to collect divorce papers needed for his planned marriage with Hatice Cengiz, a Turkish Ph.D. student. Shortly after 1 p.m., he walked into the pastel-yellow building; his fiancée, who kept the journalist's two cellphones, waited at the gate.

Hours later, Ms. Cengiz grew panicked. The consulate had closed for the day, and Mr. Khashoggi hadn't emerged.

At 4:41 p.m., she called one of the journalist's close friends,



A parking garage in Istanbul was cordoned off Monday while a Saudi diplomatic vehicle was checked in connection with the probe.

Yasin Aktay, who is an adviser to Mr. Erdogan.

The president, who knew Mr. Khashoggi personally, was meeting at his party headquarters in Ankara. Alerted by Mr. Aktay through a secretary, Mr. Erdogan ordered "all measures be taken" to elucidate the mystery, said a person present.

The order triggered a frantic search throughout Istanbul's sprawling metropolis. Turkish authorities called their Saudi counterparts, waiting in vain for them to answer, and reviewed thousands of hours of security-camera footage from Turkey's extensive network of surveillance cameras, known as MoBeSe.

Within hours they reached a sobering conclusion: Mr. Khashoggi never left the consulate.

Investigators traced backward the paths of all the vehicles that had entered the gated diplomatic compound, nestled in Istanbul's Levent business district, before Mr. Khashoggi's arrival. That led them to identify 15 men who had landed at Istanbul's Ataturk airport earlier in the day and checked in at two hotels near the consulate.

That also is how they quickly identified the Khashoggi impersonator. The footage of the double, first broadcast by CNN on Monday and confirmed by Turkish authorities, shows the man boarding a taxi, riding 6 miles through Istanbul, stopping at the Blue Mosque and later

since concluded that they missed chances to detain members of the group, including Maher al Mutrib, a Saudi royal bodyguard and the alleged leader of the group, and Salah al Tubaigy, a forensic expert who allegedly dismembered Mr. Khashoggi's body.

Within days, however, Turkish investigators said they received sensational evidence: an audio recording that contains chilling evidence of how Mr. Khashoggi was beaten, drugged and killed within minutes of entering the diplomatic compound.

One Turkish official said the recording was available as early as the evening of Oct. 2. Others said it took security agencies time to identify Arabic voices on the recording, but noted its content and a detailed analysis were shared among investigators within two days. Turkish officials declined to say how they had the recording.

On Oct. 6, Turkish officials met with a Saudi delegation in Ankara to discuss the Khashoggi affair. The Turks shared their conclusion that Mr. Khashoggi was killed. The

Saudis said they would report back in Riyadh but maintained their denial.

Later in the day, Turkish authorities were stupefied. Instead of responding to their formal request that Turkish investigators be allowed to inspect the consulate, the Saudis allowed a Reuters TV crew to tour the premises.

"The Saudis were making fun of us," a person close to Mr. Erdogan said. "It was insulting." At around 11 p.m., Reuters ran a story citing Turkish sources saying police had concluded Mr. Khashoggi was killed in the consulate.

On Oct. 10, Turkish daily Sabah ran a cover story with details on the identities of the 15 members of the alleged hit team.

Riyadh then dispatched a more senior team to Ankara. During a meeting with Prince Khalid al Faisal on Oct. 12, Turkish officials provided the emissary of King Salman with more evidence, including part of the audio recording—supporting their conclusions that the murder had occurred in atrocious conditions and had been premeditated.

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FROM PAGE ONE

Army's Iraq Lessons Not Published

Continued from Page One

the tomes while a three-star general. He said in an interview last month it was "by far the best and most comprehensive operational study of the U.S. experience in Iraq between 2003 and 2011."

The study's title: "The United States Army in the Iraq War."

It has yet to be published.

Gen. Odierno retired before the team could finish the history, which then became stuck in internal reviews and procedural byways. Under new Pentagon leadership, Army priorities changed from counterinsurgency to countering powers such as Russia and China. Senior brass fretted over the impact the study's criticisms might have on prominent officers' reputations and on congressional support for the service.

The study's very existence is little known outside the Army. The Wall Street Journal pieced together its history through dozens of interviews with former and current officials familiar with the effort, and from reviews of internal memorandums and emails.

In the past few months alone, Army officials debated whether the study should be embraced or disowned. After a high-level review last month, Army officials issued instructions to remove a foreword noting the study had been "commissioned" by the Army and to scrub it of other signs that it had top-level sponsorship.

After the Journal last week asked Gen. Odierno's successor as chief of staff, Gen. Mark Milley, about the Army's handling of the study, he reversed those moves and vowed to write his own foreword. He says that although the study isn't an official history and has gaps in areas such as special operations and enemy activities, the study team "did a damn good job."

"We owe it to ourselves as an army to turn the lessons learned as quickly and as accurately as we can," he says, "understanding that they are not going to be perfect." He says he hopes to publish the study by year's end.

The saga shows the Army's difficulty in engaging in the self-criticism needed to improve its military performance, say some familiar with the effort, including Frank Sobchak, the study team's final director, who retired as a colonel in August.

"We worked tirelessly for three years to complete a scholarly product that captured the war's lessons in a readable historical narrative," he says. "That the Army was paralyzed with apprehension for the past two years over publishing it leaves me disappointed with the institution to which I dedicated my adult life."

Lessons from Iraq

The study asserts that senior U.S. officials continually assumed the military campaign in Iraq would be over within 18 to 24 months and didn't deploy enough troops. It concludes that in planning the invasion, U.S. officials assumed neighboring states wouldn't interfere and didn't develop an effective strategy to dissuade Iran and Syria from supporting militants.



The unpublished Army study of the Iraq War lauds the 2007 troop 'surge' in Iraq. An American soldier south of Baghdad that year.



Gen. Ray Odierno in 2013 ordered an unvarnished history of the Army in Iraq. Here with Defense Secretary Robert Gates in 2009.

It says the Army made mistakes, such as when then-Army chief of staff Gen. Peter Schoomaker decided to proceed in 2003 and 2004 with a restructuring of Army combat brigades. That meant the Army had fewer active-duty brigades to send to Iraq at a critical time, the study found, forcing it to rely on less proficient National Guard units.

Gen. Schoomaker, who retired from the Army in 2007, says the restructuring enabled the Army to eventually expand its inventory of brigade combat teams. The National Guard said it hadn't seen the study and declined to comment.

Another mistake, the study says, was consolidating U.S. forces on large bases, a decision by Gen. George Casey, who led U.S. and allied forces in Iraq from 2004 to 2007 before becoming Army chief of staff. That led to a security vacuum around Baghdad that militants filled, the study states.

Gen. Casey didn't respond to requests for comment. In his own Iraq War history, he said his goal was to shift responsibility for securing the country to the Iraqis.

The new history hails President George W. Bush's "surge" of reinforcements in 2007 and the switch to a counterinsurgency strategy overseen by Gen. David Petraeus and Gen. Odierno. It also finds that some commanders who successfully used counterinsurgency tactics while the Army was still pursuing its initial plan may have done so at cost to their careers.

The study team was led by Col. Joel Rayburn, who worked for Gen. Petraeus in Iraq and wrote a book on Iraqi politics before joining President

Trump's National Security Council. Now a State Department envoy on Syria and retired from the military, he declined to comment.

Col. Sobchak, who joined the project after a Special Forces career, took over the team's leadership from Col. Rayburn. The remaining authors, who all served in Iraq, hold doctorates in history, international affairs or public administration, including Col. Matthew Zais, now the NSC's director for Iraq.

Some Army officials foresaw trouble if the study wasn't published before Gen. Odierno retired, which he did in August 2015. Conrad Crane, chief of the historical services division for the Army Heritage and Education Center, a branch of the Army War College, wrote to the

The Army's study became stuck in internal reviews and procedural byways.

team in July 2015 after viewing a draft, saying: "You need to get this published while you still have GEN Odierno as a champion. Otherwise I can see a lot of institutional resistance to having so much dirty laundry aired." Mr. Crane says he stands by his email.

With both volumes written by the summer of 2016, publication decisions fell to Gen. Odierno's successor, Gen. Milley, who led a brigade in Iraq and held a more senior command in Afghanistan. "Gen. Milley was very concerned given sensitivities in the won-

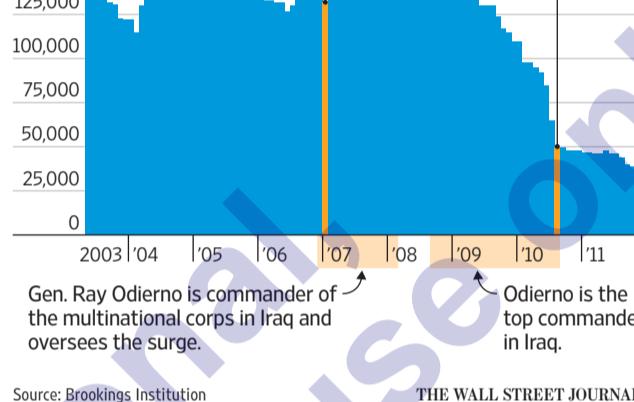
War Footing

The invasion of Iraq began on March 20, 2003, and within two months, there were 150,000 U.S. troops in the country.

U.S. troops in Iraq

Jan. 10, 2007: President George W. Bush announces the surge in troops, and they arrive one brigade a month.

Aug. 31, 2010: President Barack Obama declares an end to the US combat mission in Iraq.



Source: Brookings Institution

THE WALL STREET JOURNAL.

derful city of Washington, D.C.," says Gen. Dan Allyn, Army vice chief of staff at the time and now retired. "Clearly, there were senior leaders who were in position when these things happened, and there were concerns on how they were portrayed."

Gen. Allyn says Army leaders had to balance these sensitivities with the need to share the war's lessons and that he favored publication.

The study team hoped to unveil the first volume at an October 2016 Army convention and the second a few months later. It would have two forewords, by Gen. Milley and Gen. Odierno.

Gen. Milley then told the team he planned to read the entire 500,000-word study before its release and instructed the authors to broaden their research by interviewing former ranking officials such as former Defense Secretary Leon Panetta.

Gen. Odierno had sidestepped the Army's Center of Military History—the body is charged with publishing the Army's official accounts of conflicts—because it had a reputation for taking years to prepare histories. In 2012, Gen. Lloyd Austin, the Army's vice chief of staff, had asked Richard Stewart, then the center's director, if he could put together an Iraq-war history in two years only to be told it would take five to 10, says Mr. Stewart.

The team planned to draw on the military-history center for help with copy-editing, maps and final publication.

In a bid to expedite publication, Maj. Gen. William Rapp, then commandant of the Army War College in Carlisle, Pa., says he argued his institution should publish the study instead of the history center. As the service's premier institution for teaching officers about strategy, the war college had a long tradition of publishing contrasting views under the banner of academic freedom. Issuing the study under the auspices of the war college, he reasoned, would distance Gen. Milley from some of its controversial conclusions.

That didn't help much. In an email to senior Army officials, Maj. Gen. Rapp said Gen. Milley had expressed concern during a May 2017 visit to the war college that the study might be "un-balanced" and stated that Gen. Milley would be "the release authority" to determine if it should be published.

Gen. Milley says he initially wanted to be sure the study was "not any kind of hero worship for any special group of individuals" and wanted a panel of outside reviewers to assess its quality and impartiality—an idea that Maj. Gen. Rapp and the study team supported. Maj. Gen. Rapp says he thought the history was suitable for publication before he left the post in July 2017. "When I read it in the Spring of 2017, I was satisfied," says Maj. Gen. Rapp, who is retired from the military and lectures at Harvard University's John F. Kennedy School of Government. "It was not going to make everybody happy. But if a

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Brig. Gen. Jones said earlier this month that eliminating the foreword was appropriate because an official decision to include one had never been made. Mr. Esper declined to be interviewed.

Last week, Gen. Milley intervened, reviving the original plan to include forewords by himself and by Gen. Odierno, which will run with one by Maj. Gen. Kem.

Gen. Milley says the authors will be identified as members of the Army chief's study group.

While the study isn't an "all encompassing" history, he says, he considers it "a solid work" and hopes it is issued by Christmas.

history of the Iraq war was written that said the U.S. Army was perfect, that this thing went down exactly as we wanted it to, and there is nothing to learn from it, it would not be worth the paper it is printed on."

That June, six reviewers wrote letters to the Army chief that described the study as fair and urged publication.

When the study was shifted to the war college, plans for a foreword by the Army leadership were dropped in favor of one by the war-college commandant. In May 2018, war-college officials believed they were near the goal of publishing the first volume the next month.

After Army public-affairs officials brought the coming release of the study to the attention of Army leaders, the service put it on hold. Army officials began to comb through the text so that more than two dozen military leaders, including Defense Secretary Jim Mattis, could be informed about what the study said about them.

Maj. Gen. John Kem, who succeeded Maj. Gen. Rapp as the war-college commandant, in mid-August emailed Brig. Gen. Omar Jones, the chief Army spokesman. Hoping to speed up publication, Maj. Gen. Kem suggested the study be published by the war college in the summer when much of Congress would be out of Washington.

'Too preachy'

Maj. Gen. Kem also sent a marked-up copy of the history's final chapter to the authors, asserting some of their conclusions were "too preachy" and reflected "too much hind-sight bias." He challenged the conclusion that commanders in Iraq never had enough troops. "Has any commander in history had all the troops they wanted?" he wrote. He took exception to the conclusion that the Army may have penalized officers whose innovations conflicted with superiors' faltering strategies.

Maj. Gen. Kem says he wasn't trying to censor the account but wanted the team to focus its conclusions more on military operations instead of policy. The team wasn't required to make his suggested changes—and the authors didn't.

In late September, Army Secretary Mark Esper and other senior officials reviewed the options. Their decision, relayed to the team in a note by a midlevel war-college official: The study's content and conclusions wouldn't be changed, but the foreword by Maj. Gen. Kem describing the study as an important undertaking by the Army would be eliminated.

The senior Army officials also thought the study should be cast as an independent "work of the authors," the note indicated, instead of being described as a project by the Chief of Staff of the Army's Operation Iraqi Freedom Study Group.

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Mr. Gottlieb said he saw other patrons doing the same. "There was no shame in it," said the 72-year-old software engineer.

"There was no other way to read the menu." He said it was so dark that when he put down his phone to eat, he couldn't tell whether he was stabbing steak or potato with his fork.

Laura Osio, marketing director for Osio Culinary Group, which owns Local Bistro and two other restaurants in Scottsdale, stands by the secret sauce of dusky ambience. "Diners prefer to have a more intimate atmosphere at dinner, which is created by dimming the lights," she said, adding that lighting complaints are rare.

Diners don't hesitate to use phones for just about everything, said Greg Sage, operating partner and general manager for Ocean Prime steakhouse in Beverly Hills. "They text, check email, check reviews of the restaurant they are in," he said. "I walk by and see that they are trying to figure out what to order from Yelp."

the menu at a Tex-Mex restaurant in Austin, Texas, made his mind flash to a late-night commercial for a credit-card sized magnifying glass with a light, featuring white-haired actors.

"It made me feel like, 'have I reached that stage of my life, where I'm that elderly person?'" he said.

Dinner has definitely gotten darker, said Andrew Knowlton, the 44-year-old editor at large at Bon Appétit magazine, who has eaten in roughly 400 restaurants annually for nearly 15 years. When he began his career, restaurants were generally split between upscale places and "mom and pops," he said. Now, more restaurants are competing in the in-between zone, expected to provide good cuisine and a fashionable atmosphere. For those with lower budgets, turning the lights down is a quick fix, he said.

Mr. Knowlton said he finds it embarrassing when other diners—even worse are his own dining companions ("I'm going to give my wife up," he said)—

resort to the cellphone solution. He vowed he will never succumb. "I'd rather give up restaurants."

Television host and comedian Scott Nevins, 37, once took an equally hard line, mocking friends when they resorted to the cellphone flashlight while dining out in San Francisco, New York and Los Angeles, where he lives. Then he ended up in the hospital after eating some undercooked chicken in a restaurant. Since then, Mr. Nevins

ERIN ALWORTH/THE WALL STREET JOURNAL

wouldn't dream of putting a piece of chicken in his mouth before an analysis aided by his iPhone—"on full highbeams, like you could land at LAX," he said.

The ideal way to balance atmosphere and legibility is two-pronged, said David Rockwell, an architect who has designed restaurants including Nobu and Union Square Café in New York.

One set of lights along the room's perimeter or ceiling sets the overall ambience, while each

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GREATER NEW YORK

NYPD Will Miss Body-Camera Deadline

City pulled 3,000 devices and halted rollout of 7,300 more after one exploded

By ZOLAN KANNO-YOUNGS

The New York Police Department's recall of thousands of body cameras has dealt a blow to Mayor Bill de Blasio's goal of equipping all of its patrol officers with the device by the end of year, officials said Monday.

Jessica Tisch, NYPD deputy commissioner of information technology, said at a news conference that a completion date for outfitting every patrol officer is now unknown after nearly 3,000 LE-5 cameras were pulled from service after one of the devices burst into flames on Saturday.

The city will halt the rollout of the cameras, preventing the

department from meeting the end-of-year goal, she said.

The NYPD has hired an independent investigator to probe the type of camera that exploded, Ms. Tisch said. The cost to the city for the third-party investigator isn't known, she said.

"We understand that rolling out the body cameras is a big part of the agency's commitment to building trust with the community and right now sorting through all of this and developing a go-forward strategy that I can brief you on soon is our top forward priority," Ms. Tisch said.

An officer on Staten Island reported on Saturday that he took off an LE-5 camera he was wearing when it started smoking. The camera then exploded, according to police officials.

Seattle-based company Vieu made the LE-5 cameras, which 18 commands in the city used.

The NYPD previously had heard about an issue involving an LE-5 camera, Ms. Tisch said Monday.

In June, police officials were made aware of one of the cameras igniting in another city, she said. A law-enforcement official identified the city as Miami.

After the June incident in Miami, the NYPD asked Axon, the company that acquired Vieu in May, to investigate the issue with the camera.

Axon hired an independent investigator at the time to look into the situation and determined "the camera's battery cell had been punctured," an Axon spokeswoman said.

The company is only aware of the two incidents of the cameras igniting, she said.

"Axon is conducting a thorough analysis of Vieu manufacturing supply chain process to ensure that we are providing the highest quality products and services to any agency that has purchased a VIEU camera," the spokeswoman said.

The NYPD didn't start using the LE-5 cameras until August, after Axon gave the device a "clean bill of health," Ms. Tisch said.

"Based on the fact we've had an incendiary incident and

we've heard of another law-enforcement agency having a similar incident, we don't feel comfortable at this time moving forward with the LE-5," Ms. Tisch said.

NYPD officers are required to activate a body camera when making arrests, during a home search or when interacting with criminal suspects.

Before the incident, the NYPD needed to deploy 7,300 more LE-5 cameras to hit its goal of equipping the roughly 23,000 officers with cameras by the end of the year.

Currently, 12,510 officers are using older versions of the Vieu cameras. They are continuing to use them, officials said.

The LE-5 cameras were the last units the NYPD needed to outfit every patrol officer.

The NYPD is considering deploying an older version of Vieu's cameras but that depends on how fast the com-

pany can produce them for the department, Ms. Tisch said.

A second option would be to use another type of camera made by parent company Axon. That, however, would present another challenge because the different types of cameras require different management applications, which are key for sharing footage with prosecutors.

The rollout of the cameras began after a federal judge ordered the NYPD in 2013 to start a body-camera pilot project for its officers as part of a ruling that its use of the so-called stop-and-frisk program disproportionately affected minorities and was unconstitutional.

In 2016, Vieu won a \$6.4 million, five-year contract to supply the body cameras to the NYPD, over Axon, then known as Taser, which offered the NYPD a \$17.2 million five-year contract, Ms. Tisch said.



The Vieu LE-5 body camera was used by 18 NYPD commands.

Upstate Congressional Race Is Razor Close

By JIMMY VIELKIND

A hard-fought race for Congress in the Hudson Valley is a dead heat, according to a poll released Monday by the Siena College Research Institute.

The survey found Rep. John Faso, a Republican who lives in Kinderhook, N.Y., supported by 44% of the 500 likely voters polled as he runs for a second term representing the 19th District. Democratic candidate Antonio Delgado, a lawyer who grew up in Schenectady, N.Y., is backed by 43%.

"Barnburner. Nail biter. Photo finish. Pick your phrase and buckle up because this race is going right down to the wire," said Siena pollster Steve Greenberg. "Each has more than 70% support from his own party, and independents are separated by a point."

Democrats see the district, which includes parts of the Hudson Valley and the Catskills, as a key pickup opportunity. Republican President Trump carried the area in 2016; former Democratic President Obama won it in 2012. Sen. Kirsten Gillibrand, a Democrat who once represented parts of the region in the House, also carried the district that year.

The race has attracted millions of dollars in spending, according to campaign finance disclosures analyzed by the Center for Responsive Politics. Mr. Delgado raised more than



MTA subway chief Andy Byford has said he wants to reduce by 10,000 the number of delayed trains a month by the end of the year.

MTA Touts Drop in Subway Delays

By PAUL BERGER

The New York City subway recently had its best monthly performance in years, transit officials said Monday.

The Metropolitan Transportation Authority's subway chief, Andy Byford, emphasized he wasn't declaring victory, as officials presented data from September showing thousands of fewer delayed trains than usual.

"The job is not done," Mr. Byford told MTA board members during a meeting at the agency's headquarters in lower Manhattan on Monday.

But on the same morning, tens of thousands of subway commuters were delayed by a series of issues, ranging from mechanical and signal problems to sick passengers, a person on the tracks and a problem with a computerized train tracking system.

Many delayed riders said Monday that they hadn't noticed any improvement in subway service.

"I really don't have faith that there ever will be," said Curtis Zurian, who commutes on the B train to Manhattan from Coney Island in Brooklyn.

Paulette Henry, who takes the 2 train to Manhattan from the Bronx, said she leaves more

than two hours for her commute "just to be on time, and every day it's still a problem."

Others, such as Sarah McCabe, who commutes from Philadelphia and switches to the subway in Midtown Manhattan, said she has noticed an improvement.

"It has gotten better for sure," she said.

Mr. Byford, who arrived at the MTA in January, recently announced a desire to reduce by 10,000 the number of delayed trains a month by the end of the year.

The transit authority based its goal on the average number of delayed trains during the first six months of this year. It hit that target in September, when it averaged fewer than 2,570 delayed trains per weekday and fewer than 1,700 delayed trains per weekend day.

September also saw the lowest number of major incidents affecting 50 trains or more since the MTA began tracking that metric last year. In September, there were 45 such incidents, compared with a 12-month average of about 70.

Mr. Byford cautioned that subway performance could fluctuate over the coming months. The important factor is that the trend is toward continued improvement, he said.

Tracking Time

The MTA has worked to reduce subway delays in the past year.

Number of subway delays

Weekday trains Weekend trains

100,000

75,000

50,000

25,000

0

2017 '18

Source: Metropolitan Transportation Authority

THE WALL STREET JOURNAL

Sally Librera, who leads New York City Transit's subway department, said that changes to train schedules also helped the agency improve punctuality.

She said that improved performance metrics could be seen systemwide, with riders spending less additional time waiting on platforms and on board trains.

"Together, these statistics collectively reinforce the progress we are making toward system reliability," she said.

MTA board member Carl Weisbrod, who was appointed by Mayor Bill de Blasio, congratulated staff. "These improvements are not marginal, but significant," he said.

Another board member, Charles Moerdler, who was appointed by New York Gov. Andrew Cuomo, pointed out that despite the improvements, on-time performance remains poor.

In the 12 months through September, just 65% of weekday trains reached their destination on time, an improvement of 1.4% over the same period last year.

"The city cannot afford to have that continue," Mr. Moerdler said.

—Kiana Cornish contributed to this article.



The race between Democrat Antonio Delgado, left, and incumbent GOP Rep. John Faso has attracted millions of campaign dollars.

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GREATER NEW YORK

Bill Aims to Fill Vacant Storefronts

BY KATIE HONAN

The New York City Council is considering a bill that would give commercial tenants the right to longer leases and the ability to negotiate rents with an arbitrator, although it faces strong opposition from top city officials and those who say it could hurt small businesses.

Under the proposed law, called the Small Business Jobs Survival Act, businesses would be able to negotiate lease terms with their landlords, renewing with a minimum 10-year term. There is currently no restriction on commercial rent increases in New York City.

Tenants and landlords would also gain access to a third-party arbitrator to help negotiate rent if they can't work it out on their own. Lawmakers haven't yet determined how arbitrators would be appointed. The bill would also put limits on security deposits required of tenants.

A version of the bill was introduced in the City Council in

1986 and has been reintroduced many times since but never passed into law. Each iteration has faced questions over its legality and strong resistance from real-estate groups.

Councilman Ydanis Rodriguez, a Democrat who represents upper Manhattan, co-sponsored the latest version. At a public hearing on the bill on Monday, he and other council members who support the legislation said it was one way to save small businesses from rising rents. He and other officials pointed to large stretches of vacant storefronts across the city and listed small businesses that either have closed or plan to shutter because of onerous rent.

"I can't imagine a New York without its mom-and-pop shops, and I don't want to," City Council Speaker Corey Johnson said. But Mr. Johnson, a Democrat, voiced concerns, saying the bill's far-reaching language allowed protection for larger businesses and franchises as well as smaller shops.



Small-business owners attended a public hearing on the measure.

"It's hard to have this conversation when white-shoe law firms would qualify for arbitration under this bill," he said.

Mayor Bill de Blasio, also a Democrat, is among the bill's detractors. A spokeswoman for the mayor, Jane Meyer, said the city already had many programs in place to help

small businesses. "We are concerned about potential unintended policy-consequences of this bill that could result in harmful outcomes for all commercial tenants, existing and new," she said.

Gregg Bishop, commissioner of the city's Department of Small Business Services, also

testified against the bill, saying he feared landlords would raise commercial rents to increase their earnings ahead of arbitration protections taking effect. He also raised concerns that the law could harm small businesses without formal leases and might discourage new businesses from opening.

"In our experience we have seen landlords give shorter leases or no leases to new businesses due to uncertainty of a business's survival," he said.

There are approximately 230,000 small businesses across the city, according to Mr. Bishop. The city's Small Business Services has a program that assists businesses with lease renewals, but only a small percentage—about 250 businesses—have used it this year, he said.

John Banks, president of the real-estate industry trade group Real Estate Board of New York, said the bill didn't address important issues facing small businesses and landlords.

GREATER NEW YORK WATCH

MANHATTAN

Police Seek Neighbor In Woman's Slaying

Investigators want to speak with a neighbor of a 70-year-old woman who was found dead with her throat slit in her home on Manhattan's Upper West Side, the New York Police Department's top detective said Monday.

Police are looking for a woman who lives in the same building as Susan Trott, a long-time copywriter, who was found dead in her 14th-floor apartment, said NYPD Chief of Detectives Dermot Shea.

He declined to identify the "person of interest."

"We believe all the pieces of the puzzle are in that building," Chief Shea said.

Officers found Ms. Trott on Sunday after one of her business associates called police and asked them to check on her, Chief Shea said. He said detectives are looking into the relationship between Ms. Trott and the neighbor.

Police didn't recover a weapon and have said there was no sign of forced entry.

—Zolan Kanno-Youngs

IMMIGRATION

Pizza Deliveryman Jailed in New Case

An Ecuadorean pizza deliveryman who was held up as an example of zealous U.S. immigration enforcement has been arrested in a domestic violence case.

A criminal complaint alleges that Pablo Villavicencio pushed his wife against a wall, slapped her and grabbed her phone to keep her from calling police last Thursday at the couple's Hempstead, Long Island, home. He was arraigned Saturday on a misdemeanor charge and remained jailed Monday afternoon.

His attorney didn't respond to a request for comment.

Mr. Villavicencio was detained on June 1 after delivering pizza to the Fort Hamilton Army base in Brooklyn. He was seeking to establish legal residency and overcome a 2010 order to leave the U.S. His wife and two young daughters are U.S. citizens.

Earlier this month, the government declined to appeal the July decision freeing him.

"The federal government is admitting what we already knew—there was absolutely no legitimate reason to lock Mr. Villavicencio up and take him away from his family," Gov. Andrew Cuomo, a Democrat, said at the time. The governor's office didn't immediately respond Monday to requests for comment.

When he ordered the release of Mr. Villavicencio over the summer, U.S. District Judge Paul Crotty said he didn't believe the detention was "accidental or random."

—Associated Press

Hungarian Opera and Ballet Hit the Road

BY CHARLES PASSY

As much as New York remains a global artistic hub, it is increasingly rare for prominent foreign opera and ballet companies to take up residence in the city for an extended period.

For starters, the cost of such visits can be prohibitively expensive. And at a time when audiences can experience the best of world culture through other means—from online videos to screenings of operas and ballets in movie theaters—the era of the big Big Apple visit is sometimes seen as an anachronism.

But all that hasn't deterred the Hungarian State Opera and Hungarian National Ballet, which will make their U.S. debuts with a 13-day residency at Lincoln Center's David H. Koch Theater starting Oct. 30.

The trip will see the two companies present several works, including four operas and two full-length ballets. The sheer numbers behind the effort are staggering, with 367 people participating. Among them: 20 opera soloists, 83 ballet members, 87 orchestral musicians, 10 child dancers and three conductors.

None of this comes cheaply, of course. The cost for the New York visit is running the largely government-funded companies a combined \$4 million, according to Szilveszter Ókovács, the opera's general director.

It is no small amount, especially in a country where the \$139 billion gross domestic product is lower than Jeff Bezos's reported net worth.

Mr. Ókovács said part of the reason for the visit is to show that Hungary's artistic worth is



The Hungarian National Ballet will make its U.S. debut with a 13-day residency at Lincoln Center starting on Oct. 30.

greater than might be expected. "Despite the little size of our country, our cultural power is many times bigger," he said.

Another factor behind the Big Apple trip is the simple fact the opera and ballet are without a home while their Budapest theater is renovated. The work began in 2017 and could take up to three years, Mr. Ókovács noted.

The companies needed to stay active, so they are filling their schedule by hitting the road. Beyond New York, they

have played, collectively or individually, from Japan to Estonia, according to Mr. Ókovács.

Still, at a time when Hungarian Prime Minister Viktor Orbán, a major leader in Europe's nationalist right, has faced criticism for some of his policies and opinions, particularly his anti-migration stance, some observers have wondered if the opera and ballet's visit to New York is a political act of sorts. That is, a way for the government to cast itself in a positive light through two

of its most significant cultural representatives.

Andrea Tompa, a writer and theater critic in Hungary, questioned if the money for the tour could be better spent on supporting smaller artistic institutions at home, particularly ones that produce more adventurous programming. The ballet, for example, is bringing "Swan Lake" to New York.

"I'm very skeptical if this is the best way to represent Hungarian culture," she said of the New York City residency.

Mr. Ókovács said it was strictly the companies' own call to come to New York and the government had no input into the decision.

Máté Vincze, head of the Hungarian Cultural Center in New York, an organization overseen by Hungary's Ministry of Foreign Affairs and Trade, said the visit to the city has no political agenda. "The visit of the Hungarian State Opera and the Hungarian National Ballet is what it seems—a cultural program," he said.

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'Plot Against America' Gets Star Turn

BY CHARLES PASSY

When the acclaimed author Philip Roth died in May, he was in the midst of discussions with New York City's 92nd Street Y about a program this fall built around his seminal 2004 novel, "The Plot Against America."

The idea was to have several prominent actors read from an abridged version of the work, which imagines what might have happened if Charles Lindbergh, the aviation legend sometimes accused of being a fascist sympathizer, became U.S. president.

Bernard Schwartz, who directs the Y's Unterberg Poetry Center and coordinates literary events of all kinds at the institution, said the hope was the event would stimulate thought and conversation about parallels with the present day.

"How excited he [Mr. Roth] got by the idea," Mr. Schwartz recalled.

With the author's passing, the question became if the reading would still take place. "My first reaction was it's too soon," said Julia Golier, who helps oversee Mr. Roth's estate.

It didn't take long for Ms. Golier to change her mind, however. "I realized that was me, and Philip wouldn't have thought that. He would want it to continue," she said.

So, on Sunday, the show, with tickets starting at \$75, indeed

will go on: A 4-hour-plus affair featuring John Turturro, Jon Hamm, Michael Stuhlbarg and Jennifer Ehle, among others.

In a way, the event is something of a coming home for Mr. Roth, who read his work himself at the 92nd Street Y on previous occasions. In fact, he announced after his 2014 appearance at the Y that it would be his last public reading.

The program hasn't been an easy one to pull together. Perhaps the biggest challenge: Taking Mr. Roth's roughly 150,000-word novel and transforming it into something that could be read in a single sitting. That meant cutting it by about two-thirds to 45,000 words.

The task fell to James Shapiro, a Columbia University English professor and Shakespeare scholar who is known for his work abridging the Bard's plays. While Mr. Roth died before Mr. Shapiro was selected, those connected to the event took it as a good sign that Mr. Roth was reading one of the scholar's works, "The Year of Lear," shortly before the novelist's passing in May. Indeed, when Mr. Roth misplaced his copy while in the hospital, he had the staff post a note seeking its recovery, according to Ms. Golier.

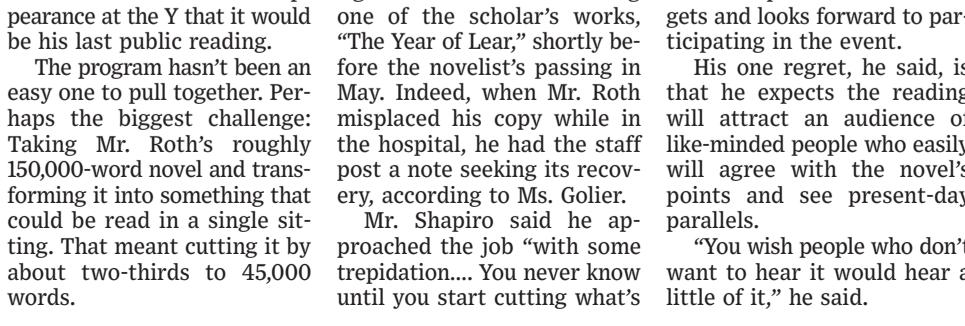
Mr. Shapiro said he approached the job "with some trepidation.... You never know until you start cutting what's

going to crumble." But in the end, he said it was possible because the novel was "incredibly well-structured." It also helped that Mr. Roth was prone to digressions, he said.

Mr. Turturro, one of the actors who will participate, thinks Mr. Roth's novel is about as prescient as fiction gets and looks forward to participating in the event.

His one regret, he said, is that he expects the reading will attract an audience of like-minded people who easily will agree with the novel's points and see present-day parallels.

"You wish people who don't want to hear it would hear a little of it," he said.



The 2004 novel by Philip Roth, who died in May, will be performed at the 92nd Street Y on Sunday.

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LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

The Illegal Ingredients in Supplements

Consumers are taking dietary supplements with illegal—and potentially harmful—ingredients, a growing body of evidence shows.

A new study published online in *JAMA Internal Medicine* this week found experimental stimulants in dietary supplements both before and after the U.S. Food and Drug Administration issued public warnings about the stimulants.

The stimulants aren't approved for human use and are believed to increase blood pressure and heart rates potentially, says Pieter Cohen, an associate professor at Harvard Medical School and general internist at Cambridge Health Alliance who conducted the study with researchers from the University of California, San Francisco. "They do things we are concerned could lead to serious health effects like heart attacks and strokes," he says.

One of the stimulants, DMAA, was used in nasal decongestants in the 1940s but withdrawn from the market several decades later. Another, oxilofrine, was approved for use in some European countries for patients with low blood pressure, but never approved in the U.S. Two others, BMPEA and DMBA, have never been approved for use in humans but are believed to function like stimulants based on animal studies.

The researchers looked at nine weight-loss supplements, two sports supplements and one cognitive-function one and tested them for the stimulants in 2014 and 2017. The supplements were bought online but can also be found in stores, Dr. Cohen says. The study doesn't disclose the brands or companies that manufacture the supplements.

Once the FDA issues a public warning, the expectation is that supplements containing prohibited ingredients will be removed from the market and new products won't be added, Dr. Cohen says.

But he adds that in practice, that doesn't always happen and there is a lack of clarity over what actions must be taken and what the consequences are.

The *JAMA Internal Medicine* study comes on the heels of another *JAMA* study published earlier this month by the California Department of Public Health. It analyzed the FDA's supplement warnings from 2007 to 2016 and found that prescription-drug ingredients were in 776 dietary supplements, many even after the FDA issued

public warnings about the products. There were 157 products containing more than one unapproved ingredient.

The majority of products were marketed for sexual enhancement, weight loss or muscle building. Examples included sildenafil, sold as Viagra, in sexual-enhancement supplements, steroids in muscle-building supplements and sibutramine, withdrawn from the

market to the FDA before their products go on the market.

"The drug ingredients have the potential to cause serious adverse health effects due to misuse, overuse or interaction with other medications, underlying health conditions, or other pharmaceuticals within the supplement," Madhur Kumar, senior author of the earlier *JAMA* study and a research scientist at the California Department of Public Health, wrote in an email.

said in an emailed statement.

When the FDA issues a public warning, such as in the case of the stimulants, consumers are notified that the products in question may contain an undeclared ingredient and that they shouldn't purchase or use the products, Mr. Kahn says.

Even when the FDA issues a recall or takes enforcement action against a distributor, other distrib-

years after recalls, two-thirds of the supplements available for sale still contain drugs.

Another study found that Boston consumers buying one brand of a weight-loss supplement weren't aware of a recall and were still able to purchase the supplements.

In 2014, the FDA made an announcement about DMAA not being permitted in supplements. By 2017, it made separate announcements about all four stimulants not being permitted in supplements.

The researchers of the new study published Monday did a chemical analysis of the supplements.

It found that in 2014, despite the FDA's announcement about DMAA, it was present in half of the supplements tested. Two other stimulants, BMPEA and oxilofrine, were found in many of the supplements.

By 2017, researchers found DMAA in two supplements, oxilofrine in nine, BMPEA in one and DMBA, previously found in none, in four.

"Whatever the FDA is doing to try to eliminate these experimental stimulants from supplements is not working and consumers are going to continue to be exposed to this if the FDA doesn't step up and become much more aggressive in its enforcement," Dr. Cohen says.

A Washington, D.C.-based trade group of dietary supplement and functional food manufacturers sides with researchers. Duffy MacKay, senior vice president of scientific and regulatory affairs for the Council for Responsible Nutrition, says the examples in the studies are products that are a "menace."

"We share disdain for this type of behavior," Mr. MacKay says. "A responsible manufacturer with a big brand name, none of this ever happens."

Sreek Cherukuri, an ear, nose and throat surgeon in Indiana, says in recent years more patients are asking about dietary supplements. Many aren't properly informed.

He asks patients before surgery what supplements, vitamins and herbal products they take, because these can interfere with surgery and cause thinning of the blood, he says. To help educate consumers about supplements, he started a website about a year ago.

"The vast majority of supplements don't have any strong scientific data to validate their use," Dr. Cherukuri says. "At best, they may not be doing what we think. At worst, they can be fraudulent or tainted and could put you in the hospital or emergency room."

Expert Advice for Shopping for Dietary Supplements

- Avoid supplements marketed for sexual health, weight loss and muscle building, which are most frequently tainted with illegal ingredients, Dr. Cherukuri says.
- Do your due diligence on researching potential supplements. The majority of products are unproven. Even if they aren't dangerous, they could be a waste of
- money, Dr. Cherukuri says. Be wary of bold claims or products that claim to treat a disease.
- Look for products that are certified by third parties and have seals certifying that what is on the label is what is inside the bottle, says Mr. MacKay of the Council for Responsible Nutrition. The United States Pharmacopeia certifies supplements with the USP seal. Other
- third-party seals include UL from Underwriter Labs and NSF from NSF International.
- Talk to your health practitioner before starting any type of supplement.
- Check products in the Council for Responsible Nutrition's online voluntary product registry that includes about 12,000 labels.

MARK MACKO

market due to potential risks, in weight-loss supplements.

The analysis found that the FDA recalled the products less than half the time.

More than 50% of U.S. adults take dietary supplements such as vitamins, botanicals and enzymes. Supplements are classified as a category of food and aren't tightly regulated like prescription drugs. Supplement manufacturers don't have to demonstrate safety or effective-

The FDA is in the process of reviewing the findings, says Jeremy Kahn, a spokesman for the agency.

"The FDA is committed to doing everything within its resources and authorities to identify and remove unsafe products from the market, and we continue to work collaboratively with all of our stakeholders to help ensure that products marketed as dietary supplements are safe, well-manufactured and accurately labeled," he

utors often continue to sell the recalled product, or distributors re-label products to evade detection, Mr. Kahn says.

Dr. Cohen, who wrote an accompanying editorial to the California Department of Public Health analysis, says the FDA needs to do more.

His previous research looked at what happens after the FDA recalls supplements that contain prescription drugs illegally and found that

UP NEXT

'FRIDAY BLACK' MARKS A WRITER'S DEBUT

BY ELLEN GAMERMAN

'FRIDAY BLACK,' a short-story collection that veers from absurd humor to extreme violence, is earning early raves and posing an inbox challenge for its debut author.

"I used to be on the outside, really, really, really wanting to be in," said Nana Kwame Adjei-Brenyah, the 27-year-old writer whose book comes out on Tuesday. "Now I'm sort of on the inside, totally overwhelmed by emails."

The book's title draws inspiration from the retailing monster that is Black Friday. In one story, zombie-like shoppers literally kill each other for deals. As it is in his other stories, the fic-

tion is rooted in fact.

"I really did see humans step on each other's legs and push each other, fighting over jeans or sneakers," said the author, who worked in high school and college at the streetwear chain Against All Odds.

Mr. Adjei-Brenyah, a native of Spring Valley, N.Y., whose parents immigrated from Ghana, steeped the book in themes of capitalist perversions and racial injustice. It opens with "The Finkelstein 5," about five black South Carolina children decapitated by a chainsaw-wielding white man, and the aftermath of the crime.

"I like to work in that space where, 'Is it hyperbole? I don't know,'" Mr. Adjei-Brenyah said.



'I like to work in that space where, "Is it hyperbole? I don't know,"' the writer Nana Kwame Adjei-Brenyah says.

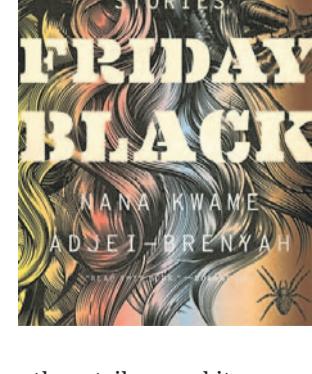
"When you kill someone with a gun or a chainsaw, they're just as dead either way. When I say 'chainsaw,' you have to pay attention."

In the last story, the world comes to an end and its inhabitants must relive the day on a cos-

mic loop. Two 14-year-old rivals find ever more sadistic ways to torture and kill each other and their neighbors. Yet the author manages to close with a hopeful note, as his heroine strikes the pose of a dancer in a final flash of

light: "And if you are with your family, or anyone at all, when it comes, you feel silly and scared, but at least not alone."

Nana Kwame Adjei-Brenyah's "Friday Black" comes out Tuesday.



LIFE & ARTS

HEALTH

Your Doctor, the Meal Planner

Wielding food as medicine, hospitals are growing their own produce, establishing food pantries and opening grocery stores

BY LUCETTE LAGNADO

SOME HOSPITAL patients are heading home with a sheaf of prescriptions—and a bag of spinach and spaghetti squash.

Invoking the mantra that food is medicine, hospitals across the country are taking measures to prevent and treat illness through diet. To nudge patients into eating well at home, they have opened food pantries that offer nutrition counseling and healthful fare. They are growing their own produce, adding farmers to the payroll and hosting greenmarkets. A few are even tiptoeing into the grocery business.

ProMedica, a not-for-profit health system headquartered in Toledo, Ohio, pursued several avenues to help patients follow a good diet. ProMedica's Social Determinants of Health Institute set up two food pantries, where patients can receive nutritional guidance and free groceries. ProMedica opened a grocery store a few miles from one hospital, in an area that had been bereft of healthful food. Called Market on the Green, the store is open to the public, not just ProMedica patients.

Market on the Green fills 6,500 square feet, making it smaller than some of the sprawling, multi-aisled outposts of national grocery chains. For Kate Sommerfeld, president of ProMedica's Social Determinants of Health Institute, just deciding what to stock can be a challenge. At Market on the Green, she manages an inventory that includes popular snacks such as potato chips and candy with items that her hospital colleagues recommend.

"We have dietitians who would love to have nothing but lettuce and carrots in the store," Ms. Sommerfeld said. "But the reality is that is not how we eat, me included." She positioned foods to nudge shoppers into healthier choices. Most grocery-store checkout counters are a gauntlet of candy. At Market on the Green, cashiers are surrounded by produce, while candy bars are tucked down an aisle. Whole-grain cereal is shelved at eye level, sugar-laden cereal can be found on harder-to-reach shelves.

The store is a nonprofit enterprise. Ms. Sommerfeld tries to steer shoppers with prices, putting smaller markups on healthful fare. For instance, she said, whole-grain chips cost less than regular ones. Chocolate milk is "priced high" to encourage children to drink skim milk.

Michael Belair, a ProMedica patient, suffers from diabetes and has had several strokes. The 48-year-old former firefighter and music teacher in Toledo, Ohio, values a sound diet but says, "I wasn't doing such a great job by myself,



which was why I asked for help."

His ProMedica doctor wrote him a prescription to be filled at the hospital's food pantry. There, Mr. Belair met with a ProMedica nutritionist, who went over dietary do's and don'ts. She urged him to switch to whole-wheat bread from white and to favor baking over frying when cooking.

From time to time, Mr. Belair shops at Market on the Green and is now a fan of its yogurt parfait with granola.

The American Hospital Association, an industry trade association, has urged members to play a part in the nutritional health of their communities.

An AHA report, "Food Insecurity and the Role of Hospitals," focused on patients without access to good food and those with medical conditions that could be remedied by diet.

The 2017 report examined the link between food insecurity and health issues, including chronic ill-

ness and child development." The report said hospitals should help individuals and households at risk of "food insecurity," meaning having little or no nutritious food because it costs too much or is far away. Food pantries, once the purview of anti-poverty and anti-hun-

ger organizations, can now be found in many hospitals.

Hospitals diving into the food business may find themselves in over their heads, warned Nancy Copperman, vice president of community health at Northwell Health,

a hospital system based in New Hyde Park, N.Y. "Hospitals do clinical stuff really well," she said. "We can give you a new heart, a new lung, a new liver. But we can't give you a food pantry really well."

Northwell consulted with experts in the industry before opening a food pantry for patients this summer. Two major companies, U.S. Foods and Baldor, donate surplus produce and canned food. Other contributors include Island Harvest, a food bank.

Named the Food as Health Center, the pantry is in the basement of Northwell's Long Island Jewish Valley Stream hospital. Northwell prefers not to call the Food as Health Center a pantry, concerned that the term might connote indigence.

Staff members assemble bags holding two days of groceries and hand them out to some patients after doctor visits or when they are being discharged.

Patients are screened for "food

insecurity and food-related diseases such as hypertension, congestive heart failure, diabetes, obesity, unintended weight loss," among other ailments, Ms. Copperman said. Patients who are referred by their doctors see a dietitian once a month and are given two days' worth of food. After a couple of months, patients who still need food assistance are referred to outside help organizations and other local pantries.

Northwell also is considering installing farm stands with local produce beside the gift shops in its hospital lobbies. Hospitals may find that giving patients food and advice will save the institutions money, said Lisa Harris, CEO of Eskenazi Health, a public health system in Indianapolis. "Because of our role in the community, if someone needed an MRI or a procedure, we would often be paying for that." But offering healthful fare, as Eskenazi does to some patients at a food pantry it helps run, is more cost-effective. "It is much less expensive to help people be well than to address the effects of chronic disease," Dr. Harris said.

The company hosts a weekly farmers market for local growers. On the roof of its main hospital, Eskenazi, with the help of a full-time farmer, is cultivating everything from kale to berries. Last year, the farm produced 3,500 pounds of fruits and vegetables, which go to patient meals and community health centers, Dr. Harris said. Eskenazi recently opened a small grocery store near the cafeteria in its main hospital. The shop sells healthful fare and is open to the public.

In Ypsilanti, Mich., a farmer oversees the 25 acres of crops cultivated at St. Joseph Mercy Ann Arbor hospital.

Some of the kale, tomatoes and other produce is donated to food pantries and some is sold at a farmers market the hospital runs on Wednesdays between 11 a.m. and 1 p.m.—the most popular interval for patient discharges. Patients who present a doctor's "prescription" for the market can head home with \$10 worth of free produce.

The farm's benefits extend beyond patients' plates. Flowers that the St. Joseph's research and compliance team grow there are displayed around the hospital. Some hospital staff members find it therapeutic to tend small plots. One nurse administrator has been struggling to cultivate cotton, an effort the hospital labeled "a work in progress."

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SPORTS

MLB

World Series Proves Money Still Matters

The Red Sox and Dodgers offer a cold reality: 'If you're smart and rich, you're going to be very hard to beat'

BY JARED DIAMOND
AND BRIAN COSTA

THE CHIEF ARCHITECTS of this year's World Series participants are about as different as two baseball executives could be.

Andrew Friedman, the 41-year-old president of baseball operations for the Los Angeles Dodgers, holds such a dim view of marquee free-agent signings that he used to celebrate whenever a rival completed one.

Dave Dombrowski, his 62-year-old counterpart with the Boston Red Sox, assembled his star-studded roster by committing \$327 million to two players and unloading a horde of prospects.

But there is one thing the two men share, and that's nearly unrivaled financial resources at their disposal. At a time when organizations are often dogmatic about the best way to build a contender, the Red Sox and Dodgers are proof of a cold reality that has survived the sport's efforts to become more egalitarian: Money matters.

Small-market teams can succeed, if everything goes right. For the richest teams, however, there is more than one path to a pennant, as evidenced by this season's matchup, which pits two of the three biggest spenders in the major leagues.

"Smart beats rich," Dodgers president Stan Kasten said. "If you're smart and rich, you're going to be very hard to beat."

When the Red Sox hired Dombrowski in 2015, he represented a significant shift in the identity of the organization's front office.

Boston won three championships this century under analytically inclined general managers in Theo Epstein and Ben Cherington.

Dombrowski arrived with more of a scouting bent, his wisdom gained through an executive career that spans four decades. During that time, he developed a reputation for swinging bold trades, earning the nickname "Dealin' Dave."

As the data revolution swept the game, teams increasingly put their faith in numbers to find inefficiencies. It prompted even the wealthiest clubs to place a premium on cheap minor-league talent in their quest to construct a cost-effective, homegrown squad.

While other executives live in fear of giving up the teenager that turns into an All-Star, Dombrowski never fully embraced that mindset. He sees things differently than many of his younger peers, frequently valuing the present over stockpiling assets for an uncertain future. He grew into that worldview after experiencing the feeling of falling just short. During his tenure with the Detroit Tigers, his



Small-market teams can succeed, if everything goes right. For the richest teams, like Boston and Los Angeles, there is more than one path to a pennant.

team appeared in two World Series and reached the playoffs every year from 2011 to 2014 without a title.

"Sometimes people may decide to not trade people, and sometimes you look back and say, 'Well, if we would have made that deal, maybe we would have won,'" Dombrowski said.

That attitude made Dombrowski the ideal fit at the ideal time for the Red Sox, who had a crop of coveted young players when he walked in the door. He kept a bunch of them, including MVP favorite Mookie Betts, shortstop Xander Bogaerts and outfielder Andrew Benintendi. He traded away several others in transactions that landed them ace Chris Sale and closer Craig Kimbrel, among others.

With an iconic venue in Fenway Park, a massive fan base and a lucrative regional television network, the Red Sox have long ranked among the sport's economic heavyweights. That, too, paired well with Dombrowski's fearlessness in making the big splash. In late 2015, he signed pitcher David Price to a seven-year, \$217 million contract. Last winter, the Red Sox gave slugger J.D. Martinez \$110 million over five years.

Because of Dombrowski's aggressiveness, the Red Sox had baseball's highest payroll in 2018. They finished with 108 regular-season victories, the most of any



team since the 2001 Seattle Mariners.

"We've had the resources since we've been here in Boston to do both: play in free agency and draft and develop our own guys," Red Sox president Sam Kennedy said. "This year we felt like we were in a position to try to take that next step in October."

When a group led by Mark Walter bought the Dodgers in 2012, it didn't take long for the new executives to realize the franchise needed a new direction.

"We knew we would always be rich in L.A.," Kasten said. "The challenge was, could we get smart?"

In service of that goal, the Dodgers overhauled their baseball



operations department before the 2015 season. They hired Friedman from the Tampa Bay Rays and general manager Farhan Zaidi from the Oakland Athletics, executives who had routinely outsmarted the competition with minuscule budgets. Friedman and Zaidi set out to utilize the same tactics that worked in their previous jobs, only this time with the benefit of seemingly limitless funds.

Thanks to a television deal valued at more than \$8 billion, the Dodgers' payroll ballooned to record highs for the sport. The fact that large swaths of their fans in Southern California still can't access their channel, SportsNet LA, because of an ongoing carriage dispute didn't stop them from

spending freely. Their payroll ranked third in the majors in 2018.

"We were going to go big or go home," Kasten said. "And we were not going home."

Friedman and Zaidi focused on creating a roster revolving not around superstars, but on unparalleled depth. The largest contract they've awarded in their tenure went to closer Kenley Jansen, at \$80 million over five years.

Los Angeles essentially boasts an entire backup unit that would start elsewhere, with players like Matt Kemp, Brian Dozier and David Freese on their bench. Nearly everybody plays multiple positions, leaving the Dodgers practically impervious to injuries.

The Dodgers' near-obsession with marginal improvements and uncovering the smallest advantages resemble that of a much smaller team. Their dedication to this strategy has led to their second consecutive pennant.

"We have tried to maintain discipline and put ourselves in the best position to use our resources as a strength and not have it be something that hamstrings us for years to come," Friedman said.

History has proven that in baseball, a high payroll doesn't guarantee success. But this year, the Red Sox and Dodgers proved that sometimes, the key to winning sometimes comes down to a simple tenet: have a boatload of money—and know how to spend it wisely.

BY ANDREW BEATON

WHEN PRESIDENT Donald Trump eviscerated the NFL and its players who protest during the national anthem at a rally in Huntsville, Ala. last year, the debate surrounding the controversial demonstrations roared back to life.

Fueling the outrage: Russian trolls on Twitter.

In the wake of Trump's Sept. 22, 2017 speech, tweets about the NFL and the national anthem surged from accounts linked to the Internet Research Agency, the Russian and Kremlin-backed company accused of attempting to sow discord in the U.S.

On Sept. 23, 24 accounts almost simultaneously tweeted: "VIDEO: Trump SHREDS NFL Anthem Protectors!"

About eight hours later, the same 24 accounts wrote: "Trump Supporters SACK NFL Commish Roger Goodell For Attacking Trump."

The same accounts, and others connected to the IRA, continued to blast out tweets on the subject—predominantly criticizing the protests—with thousands of tweets in the days that followed.

In total, over the final months of 2014 through the middle of this year, 491 accounts linked to the IRA sent more than 12,000 tweets about the NFL or the anthem. Researchers from Clemson University provided The Wall Street Journal

NFL

TROLLS FUELED CONTROVERSY

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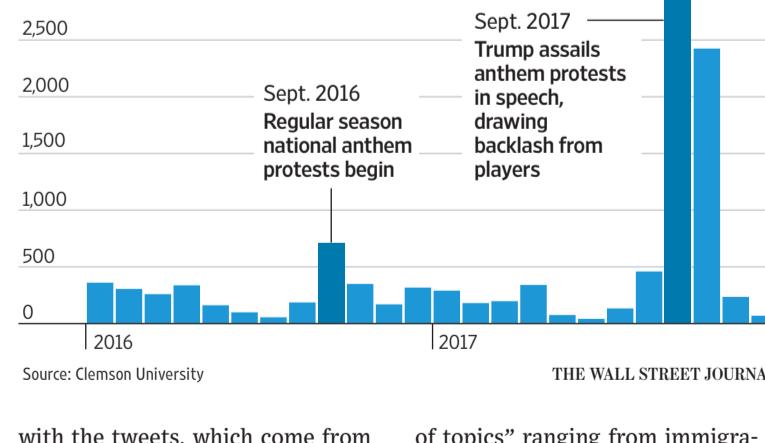
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Sowing Discord

Tweets by Russian trolls about the NFL or national anthem

3,500 tweets



with the tweets, which come from accounts shut down by Twitter after congressional investigations revealed their connection to the IRA.

This NFL season, the controversy around the player protests has become more muted, with only a handful of players taking a knee, while Trump has not attacked the league in the same way he did a year ago.

"You want to reach your average American, which is clearly their goal?" said Darren Linvill, an associate professor of communication at Clemson who culled the tweets along with associate professor of economics Patrick Warren. "Then talk about football."



Panthers safety Eric Reid, left, takes a knee prior to a game on Oct. 14.

The data shows that 87% of the partisan tweets about the NFL had a conservative-leaning message, which was frequently critical of the league and the player protests.

"VIRAL! High School Football Player Raises Flag, Puts NFLers to Shame!" two dozen accounts tweeted.

The other 13% were left-leaning, with messages such as those supporting Colin Kaepernick, the player who began the demonstrations in 2016 to call attention to social injustices and racial inequality.

In 2015, the accounts sent only 1,241 NFL-focused tweets and the majority of these were not partisan and simply tweets with news links. Then in 2016 with the introduction of the national anthem controversy, there was a flood of activity—especially from accounts identified as "right trolls."

"They clearly are using it as a wedge issue," Linvill said. "It's like

we handed them a loaded gun."

The size of the audiences for these accounts varied, with some reaching only tens of people and others tens of thousands.

An account with the handle TEN_GOP, which also tweeted about other issues such as health care, weighed in 24 times about the NFL and peaked with more than 100,000 followers.

More recently, there have been tweets from left-leaning trolls in support of the players protesting and Kaepernick, and some of those have been among the IRA's most retweeted posts on any subject.

Although these accounts have already been shut down, the Clemson researchers said still-active ones strongly suspected to be Russian trolls have continued to weigh in on divisive sports topics, including the Nike campaign with Kaepernick and the controversial U.S. Open final between Serena Williams and Naomi Osaka.

OPINION

Trump Is No 'Isolationist'

GLOBAL VIEW
By Walter Russell Mead

While the world was transfixed by the drama over the murder of Jamal Khashoggi, the Trump administration last week d o g g e d l y pressed ahead with some of the most dramatic shifts in American foreign policy since the end of the Cold War.

President Trump's foreign policy is anything but isolationist. It is ambitious, interventionist and global. Having determined after almost two years of trying that the three revisionist powers—China, Russia and Iran—cannot, at least for now, be pried apart, the administration is preparing to take them on all at once.

This means, above all, intensifying competition with China. In the two weeks since Vice President Mike Pence's speech laying out the far-reaching U.S. strategy for containing Beijing, the administration has not let up: The trade war has escalated; Mr. Trump announced U.S. withdrawal from an 1844 postal-services treaty that, in his view, gives Chinese shippers unfair advantages; and Secretary of State Mike Pompeo traveled to Panama to warn that country's leaders against Chinese debt-trap diplomacy.

Perhaps more surprising to some of its critics is the Trump administration's increasingly hard line against Russia. In the same week that

Mr. Trump announced the U.S. withdrawal from the Intermediate-range Nuclear Forces Treaty, citing Russian non-compliance, an American aircraft carrier visited the Russian Arctic for the first time in almost 30 years. Meanwhile, A. Wess Mitchell, the assistant secretary of state for European and Eurasian affairs, described a new era of U.S.-Russia competition in a blistering speech Thursday at the Atlantic Council.

"From the Baltic to the Adriatic, across the Balkan Peninsula and through the Caucasus, America's rivals are expanding their political, military and commercial influence. Russia is again a military factor in this region, following the invasions of Georgia and Ukraine. Well beyond the frontier, in the countries of Central Europe, Russia uses manipulative energy tactics, corruption and propaganda to weaken Western nations from within and undermine their bonds with the United States," Mr. Mitchell said. He went on to hail "Ukraine, Georgia and even Belarus" as a "bulwark against Russian neo-imperialism" and signaled increased U.S. support for their independence and sovereignty.

The storm over U.S.-Saudi relations has not deterred the administration from intensifying its campaign against Iran. Treasury Secretary Steven Mnuchin is still flying to Riyadh to coordinate U.S. and Saudi economic actions to isolate Tehran. The U.S. remains on schedule to reimpose its most powerful sanctions against Iran on Nov. 5.

Traditionally, countries headed toward confrontation with adversaries look to strengthen their alliances. This has not been the Trump administration's approach. Without mentioning Germany by name, Mr. Mitchell sharply criticized its dealings with Russia and Iran: "We expect those whom America helps to not abet our rivals. Western

globally engaged U.S. are fading away. Instead of reducing American military commitments overseas, Mr. Trump is doubling down on them. Instead of abolishing the Overseas Private Investment Corp., Mr. Trump has expanded it. Though the administration's stalling on the Khashoggi affair attracted widespread criticism, human rights are climbing back onto the agenda as the administration attacks China for its repression of Uighurs, Tibetans and Christians.

Can the Trump administration unite a deeply divided country behind an expensive, risky and ambitious foreign-policy agenda to block the objectives of America's determined rivals? And can its strategy work?

There are skeptics. Earlier this month, Russian President Vladimir Putin said the Trump administration's threats to penalize European companies that trade with Iran are "a huge strategic mistake" born of a hubristic sense of American power. "I think this is a typical mistake made by any empire," Mr. Putin said, when it believes itself "so strong and stable that there will be no negative consequences. But no, they will come sooner or later."

Perhaps. We cannot know in advance whether President Trump's outsize foreign-policy venture will finish in triumph, tears or somewhere in between. But he appears determined to upend the international system as thoroughly and disruptively as he has upended American politics.

He's overseeing a risky but ambitious effort to contain global adversaries.

Europeans cannot continue to deepen energy dependence on the same Russia that America defends it against. Or enrich themselves on the same Iran that is building ballistic missiles which threaten Europe."

Yet Mr. Mitchell also signaled a deeper U.S. involvement in Europe that Berlin should welcome. He noted that "many of America's closest allies in Central Europe operate networks of corruption and state-owned enterprises that rig the system in favor of China and Russia." Joint efforts by the U.S. and the European Union to stabilize democracy in Central and Eastern European countries could help give the old trans-Atlantic alliance a new lease on life.

As Mr. Trump's ambitious foreign policy takes shape, the hopes of Jeffersonian realists for a more inward-looking, less

BOOKSHELF | By Oren Cass

Of Callings And Careers

The Job

By Ellen Ruppel Shell
(Currency, 406 pages, \$30)

The market for handmade brooms is understandably small. Even smaller is the subset of such broom makers prepared to wax eloquent about the sensibility of their chosen profession as a response to automation. Such real-life characters fill "The Job," journalism professor Ellen Ruppel Shell's meditation on the meaning and future of work.

This is an unconventional book, providing a vantage point far removed from the economics-based analyses that tend to dominate discussion of the American labor market. Through stories of jobs in places like the Brooklyn Navy Yard, a cooperatively owned laundromat in Cleveland and a small Finnish sausage factory, the author conjures fresh insights about work as a social institution whose value extends far beyond the dollar amount printed on a paycheck. Ms. Shell feels that it's imperative "to sort out and fiercely protect those critical elements of work that are essential not only to our economy and our democracy but to our very humanity."

She begins in the small town of Marienthal, Austria, with "the first systematic effort to lay out in detail the true cost of unemployment." Marienthal's rapid industrial decline between the world wars was the subject of an exhaustive sociological investigation that stunned researchers eager to document a revolt by the masses. "Deprived of their livelihood, the villagers did not unite in protest or incite political action," writes Ms. Shell. "Rather, they withdrew.... In Marienthal, joblessness itself had become a job, a thankless, miserable one that set citizens into revolt not against the system but against one another." The effects of unemployment were not only financial—indeed, most villagers had unemployment insurance, some had pensions—but also psychological and spiritual. "Joblessness was an evil unto itself: demoralizing, soul killing, and dangerous."

This observation is at once obvious and underappreciated. Most people find intuitive the idea that work supports "structured activity, shared experience, status, and collective purpose." Yet neither America's economy nor its public policy is oriented toward ensuring that all people who want to work can, or that through their work they will be able to support their families. Rather, we strive to maximize efficiency and output for the sake of rising consumption, and offer those left behind handouts to ensure they, too, can consume.

How would an alternative look? Ms. Shell proposes that "sustaining good work must be made one of the explicit goals of innovation." She emphasizes that "good work" is not the same as "meaningful work" in the popular lexicon. How people make "meaning" through their jobs turns out to depend much more on the worker than the work. Whether employed as secretaries, programmers, doctors or clerks, some see their job as just a "job," some see it as a "career" and some see it as a "calling"—regardless of the pay, the autonomy or any other objective measure of job quality or importance.

'Good work' is different from 'meaningful work.' How people make 'meaning' through their jobs depends more on the worker than the work.

Nor, she shows, is having a "calling" necessarily preferable. Many people regard their job merely as a means to an end—"working to live, not living to work" as the saying goes—and look elsewhere in their lives for meaning. They tend not to judge themselves by their employers' standards or to intertwine their feelings of self-worth with their professional success. Seeing work as a "calling" has many benefits but can also be emotionally taxing, limit opportunities outside work and leave the worker more beholden to the employer's whims. A good job can be one at a sausage factory, if the employer's attitude is: "Our company will provide the income, support, and stability to allow you to make meaning for yourself."

Ideas like these directly challenge two nuggets of conventional wisdom that Ms. Shell scrutinizes harshly. First, "follow your passion" is often terrible advice. For one thing, paying the bills with one's passion is typically implausible. It also isn't necessary. She introduces readers to a welder, a glazier, a firefighter and an administrative assistant, all of whom bring different attitudes to their jobs that lead to satisfaction. Second, better education and more skills are not a cure-all: The data simply do not support the notion that more years of school necessarily translates into better jobs. Ms. Shell highlights the logical inconsistencies in discussions of the oft-lamented "skills gap" and the shortcomings of an education system that fails to deliver most young people through college and into careers.

Through it all, "The Job" remains ardently optimistic about the prospects for improving people's working lives regardless of whatever economic changes may come. The book's quirky examples are best understood not as a blueprint but rather as part of the author's argument that certain principles held inviolable may deserve a second look. Worker-owned businesses can operate effectively if they have strong community partners. A race to the bottom of the labor market is neither inevitable nor desirable.

Traditional employers will inevitably play a central role, though, and it is here that the book disappoints. Bespoke broom making or boat building might be nice work if you can get it, but such paths are not the ones down which many people can or will travel, nor would they support a prosperous society if they did become mainstream choices. Ms. Shell evinces an instinctive antipathy toward the business world, largely ignoring the employer perspective, disparaging respected companies and suggesting that the nation's most prominent business leaders have succeeded through financial engineering rather than value creation. She laments that "most of us are dissatisfied with our jobs," even while citing a study that opens by announcing that "88% of U.S. employees reported they were satisfied with their job overall."

Good work, the author rightly notes, requires that "someone is willing to pay for that work to get done." The someone will usually be a corporation whose product or service depends upon pairing its capital with people's labor. Getting "the job" right demands understanding of, and concern for, their interests, too.

Mr. Cass is a senior fellow at the Manhattan Institute and the author of "The Once and Future Worker."

MAIN STREET
By William McGurn

There are strange things done under the New Jersey sun. But nothing beats the whopper Democrats are now trying to pass off on voters in an effort to flip the state's 11th Congressional District. In this key suburban swing district, Democrat Mikie Sherrill is asking voters to believe that the 2017 Republican tax cut is really a tax hike.

The charge is rooted in the idea that the caps on mortgage interest and state and local tax, or SALT, deductions turn a tax cut for everyone else into an increase for New Jerseyites. Never mind that the House Ways and Means Committee reckons the GOP tax bill still works out to \$6,040 in savings for the average middle-class family of four in the district. Or that the bill also pares back the Alternative Minimum Tax, which slams the district's high-income earners.

Ms. Sherrill and the Democrats are spinning it as a tax hike and themselves as tax cutters. And this, not Donald Trump, has been her major line of attack on Republican candidate Jay Webber.

"The tax cut was good for America and good for New Jersey," Mr. Webber says. "But all my opponent wants to do is complain about the SALT de-

duction. I'd like to see the SALT caps rolled back or modified too, but it doesn't change the fact that the tax cut is still a cut, and it's still a big win."

Mr. Webber says his district "has never been more relevant" to national politics because it is a microcosm of the suburban areas the GOP needs to hold in the coming midterms to retain its House majority. For more than two decades it was represented by moderate Republican Rodney Frelinghuysen, but like the rest of the state it has been growing bluer. In 2016 Mr. Trump carried the district—but by less than a point.

Add to this that Ms. Sherrill is an attractive candidate with a strong backstory. She's a former Navy pilot and federal prosecutor, as well as a mom to four children. If you don't hear her complaining about money in politics, it's probably because she has raised \$7 million, a state record for a House candidate, against Mr. Webber's \$1.3 million.

But Mr. Webber is an attractive candidate in his own right. A Harvard Law grad and father of seven, he has been a steady advocate in the state Assembly for lower taxes in one of the most overtaxed states in the union. And though a recent New York Times/Sienna College poll showed him down 11 points, most polls show a tight race within the margin of error.

Mr. Webber has tried to tie

Ms. Sherrill to both House Minority Leader Nancy Pelosi and Democratic Sen. Bob Menendez, whose lead in his own campaign is eroding as his challenger hammers him on corruption. Though Ms. Sherrill says she wouldn't vote to make Ms. Pelosi speaker, she has also said she "applauds" Ms. Pelosi's legislative achievements. In the debate with Mr. Webber, she said she would cast a ballot for Mr. Menendez and characterized him as "a fighter for New Jersey."

To flip a House seat from red to blue, Democrats pretend the tax cut was a hike.

But it's the tax argument where Ms. Sherrill is getting away with campaign murder. It's one thing to talk about the unfairness of caps on SALT deductions. It's another to do so without any reference to the crushing New Jersey taxes that make the deduction important.

In June, Ms. Sherrill's fellow New Jersey Democrats—Gov. Phil Murphy and the state Legislature—raised both personal and corporate income taxes.

This was followed in October by a rise in the state's gas tax, taking it from the nation's second lowest to its ninth highest.

Ms. Sherrill hasn't spoken

against any of it. "Democrats raise taxes," says Mr. Webber. "That's what they do."

Ditto for what she brings to Washington. A Democratic House would likely make Ms. Pelosi speaker again, whether Ms. Sherrill votes for her or not. And Ms. Pelosi has made clear that at the top of her agenda is getting rid of the 2017 tax cut. In today's Democratic Party, can anyone really believe Ms. Sherrill would be a bipartisan voice for lower taxes?

Meanwhile, each side is bringing in the heavy artillery. Former Vice President Joe Biden came to New Jersey to stump for Ms. Sherrill, as did former Rep. Gabby Giffords. Mr. Webber has had comparable visits from Speaker Paul Ryan and Vice President Mike Pence—as well as a fundraiser scheduled with Mr. Trump for Oct. 25 and a recent presidential tweet calling Mr. Webber "outstanding in every way" and offering a "Full and Total Endorsement."

But in the end it all probably comes down to the tax argument. To explain Ms. Sherrill's claim she would be an advocate in Congress for lower taxes, Mr. Webber makes an allusion to Mr. Murphy's bid to legalize recreational marijuana.

"If you're buying my opponent's argument about taxes," he says, "you're already smoking the stuff Phil Murphy wants to make legal."

Write to mcgurn@wsj.com

By Gregg Opelka

With the Mega Millions lottery jackpot at a record \$1.6 billion, I'm tempted to buy a ticket. But I won't. As Angelo tells Escalus in "Measure for Measure," "Tis one thing to be tempted, Escalus, another thing to fall."

The Mega Millions hype is omnipresent and inescapable. As the jackpot grows, invariably so does the coverage. When asked by complicit media members what they would do with their winnings, hopeful gamblers lay out a panoply of extravagant splurges, bucket-list wishes, and other pie-in-the-sky dreams, all suddenly made possible by a magnificent, Kramden-esque stroke of luck.

I'm still not buying. My reluctance has nothing to do with the odds—astronomically stacked against me—and everything to do with an all-but-forgotten poet named Albus Tibullus.

Some 2,050 years ago, in the waning days of the Roman Republic, young Tibullus wrote love poems in Latin, many of them elegies to his pseudonymous lover and inspiration, Delia. (Her real name was Plania.) Little is known about Tibullus. We don't even know his full name. All told, only a few dozen of his poems are extant.

These days it should be easy to be 'content to live on a little,' like the poet Tibullus.

Yet in his first poem Tibullus captured the essence of pre-Empire Rome's revered frugality in a terse three-word phrase. Spurning the desire for wealth, he describes himself as *contentus vivere parvo*—"content to live on a little." In this elegant elegy, the poet does not so much decry the riches

others seek either through military campaigns or by bravely the seas as commercial merchants, as extol the joy of leading a simple, carefree life in which having enough is satisfactory. A farmer as well as a poet, Tibullus lived off a once large, now small, plot of land. Much of his property, the poem implies, had been confiscated. (If you thought Marxists and progressives cooked up the idea of redistribution, you give them too much credit.)

Yet Tibullus revels in his modest circumstances. As long as he knows the gods will grant him a decent harvest and Delia will weep for him at his funeral, he is, in his own word, content.

What panting Mega Millions journalists and starry-eyed ticket buyers fail to appreciate is that they enjoy wealth unimaginable in the time of Tibullus—or even a few decades ago—by virtue of living in the richest nation in the history of the world. They carry hand-held computers and have

the ability to contact people thousands of miles away in an instant, often at no cost. Those of us of a certain age still remember a time when we changed ribbons in our typewriters and film in our cameras, wound our watches, turned pages manually, watched movies in a packed movie theater, played instruments you didn't plug in, purchased our garb in edifices called "clothing stores," and paid by the minute to talk to our friends on telephones attached to the walls. Miraculous improvements in medicine have significantly extended our lives, relished us, reduced our pain, and made mere existence more joyful than it has ever been.

For these reasons and 1.6 billion others—and with a nod to old Albus Tibullus—I'm passing on the Mega Millions drawing. I won the lottery the day I was born.

Mr. Opelka is a musical theorist/composer-lyricist.

OPINION

REVIEW & OUTLOOK

Arms Control for Dummies

Donald Trump says the U.S. plans to withdraw from the 1987 INF nuclear arms-control treaty that everyone agrees Russia has been violating for a decade. Yet somehow this is said to be reckless behavior by—Donald Trump? Welcome to the high church of arms control in which treaties are sacrosanct no matter the violation.

The Intermediate-Range Nuclear Forces Treaty bans ground-fired ballistic and cruise missiles with a range between 500 and 5,500 kilometers and is an artifact of the late Cold War. Ronald Reagan and NATO deployed mid-range missiles in Europe in the early 1980s to counter Soviet deployments. After years of tense negotiation, Mikhail Gorbachev finally agreed to the modest INF accord on U.S. terms that traded U.S. missiles for Russia's. This was hailed as a diplomatic triumph.

Yet when the Warsaw Pact and Soviet Union collapsed over the next few years, nuclear arms control faded in importance. Which is the key point. Arms control didn't make the world safer; the fall of the Soviet Union did that. Arms control tends to work when it is between countries that get along, while it fails with adversaries that can't be trusted.

Enter Vladimir Putin, who has been developing a new medium-range cruise missile since the mid-2000s. The U.S. believes Moscow first tested the new missile in 2008, but the Obama Administration hid that intelligence from the Senate when it debated and ratified the New Start treaty with Mr. Putin in 2010.

The Obama Administration first went public with this news in 2014, and the State Department has noted Russian noncompliance every year. Moscow started deploying its new missiles in late 2016. This is in addition to a new ballistic missile Russia has tested that may be INF compliant only because it can travel slightly farther than 5,500 kilometers.

The question has been whether the U.S. was ever going to do something about it. The diplomatic impulse is to keep quiet about violations and work behind the scenes to prod an adversary to comply, but that clearly hasn't worked. Mr. Putin wants the new missiles as a show of Russian power and as leverage over Europe in a conflict. Why would he give them up if the

U.S. and Europe look the other way?

As he so often does, Mr. Trump has now broken this reverie by showing there will be costs to noncompliance. By pulling out of the accord, the U.S. would be free to develop a missile of comparable range to counter the Soviet threat. This would restore an element of mutual deterrence to the European theater. It also shows Mr. Putin that he can't use a violation of one treaty to prod Mr. Trump to sign another, which was the hope the Russian expressed this summer at the fiasco summit in Helsinki.

Withdrawal also recognizes the emerging reality of other global nuclear threats. China isn't a party to INF and has been developing its own medium-range missiles that threaten U.S. naval deployments and Pacific bases. The U.S. shouldn't tie its hands against China in order to abide by a 30-year-old treaty that only the U.S. is honoring.

You'd think the arms controllers in particular would understand that doing nothing about violations undermines the rationale for new arms agreements. One reason the Obama Administration finally went public about Russia's INF violations was to show the Senate that it would take potential violations of the Iran nuclear deal seriously. By withdrawing from INF, Mr. Trump is sending a similar signal with more fortitude to Iran and North Korea.

Yet the immediate response to Mr. Trump's decision has been to blame him for daring to acknowledge nuclear reality. "The world doesn't need a new arms race that would benefit no one and on the contrary would bring even more instability," said a statement from the European Commission. But the instability is caused by Mr. Putin, and a new "arms race" won't stop simply because the West chooses not to compete.

At least the Brits showed sterner stuff, with Defense Secretary Gavin Williamson noting that "it is Russia that is in breach and it is Russia that needs to get its house in order."

Senate Democrats are also criticizing Mr. Trump, though these are the same worthies who have spent two years arguing that the U.S. President is a secret Putin agent. Once again, Mr. Trump appears to be adopting a tougher policy in response to Russian aggression than Barack Obama ever did.

A Naval Message for China

A pair of U.S. warships sailed through the Taiwan Strait on Monday, a welcome show of support for America's friends in Taiwan and the right to open navigation in international waters.

The USS Curtis Wilbur, an Arleigh Burke-class guided-missile destroyer, and the USS Antietam, a Ticonderoga-class guided missile cruiser, completed the 16-hour transit on Monday, the U.S. Pacific Fleet said. The voyage "demonstrates the U.S. commitment to a free and open Indo-Pacific," said Cmdr. Nate Christensen, deputy spokesman for the U.S. Pacific Fleet. "The U.S. Navy will continue to fly, sail and operate anywhere international law allows."

China's government hadn't responded to the trip by the time we published Monday, but you can bet its defense ministry was unhappy. Beijing wants to turn the Western Pacific into a Chinese-dominated lake where it can dictate navigation rights. It views the Taiwan Strait be-

tween the mainland and Taiwan with particular concern because China claims the island democracy as part of its territory.

The U.S. is the only nation with the naval firepower to deter China's ambition. The warships' trip also sends a note of reassurance to the government of Taiwan, which China has increasingly tried to isolate in global forums by using promises of investment to cause Taiwan's few remaining friends to throw the island over.

The sail-by looks to be part of the Trump Administration's larger effort to push back against China's military aggressiveness. This has included more frequent trips past atolls on which China has built runways and other assets to project power in the South China Sea. Like Russia and Iran, China took advantage of the Obama years to expand its influence and try to become a dominant regional power. The Trump Administration is showing that the days of this free ride may be over.

The Caravan to Nowhere

These columns favor generous immigration and asylum for refugees. But when migration becomes a political weapon to foment border chaos, leaders have no choice other than to step in and protect national security. Exhibit A are the 4,000 or so Central Americans moving on foot through Mexico to the U.S.

Waves of humanity marching in lock step don't materialize spontaneously and neither has this "caravan." This march is organized and not necessarily for the benefit of the migrants. Mr. Trump has good reason to turn it back.

Not since the 1980 Mariel boatlift from Cuba has there been a similar attempt to overwhelm U.S. immigration law on the pretext of celebrating American freedom. Thousands of Cubans made their way to Florida when Fidel Castro temporarily lifted his Havana Curtain, and American boats of every shape and size sailed into the Caribbean to collect them.

But the sheer magnitude made it impossible to process the newcomers in an orderly fashion. Castro saw to it that criminals and the mentally ill also climbed aboard the boats. No one doubted the Cuban hunger to escape, but the unintended consequences of the mayhem were costly.

A Mariel replay now seems to be coming from Honduras. Though the details are murky, we do know that former Honduran congressman Bartolo Fuentes of the left-wing Libre Party has admitted to organizing this caravan.

Libre is the party of former president Manuel Zelaya, an ally of Venezuela and Cuba who in 2009 tried to override the Honduran constitution to remain in office despite a term limit. The Honduran congress, his own party, the Supreme Court, the national ombudsman and the Catholic

Church opposed his power grab. He was removed by the military and never returned to power despite the efforts of the Obama Administration.

But Mr. Zelaya remains active in politics. While center-right President Juan Orlando Hernández has encouraged Hondurans on the journey to return home and even has offered them assistance, Mr. Zelaya is egging them on.

In a press release last week, he accused Mr. Hernández of a "submissive and lackey attitude" toward "the arrogant position of the empire" and criticized Mr. Hernández's efforts to "deepen failed economic policies" like privatization. The opposition is now calling for street protests with a threat that if Mr. Hernández does not step down, the migration wave will continue.

Mr. Fuentes, who was detained in Guatemala last week and returned to Honduras, has said he did not expect the caravan to grow so large, which raises the question of where the financing for the marchers is coming from. Criminal organizations and governments like Venezuela would benefit from chaos at the U.S. border that embarrasses the Trump Administration before the election. Many nongovernmental organizations on the left also support the migrants' "right" to the American dream.

The reality is that bowing to this migration blackmail would produce an American political backlash that would damage the cause of legal immigration and a humane refugee policy. Think of Germany's Angela Merkel and the 2015 flood of Middle Eastern migrants. Mr. Trump is right to seek Mexican cooperation to make clear to the migrants that, whatever their plight, they cannot stampede over America's southern border.

Trump is right to nix a treaty that Putin has violated for a decade.

European theater. It also shows Mr. Putin that he can't use a violation of one treaty to prod Mr. Trump to sign another, which was the hope the Russian expressed this summer at the fiasco summit in Helsinki.

Withdrawal also recognizes the emerging reality of other global nuclear threats. China isn't a party to INF and has been developing its own medium-range missiles that threaten U.S. naval deployments and Pacific bases. The U.S. shouldn't tie its hands against China in order to abide by a 30-year-old treaty that only the U.S. is honoring.

You'd think the arms controllers in particular would understand that doing nothing about violations undermines the rationale for new arms agreements. One reason the Obama Administration finally went public about Russia's INF violations was to show the Senate that it would take potential violations of the Iran nuclear deal seriously. By withdrawing from INF, Mr. Trump is sending a similar signal with more fortitude to Iran and North Korea.

Yet the immediate response to Mr. Trump's decision has been to blame him for daring to acknowledge nuclear reality. "The world doesn't need a new arms race that would benefit no one and on the contrary would bring even more instability," said a statement from the European Commission. But the instability is caused by Mr. Putin, and a new "arms race" won't stop simply because the West chooses not to compete.

At least the Brits showed sterner stuff, with Defense Secretary Gavin Williamson noting that "it is Russia that is in breach and it is Russia that needs to get its house in order."

Senate Democrats are also criticizing Mr. Trump, though these are the same worthies who have spent two years arguing that the U.S. President is a secret Putin agent. Once again, Mr. Trump appears to be adopting a tougher policy in response to Russian aggression than Barack Obama ever did.

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The march from Honduras echoes the 1980 Mariel boatlift.

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U.S. and Europe look the other way?

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LETTERS TO THE EDITOR

George Soros Doesn't Dictate to His Grantees

Regarding Asra Q. Nomani's "George Soros's March on Washington" (op-ed, Oct. 8): At the Open Society Foundations, we celebrate the right to free speech and welcome a diversity of opinions. But we do want to set the record straight on Ms. Nomani's confusing insinuations.

It is true that Open Society has funded a number of organizations mentioned in the article. But Ms. Nomani doesn't seem to make a distinction between funding an organization for general support or work on a particular issue, and the personal decision people who work at those organizations may make, on their own, without any connection or involvement from George Soros, to protest against things the government is doing that they don't like. For example, the work of the ACLU is made possible, in part, through support from George Soros and Open Society, but individual decisions made by their employees are just that: individual decisions made by their employees.

Ms. Nomani keeps a spreadsheet of Open Society grants and implies there is secrecy around them. In fact, the information is publicly available on our website. She also makes no distinction that we can see between organizations currently supported by the foundations and organizations that may have received support in the past. Suggesting we are paying people to protest or do anything else at organizations we no longer fund is absurd. Ms. Nomani has stated, in this piece and in previous articles, that she does not believe most people involved in these protests were paid.

Does it really come as a surprise that people working at mission-driven organizations, across the political spectrum, would choose to exercise their First Amendment right to protest when issues of concern arise?

Laura Silber

Open Society Foundations
New York

Ms. Nomani notes that George Soros provides financial support to some 80 political-activist organizations in the U.S. today, and "at least 20 of the largest groups that led the ... anti-Kavanaugh protests." She concludes by saying there is nothing wrong with Mr. Soros (much like the Koch brothers) funding causes he cares about, "but democracy is better served if we follow the money on the right and the left and find solutions ... in the middle."

The problem with this analysis is that there is no middle. The Koch brothers are supporters of pluralism and constitutional law, and Mr. Soros is not. He wants to transform the U.S. and its Constitution, downsize Ameri-

can influence in the world and curtail national sovereignty with open borders. Mr. Soros's influence on the media through organizations he funds, like Media Matters for America, has significantly altered the role of media from reporting the news to advocacy journalism. Mr. Soros supports the Southern Poverty Law Center—probably the single-most influential organization in exacerbating division, hate and undermining civil discourse in America.

Through providing support for MoveOn.org, the UnidosUS (formerly National Council of La Raza), Latinos Vote!, Next Up Victory Fund and others, Mr. Soros undoubtedly has and will have a much bigger influence on U.S. elections than the Russians.

SCOTT S. POWELL
Discovery Institute
Seattle

Congress should force the IRS to go back to its statutory language of Section 501(c)(3) concerning charitable organizations and require that they must be operated exclusively for exempt purposes, and it should revisit the sometimes incestuous relations between charities and paired 501(c)(4) advocacy affiliates. In writing its regulation, the IRS expanded the statute by defining the word "exclusively" to mean engaged "primarily" in exempt activities. A quick trip to a dictionary would make clear that the word "exclusively" doesn't mean "primarily."

JOSEF COLMAN
Santa Monica, Calif.

I protested Brett Kavanaugh's appointment on the steps of the Kings County Supreme Court in Brooklyn on Oct. 3. The very next day, President Trump began circulating the unfounded rumor that we were "professional protesters" paid by Mr. Soros. Many others began dressing this up as truth.

So who were we? As a participant, I'm entitled to speak for us. Many of us were women who had been sexually harassed, assaulted or intimidated by men at some point in our lives. I joined a neighbor and a group of Brooklyn mothers who I knew from my daughter's high-school days. We all took time off from our work to do this. There were women of all ages, from all walks of life. And there were men in this group too. The mood was grief-stricken, somber and lawful. To imply that any one of us were paid to do this is a cruel insult.

Yes, there are organizations and political movements of all stripes that organize protests, but it is we the people, with our broken hearts, who hear the call and show up.

ANNE LANDSMANS
New York

Shiraz Balolia

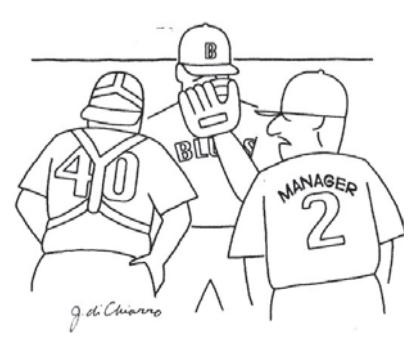
President, Grizzly Industrial, Inc.
Bellingham, Wash.

What Mr. Karabell misses is that an economic partnership of the willing (the USMCA countries, the EU, Japan, South Korea, Australia, et al.) could exert enough economic leverage to dissuade China from its intellectual-property theft practices and undercut its mercantilism. If nothing else, robust U.S. tariffs could pave the way to a revised Trans-Pacific Partnership which, in turn, might make Beijing realize that state capitalism is no way to run a 21st-century superpower economy.

JAMES HYLAND
Beechhurst, N.Y.

Pepper ...
And Salt

THE WALL STREET JOURNAL



"We can't understand a word you're saying."

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OPINION

The Saudi Crown Prince's Uncertain Fate

By Karen Elliott House

As the Trump administration wrestles with whether to buy Saudi Arabia's belated and befuddled explanation for the death of Jamal Khashoggi, a thoughtful Saudi tells me: "Morality aside, the critical question is the sanity of our very own Caligula."

Comparing Crown Prince Mohammed bin Salman to the brutal and unbalanced first-century Roman ruler may be harsh, but it's not entirely inaccurate. Both blazed to power as shining stars of change at a very young age: 25 for Caligula, 30 for Crown Prince Mohammed. Each loved organizing grand entertainment for bored citizens, building extravagant projects and, more to the

If he loses power, it could be by the gentle hand of his father or, like Caligula, in a violent overthrow.

point, humiliating and silencing associates. Caligula cruelly forced Roman senators to run for their lives before his chariot. The crown prince incarcerated his royal relatives, ministers and prominent businessmen at the Riyadh Ritz-Carlton until they agreed to return some \$100 billion of ostensibly ill-gotten gains. Now his regime is offering two of his closest associates to take the blame for Khashoggi's murder and dismemberment at the Saudi consulate in Istanbul.

"Remember," Caligula loved to say, "that I have the right to do anything to anybody," according to Suetonius, his biographer.

Crown Prince Mohammed has thus far enjoyed the same sweeping power—forcing the visiting Lebanese prime minister to resign on Saudi television, destroying the Gulf

Cooperation Council by declaring Qatar an enemy, and now presiding over a system in which, by his own account, Khashoggi's murder was carried out by his closest associates and numerous royal-court security guards.

If those associates and guards aren't punished for the roles they allegedly played, Congress—and much of the world—isn't likely to return to business as usual. And if they are executed, the royal guards of the crown prince may feel exposed and set against each other, which is what led the Praetorian Guards to cooperate with Caligula's enemies and facilitate his assassination at age 29.

The looming question in U.S.-Saudi relations: Can the crown prince retain unchecked authority in the Kingdom? And if he does, can the U.S.-Saudi relationship—including close cooperation on Gulf security and global oil policy and large infusions of Saudi money into U.S. Treasury bills—remain undamaged? In short, can King Salman retain his son as crown prince and the U.S. as a close ally?

The latest accusation—that the Saudi coverup included sending a Khashoggi double out the back door of the consulate—raises further questions about what the crown prince knew. He told Bloomberg News the day after the disappearance that Khashoggi "got out after a few minutes or one hour." If his sub-



Crown Prince Mohammed bin Salman in Paris, April 10.

Arabia, can override President Trump to punish the kingdom. Congressional action is that much likelier if the results of Turkey's investigation are released and prove as lurid as the press leaks of the past two weeks, thereby giving the lie to the Saudi explanation.

An additional threat to the crown prince is the thus-far muted opposition within the Al Saud family, many of whom he has humiliated and shunted aside. Their catalyst for unifying to force the prince from power could come from Turkish revelations that embolden Congress to oppose Mr. Trump's efforts to continue a strong strategic relationship with Saudi Arabia and Crown Prince Mohammed. Most of the Al Saud family, along with most young Saudis, want access and acceptability in the U.S.

Given that the crown prince has decimated much royal, religious and other opposition over the past two years, his hold on power is seemingly strong. King Salman stood behind his son by putting him in charge of revamping Saudi intelligence in the wake of Khashoggi's death. Yet it has become possible to imagine that the young prince won't be the long-term ruler of Saudi Arabia. If not, what happens to his social and economic reform agenda, ranging from liberalization of social life to reducing Saudi dependence on oil exports? The reforms he has

tried to institute are necessary, long overdue and largely popular with young Saudis. The tragedy is that he has put the reforms at risk along with his own reputation and rule.

If the crown prince loses power it could be either by the gentle hand of his father or, like Caligula, at the violent hand of cooperation between disgruntled princes and praetorians. "If the king stands by him, I believe there is plotting under way to remove the crown prince violently," warns Bruce Riedel, a Brookings scholar with 30 years at the Central Intelligence Agency. Even before this, the crown prince's concern for his security was evidenced by the growing number of nights he spent on his yacht in the Red Sea, seen as safer than princely palaces.

In the first scenario, the king would have plenty of princes to choose from within his immediate family, such as Mohammed's elder half-brother Prince Sultan, a former U.S. Space Shuttle astronaut and the kingdom's tourism director, or from the wider Al Saud family, such as Khalid Faisal, 78, a widely respected nephew of the king who serves as governor of Mecca. In this scenario, the reform program wouldn't be reversed but could slow down to the glacial pace under past Saudi rulers.

In the violent scenario, all bets would be off. An assassination could set off a full-scale power struggle not just among princely branches of the Al Saud family, but including the religious fundamentalists seeking to overturn reforms and restore the restrictive social strictures the crown prince overthrew. What this would mean for U.S.-Saudi relations is anyone's guess. Surely, however, if Mr. Trump has the ability to influence events, the first scenario is far preferable to the second.

Ms. House, a former publisher of The Wall Street Journal, is author of "On Saudi Arabia: Its People, Past, Religion, Fault Lines—and Future" (Knopf, 2012).

The Curious Parallels Between Trump and Kaiser Wilhelm II

By Joseph Epstein

The other day, reading along in Ernst Pawel's "The Labyrinth of Exile: A Life of Theodor Herzl," I had a Plutarchian moment. I refer of course to Plutarch (45-120), the Greek who wrote a series of parallel lives of famous figures from Greek and Roman history.

In Pawel's book, the year is 1898. Herzl is rounding up support for his idea of a return to the Jewish homeland, hoping to enlist the influence of Germany on the sultan of Turkey, who controls the land. To this end a meeting has been arranged with Bernhard von Bülow, foreign minister of Germany under Kaiser Wilhelm II. Commenting on von Bülow's subtlety and his reputation for frustrating the Kaiser's good intentions, for which he "deserves credit and gratitude," Herzl writes:

"Frustrating Wilhelm's intentions, good or bad but always equally foolish and impulsive, was in fact the prime concern of all his ministers, who soon after his coronation divided into two factions—those who considered him insane and wanted him deposed, and the others, who saw him as an unruly, emotionally retarded adolescent with the attention span of an eight-year-old and treated him accordingly."

Kaiser Wilhelm's Wikipedia entry is riddled with remarks about his erratic behavior. "Bombastic and impetuous," the third paragraph of the lengthy entry begins. "He sometimes made tactless pronouncements on sensitive topics without consulting his ministers," according to the German historian Thomas Nipperdey. "Bismarck, who was later to become a strong critic of Wilhelm's policies, claimed that he 'wanted every day to be his birthday.'"

Nipperdey, allowing Wilhelm "a quick understanding, sometimes

even brilliant," goes on to write that the kaiser was "superficial, hasty, restless, unable to relax, without any deeper level of seriousness, without any desire for hard work or drive to see things through to their end, without any sense of sobriety, for balance and boundaries, or even

The German leader might have been 'bombastic and impetuous,' but at least he didn't have Twitter.

for reality or real problems, uncontrollable and scarcely capable of learning from experience, desperate for applause and success." Another historian, also granting Wilhelm did not want for intelligence, underscored that he lacked "stability, disguising his deep insecurities by swagger and tough talk," a man less concerned with "gaining specific objectives . . . as with asserting his will."

Beginning, all this, to sound a touch familiar?

True, Kaiser Wilhelm had neither platinum hair nor a basketball-colored complexion, but much work and wax clearly went into the rigid upward curl of his mustache. He is said to have owned more than 300 uniforms, rarely appeared unless in military dress, and had a penchant for riding white horses. He wished to expand the Germany navy to make it competitive with England's. He was Anglophobic, anti-Semitic, and through intemperate remarks was able to alienate the French, Russians and Japanese.

Kaiser Wilhelm wanted, you might say, to make Germany great again. Instead he helped lead it into the hopeless slaughter that was World War I, ultimately resulting in his unwilling abdication of the

thrones of both Germany and Prussia. Wilhelm rode out his retirement in exile in the Netherlands, learning Dutch, chopping wood, writing memoirs, and holding out the hope that the Nazis, once in power, might restore the monarchy.

Now Donald Trump is no monarchist, no Nazi, and with Jewish grandchildren certainly no anti-Semite. But he does share with Kaiser Wilhelm volatility, instability and a combination of paranoid touchiness and megalomania, along with a boundless self-confidence lashed to an often astonishing ignorance. Turns out I am not alone in picking up on this parallel; Doug Bandow in the National Interest and Stephen Walt in Foreign Policy picked up on it before I.

Nor is Mr. Trump, à la the Kaiser, like an 8-year-old, but closer, by my reckoning, to a high-school student. He reminds me of nothing so much, in fact, as a student at Nicholas Senn High School, which I attended in the early 1950s and where the specialty of the house was something called "bugging." Bugging entailed mockery among male students for any flaws, real or

imagined, in one another's physique, social skills, athletic performances or even names.

Thus a kid who squinted was "the Mikado"; another who was only slightly overweight was known as "the Swine"; yet another had lightly broken-out skin over his early growth of beard which resulted in his being called "Boss Tweed." This, if I may say so, is rather higher-level bugging than our president's relentless references to Mrs. Clinton as "Crooked Hillary," to "Sleepy Joe Biden," to Rep. Waters as "Crazy Maxine," to the "failing New York Times," or to Sen. Elizabeth Warren as "Pocahontas," though the last might have got a laugh at Senn High.

The Donald Trump problem has largely been brought on by the president himself. The Bob Woodward book is regrettable and finally less than convincing for not naming sources. The now-famous New York Times op-ed's credibility suffered for going unsigned. Yet whatever the actual truth quotient of either, neither can be easily neglected nor altogether rejected. Nor can anything said about our president be

quite disbelieved. That he dines exclusively on the meat of endangered species, that he has found a way to make a personal profit off hurricanes and other natural disasters, that he earlier availed himself of the use of a Mafia hit man to eliminate a business opponent—make up whatever story one likes about Donald Trump, and there will be large numbers of people ready to believe it. Part of this is owing to left-wing paranoia, which Mr. Trump has fed like no one in recent history; but part is owing, too, to his erratic behavior, his eschewing of all modesty, his running the country as if it were a private enterprise.

Kaiser Wilhelm reigned 30 years in Germany, from 1888 to 1918. Donald Trump has thus far reigned two years, with two, possibly six years more to go. My advice is to strap down your seat belts, turn off your cable-television news shows, and spend your evenings, quietly, reading Plutarch.

Mr. Epstein is author of "The Ideal of Culture and Other Essays" (Axios Press) and "Charm: The Elusive Enchantment" (Lyons Press).

The Fed Finally Unties Its Own Hands

By Benn Steil
And Benjamin Della Rocca

One missing word from the Federal Open Market Committee's statement last month has generated an outsize share of the buzz among Fed watchers. For the first time in a decade, the Fed left out the word "accommodative" when describing current interest rates.

Federal Reserve Chairman Jerome Powell insisted the omission doesn't signal a change in monetary policy. Rather, it marks a shift in the Fed's messaging strategy, away from assuring markets that they would stay on a given policy path in the future. "We don't want to suggest either that we have this precise understanding of where 'accommodative' stops or suggest that's a really important point in our thinking," Mr. Powell said. "What we're going to be doing . . . is carefully monitoring incoming data."

This strategy change is wise—and overdue. Central-bank "forward guidance" has outlived its usefulness, and it could hurt the Fed's credibility in the future.

Guidance did help markets rebound just after the onset of the Great Recession. In August 2011, with the nominal interest rate at its zero lower limit, the Fed pledged to maintain "exceptionally" low rates "at least through mid-2013." The committee's majority reasoned that tying their own hands would convince markets that rate increases wouldn't

come too soon, thereby boosting private investment and helping the economy recover more quickly. The market reacted as the Fed hoped: Primary dealers of Treasury bonds instantly adjusted their expectations for the Fed's next rate increase from late 2012 to late 2013.

But such assurances are less powerful at this point in the recovery, as interest rates have risen to a more normal, easily adjustable 2% to 2.25%. When the Fed's statement last June omitted language pledging

It recently signaled that it may cease publicizing long-term plans, allowing itself much-needed flexibility.

continued low rates, markets did not respond because they no longer considered the Fed bound by mere words.

Primary dealers continued to expect rates to reach long-run levels by mid-2019, even as the Fed revised its own expectations, bringing the date forward by one quarter.

Mr. Powell's gesture toward ending forward guidance decreases the likelihood that the Fed will have to break its promises as economic conditions change. A change of course would damage the Fed's credibility, making guidance unwise except when interest rates are near zero.

Moreover, continuing guidance

might pressure the Fed to make ill-advised policy decisions in the future merely to validate its past forecasts. In addition to its quarterly statements, the FOMC publishes its members' views of future policy rates, and members routinely speak on what they believe is the appropriate path of rates going forward.

These practices may motivate members to act in accordance with their predictions even when new data suggest another course.

This possibility is more than theoretical. Neel Kashkari, president of the Minneapolis Fed, said in March that if he "had been sitting in the chairman's seat," he would have raised rates because "we told the markets we were going to raise rates." By his description, the Fed should raise rates not because current data advise it but to confirm that its past predictions were right.

The Fed's predictive abilities have historically been poor and, as New York Fed President John Williams acknowledged in remarks last month, the Fed doesn't actually know whether rates should be higher or lower in the future. Until it finds a crystal ball, the Fed should stop trying to manage expectations of its own future behavior.

Mr. Steil is director of international economics at the Council on Foreign Relations and author, most recently, of "The Marshall Plan: Dawn of the Cold War." Mr. Della Rocca is an analyst at CFR.

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WORLD NEWS

U.S. Warships Send Message to China

Taiwan Strait passage aims to show Beijing a commitment to 'free and open Indo-Pacific'

BY NANCY A. YOUSSEF

WASHINGTON—Two U.S. warships sailed through the Taiwan Strait, U.S. and Taiwan defense officials said Monday, a maneuver intended to signal to China that the U.S. could travel in any international waters.

The voyage completed Monday "demonstrates the U.S. com-

mitment to a free and open Indo-Pacific," said Cmdr. Nate Christensen, deputy spokesman for the U.S. Pacific Fleet. "The U.S. Navy will continue to fly, sail and operate anywhere international law allows," he said.

China had no immediate reaction to the maneuver, which comes at a time of renewed tensions between Washington and Beijing.

While the U.S. officially adheres to Beijing's "One-China" policy, which acknowledges that China considers Taiwan part of its territory, U.S. moves such as sending warships through the

strait are seen in Taiwan as a demonstration of support for the island's independence.

The latest U.S. transit came days after Defense Secretary Jim Mattis met in Singapore with his Chinese counterpart, Gen. Wei Fenghe, in what Mr. Mattis said was an effort to reset a strained military relationship.

The two discussed a visit by Mr. Wei to Washington, U.S. officials said.

Mr. Mattis, who was in Singapore to meet with his regional counterparts, also repeatedly said the U.S. military would sail and fly in any inter-

national waters.

The USS Curtis Wilbur, an Arleigh Burke-class guided-missile destroyer, and the USS Antietam, a Ticonderoga-class guided missile cruiser, completed the 16-hour transit on Monday, the Pacific Fleet said.

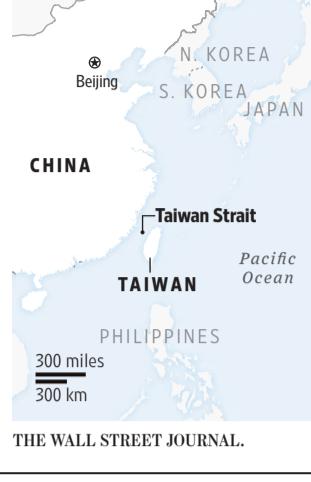
A U.S. official said Chinese vessels shadowed the two U.S. ships, following from what the official called a safe distance.

U.S.-Taiwan relations have been a concern to China since Mr. Trump's election. In December 2016, before his inauguration, Mr. Trump held a phone call with Taiwan's president, the

first such high-level contact since 1979.

That conversation, seen as a departure from diplomatic norms, prompted both elation and anxiety in Taiwan. While representing a breakthrough of sorts, it also provoked fears of reprisals from Beijing.

After weeks of uncertainty, Mr. Trump in a February 2017 phone call with Chinese President Xi Jinping affirmed the "One China" policy that has long underpinned China-U.S. relations. The following April, Mr. Xi visited Mr. Trump at the president's Florida resort.



THE WALL STREET JOURNAL.

Rediscovered Stalin Statue Roils Russian City

BY JAMES MARSON

KUSA, Russia—One day this summer, officials gathered around a mud-caked bust of Joseph Stalin that had emerged after six decades of languishing in a lake here. They made plans to move it to the history museum in this small city on the edge of Siberia.

But a day later, the former Soviet dictator was gone.

Stanislav Stafeyev, a member of a group that dreams of restoring the Soviet Union, hauled the concrete bust and two other fragments to his yard with a plan of his own: to resurrect the statue, which was discarded after Stalin's death and denunciation in the late 1950s. Authorities have demanded Mr. Stafeyev hand over the pieces, but he has refused, according to both Mr. Stafeyev and city officials.

Wherever Stalin ends up, his reappearance in this city of some 17,000 people has stirred anxious debate over his place in Russia's past and present, reflecting a national unease and preference for ambiguity.

Historians say millions of Soviet citizens were executed, died in labor camps or were starved to death under Stalin. But Russian President Vladimir Putin has said that "excessive demonization" of the dictator is used to attack Russia. Mr. Putin has made the victory in World War II, led by Stalin, a centerpiece of state propaganda. Stalin's popularity surged as the Kremlin annexed Crimea in 2014 and confronted the West, with a March survey by the Levada-Center pollster showing 40% of respondents saw him in a positive light and only 12% a negative one.

That has emboldened people like Mr. Stafeyev, who says Stalin has been smeared as part of a campaign, seeded by the West, to undermine the Soviet Union and Russia.

"Several generations have been brought up on myths," such as exaggerated estimates of the number of victims, said Mr. Stafeyev, 44 years old.

The statue in Kusa stood in a park by the lake until it was torn down one winter night after Stalin was denounced by his successor in 1956, said Natalya Rostovtseva, director of the local history museum, who said Stalin statues were taken down in towns and villages across Russia. It was likely taken away in pieces and tossed through holes in the lake's ice, she said.

In the years that Stalin lay underwater, the Soviet Union collapsed and Kusa struggled. Its iron foundry, which stood at the center of city life, crumbled and now employs a few hundred workers compared with thousands in its heyday.

On Aug. 2, after the lake's water was partially drained



A mud-caked bust of Joseph Stalin emerged when a lake in Kusa was being partially drained. Below, the statue during the Soviet era.



museum, not on a plinth."

In Kusa, as elsewhere in Russia, people vacillate over Stalin's legacy, including those whose family members were persecuted. Two years ago, the city council rejected the idea of a memorial to Stalin's victims, citing a lack of funds.

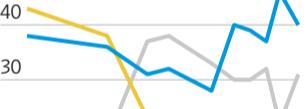
Mr. Stafeyev claimed intimidation and said the bust has been moved to a secure location, and he has made plans to restore the statue and put it on display—in his front yard, if necessary. Mr. Vasenov said Mr. Stafeyev's harassment claims are an exaggeration and said the statue belongs "in a

when a whiff of suspicion could be twisted into a capital crime. The great-grandfather was sentenced to death after a person he told of a chance discovery of four rifles informed on him. "He suffered for his long tongue," Mr. Vasenov said. "He should have kept quiet."

Anatoly Blinovsky, a local historian, said a detailed reckoning with Stalin's rule would cleave society into those whose ancestors suffered and those whose ancestors benefited. His father was persecuted under

Past and Present

Despite Stalin's bloody legacy, more Russians today use positive terms than negative ones to describe him.



*Includes admiration, respect and sympathy

†Includes dislike, fear and disgust

Source: Levada-Center in-home interviews, latest of 1,600 Russians 18 years and older conducted March 23-27; margin of error: +/-3.4 pct. pts.

THE WALL STREET JOURNAL.

Stalin, but even he is torn, as he says Stalin's rapid industrialization raised his country.

Ms. Rostovtseva, the museum director, said she hopes to find a solution through talks with Mr. Stafeyev, which he didn't rule out. Ms. Rostovtseva would like to place the statue in front of the city's Palace of Culture, and then in the museum, so everyone could pass their own judgment on Stalin. "Some would kiss him, others would lay flowers," she said, "and others would spit."

Taiwan Probes Deadly Rail Crash

BY TREFOR MOSS

A critical safety system may not have been operating on a train that crashed in Taiwan on Sunday, killing 18 people and injuring at least 187 others, according to the director-general of the Taiwan Railways Administration.

Lu Chieh-shen said he suspected that the driver of the train had switched off his automatic train protection system, which applies the brake automatically whenever a train exceeds the speed limit, Taiwan's Central News Agency reported Monday. However, Mr. Lu stressed it was too early to know for sure what had caused the island's worst rail disaster in almost three decades.

The express train from Shulin in New Taipei City to Taitung derailed in Yilan County roughly 40 miles south of Taipei at 4:50 p.m. local time. A video posted online by Taiwanese media appeared to show the train, with 366 people on board, approaching Xinma station at high speed before toppling over as it hit a tight bend, sending up sparks and clouds of debris. Four of the train's eight carriages overturned in the accident.

Late Monday, Wu Tze-cheng, a government minister who oversaw a preliminary investigation into the accident, said speed was to blame, according to the Central News Agency, with the train traveling at around 87 miles an hour in a 47-mile-an-hour zone. Mr. Wu said it was still unclear why the train had been going so fast.

A survivor of the crash told the Central News Agency that the driver had braked sharply several times in the run-up to the accident and that the train seemed to be traveling unusually quickly, while another passenger recalled hearing strange sounds and seeing confusing symbols on the train's information display.

The driver—who survived the crash with serious injuries—had reported a problem with the train's pressure system shortly before the derailment, Taiwan News reported. Railways administration chief secretary Chu Lai-shun as saying on Monday.

Taiwanese President Tsai Ing-wen met families of the victims at the scene of the crash Monday, and called for an investigation.

Eight of the people who died were members of the same family traveling home from a wedding, local media said.

WORLD WATCH



KIN CHEUNG/ASSOCIATED PRESS

The 34-mile-long bridge puts Hong Kong, Macau and Zhuhai within an hour of each other by road.

ASIA

China to Open World's Longest Sea Bridge

The world's longest sea bridge opened on Tuesday, snaking 34 miles across China's Pearl River estuary to form a pillar of Beijing's plan to merge 11 cities in its southern region into one megalopolis.

The six-lane crossing will link a regional economic zone of 70 million people. The nine-year construction project joins a new high-speed train to boost business ties between mainland Chinese manufacturing cities and Hong Kong and Macau. The bridge puts Hong Kong, Macau and the Chinese city of Zhuhai within an hour of each other.

—Natasha Khan

AFGHANISTAN

Apparent Insider Kills Czech Coalition Soldier

A Czech soldier with the U.S.-led international military forces in Afghanistan was killed in an apparent insider attack in the province of Herat.

The soldier was the fourth Czech service member killed as part of the North Atlantic Treaty Organization mission to Afghanistan since June. There was no claim of responsibility.

"Initial reports indicate the attack was committed by a member of the Afghan security forces," the military coalition said on Monday, adding that two other coalition personnel were wounded.

—Craig Nelson

MEXICO

Hurricane Takes Aim At Western Coast

Hurricane Willa weakened slightly Monday afternoon in the Pacific Ocean, but remained a dangerous Category 4 storm as it headed toward Mexico's western coast with maximum sustained winds of 155 mph.

Authorities in Nayarit, Sinaloa and Jalisco states began setting up shelters.

Further gradual weakening is expected, but the storm will still likely reach land as a major hurricane, the U.S. National Hurricane Center said. The head of Mexico's National Water Commission said Willa will probably reach land Tuesday evening.

—Anthony Harrup

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, October 23, 2018 | B1

S&P 2755.88 ▼ 0.43%

S&P FIN ▼ 2.06%

S&P IT ▲ 0.81%

DJ TRANS ▼ 0.03%

WSJ \$IDX ▲ 0.34%

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See more at WSJMarkets.com

Airlines Face Rising Wave Of Fuel Costs

By ROBERT WALL
AND SARAH MCFARLANE

Airline fuel budgets are about to get squeezed by unlikely competitors. Next year, shipowners are expected to start switching to cleaner-burning diesel fuel, part of new emissions controls taking effect globally in 2020.

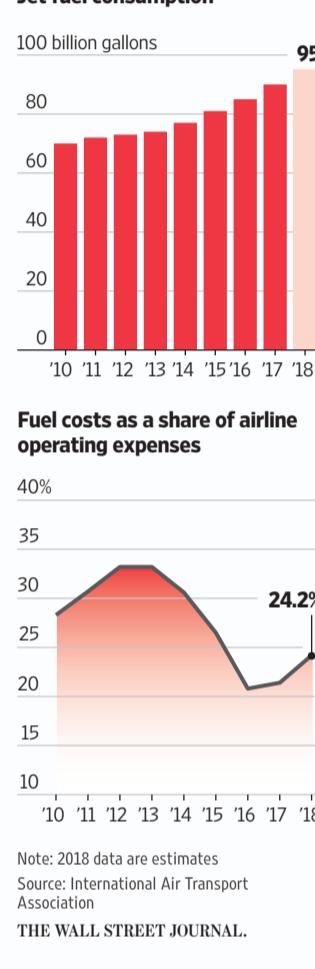
Airline executives are now warning that the shift could boost the price of fuel for the world's fleet of commercial jets.

Delta Air Lines Inc. finance chief Paul Jacobson said earlier this month that rising crude prices and the fuel switch for oceangoing vessels represented a "net 'bad' for the airlines," adding that Delta's in-house refinery should help offset the negative impact.

Refineries produce three main categories of fuel: gasoline for cars; "distillates," including both diesel and jet fuel; and heavier fuels used for a variety of industrial purposes, including to power many ships. By a marketing convention, jet-fuel prices are usually pegged to diesel prices, typically selling for a few cents more a gallon.

Airline and refining industry officials are bracing for a surge in diesel demand as shipowners switch from heavier bunker fuel.

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THE WALL STREET JOURNAL.



ANDREW COOPER/BLOOMBERG NEWS

Kimberly Changes CEOs as Sales Lag

BY KIMBERLY CHIN

Kimberly-Clark Corp. said it was switching chief executives in the midst of a restructuring program intended to boost profit as the maker of Kleenex tissues, Scott toilet paper and Huggies diapers struggles with weak sales.

Current President and Chief Operating Officer Michael Hsu is set to become chief executive officer effective Jan. 1, succeeding CEO Thomas Falk, who has served in this position since 2002. Mr. Falk, who has been chairman since 2003, will become executive chairman, the company said.

Before his promotion to operating chief last year, Mr. Hsu was group president of the company's personal care and consumer tissue business in North America. He remains a member of the board.

Earlier this year, the company launched a restructuring program aimed at reducing between \$500 million and \$550 million in costs by the end of the year by slashing its workforce and slimming its manufacturing supply chain. It also said it would exit from or divest itself from some low-margin businesses.

Mr. Hsu said in a call with analysts that he would like to reinvest some of the savings from the restructuring program in core areas like personal care as well as in its digital and e-commerce operations.

However, he said rising commodity costs and weakened foreign currency, particularly from its Latin American markets, will be a drag on earnings in the coming quarters. The company, which reported earnings Monday, said its profit was hurt by \$120 million of higher input costs over the latest quarter.

Kimberly-Clark has dealt with rising costs for commodities like pulp, which is the material used in tissues and toilet paper, polymer and other raw materials.

Kimberly-Clark said third-quarter sales fell 2% to \$4.58 billion from a year earlier, compared with the \$4.53 billion forecast of analysts polled by Refinitiv.

Profit fell 20% to \$451 million, or \$1.29 a share, from a year earlier. Excluding one-time items, earnings were \$1.71 a share, topping analysts' expectations of \$1.63 a share, according to a Refinitiv poll.

Judge Reduces Bayer Verdict by \$200 Million

By SARA RANDAZZO
AND JACOB BUNGE

A California judge on Monday reduced by more than \$200 million a jury verdict linking **Bayer** AG's Roundup weedkiller to cancer but upheld the jury's findings that the company acted with malice.

San Francisco Superior Court Judge Suzanne Ramos Bolanos said the \$250 million in punitive damages awarded by the jury must be slimmed down to match the \$39.25 mil-

lion in compensatory damages that the jury found appropriate. If the plaintiff agrees to the reduction by Dec. 7, no new trial is needed.

Bayer inherited thousands of Roundup-related lawsuits in its recently closed acquisition of Monsanto Co. and has worked to assuage investor concerns about potential liability from the litigation.

The decision is the latest turn in the first Roundup case to go to trial, which resulted in an August verdict in favor

of a groundskeeper who said prolonged use of glyphosate-based herbicides caused his non-Hodgkin lymphoma.

Glyphosate, the most widely used herbicide in the world, has become a go-to product for farmers, landscapers and homeowners because of its ability to shrivel dozens of different weed species.

The ruling on Monday diverges from a tentative decision the judge reached earlier this month to completely throw out the \$250 million in

punitive damages and order a new trial. In the 11-page ruling released on Monday, the judge said that "regardless of the level of reprehensibility of Monsanto's conduct, the constitutionally required ratio is one to one" between the two types of damages.

Bayer said it would appeal the verdict. The company had asked the court to overturn the award, arguing that attorneys for plaintiff Dewayne Johnson relied on flimsy scientific evidence to prove a link

to his cancer and that they had swayed the jurors with overly emotional and speculative arguments.

"The Court's decision to reduce the punitive damage award by more than \$200 million is a step in the right direction, but we continue to believe that the liability verdict and damage awards are not supported by the evidence at trial or the law," the company said.

Attorneys for Mr. Johnson said they believe the reduc-

Please turn to page B2

HEARD ON THE STREET | By Dan Gallagher

Don't Bid on eBay Just Yet



It is a cruel bit of irony that eBay's current woes come just as the e-com-

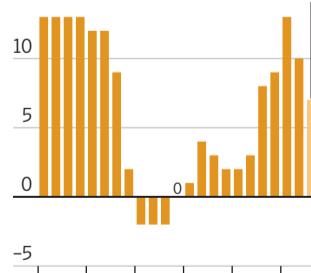
merce pioneer was proving that it still had a business worth stealing.

eBay's shares have shed 9% over the past two trading sessions, starting their retreat when former subsidiary PayPal reported late last week that payment volume associated with the eBay Marketplace business grew by only 3% year over year during the third quarter. Because PayPal is believed to still handle the vast majority of eBay's transactions, analysts took the disclosure as a bad sign for the site's own third-quarter results, due next week. At least two analysts have since downgraded eBay to neutral ratings.

PayPal's report also came just a day after eBay filed a lawsuit against **Amazon.com**. According to eBay, some of Amazon's sales reps have been illegally using the company's messaging system to recruit eBay sellers to their

Slowdown

eBay's quarterly gross merchandise volume, change from a year earlier



Sources: S&P Capital IQ; FactSet (estimate)
THE WALL STREET JOURNAL.

platform. Amazon says that it is investigating but has made no further comment.

At a glance, eBay wouldn't seem to pose much threat to Amazon. The once iconic auctioneer is projected to generate less than 5% of the \$235 billion in revenue that Amazon is slated to hit this year. But eBay's Marketplace business is still a big draw for sellers; the company says nearly 300,000 are active in its Guaranteed Delivery

program that is effectively the company's answer to Amazon Prime. Third-party sales are a strong driver of Amazon's recent growth as well as its much-improved bottom line. Such transactions carry much higher profit margins than sales from Amazon's own inventory.

eBay's business had been improving recently. Gross merchandise volume grew by 10% year over year in the second quarter, capping the platform's best sustained growth in four years. But PayPal's report suggests this is decelerating quickly. Scott Devitt of Stifel Nicolaus now expects eBay's GMV to have grown by only 4.4% year over year for the third quarter.

Whether the recent slowdown can be attributed to Amazon remains to be seen. eBay's shares now fetch less than 12 times forward earnings—their lowest multiple in more than two years. That makes eBay one of the cheapest stocks to be found in the internet sector. Investors should resist an apparent bargain for now, though. As eBay knows well, low bids don't always win.

INSIDE



FOR HASBRO, TOYLAND IS A TOUGH TOWN

RETAIL, B3



FISCAL PLAN LIFTS PUERTO RICO BONDS

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Lenders Share Secrets With Credit Karma

BY PETER RUDEGEAIR
AND ANNAMARIA ANDRIOTIS

Some of the biggest U.S. lenders, eager to bring in more borrowers and extend a yearslong expansion in consumer credit, are handing over the keys to their loan-approval process to personal-finance portal **Credit Karma** Inc.

Credit-card companies and providers of unsecured consumer loans, known as personal loans, have started to share their closely guarded underwriting models with Credit Karma as part of a new service announced Monday.

That gives the financial technology company the ability to tell its users with near certainty which loans they will be approved for without having to apply formally. That potentially spares them from being denied and having their credit score dinged, Credit Karma Chief Executive Kenneth Lin said in an interview.

"We are qualifying our member base for loan products without ever having to give information to lenders," Mr. Lin said.

Lenders' willingness to share information they have

kept secret for years shows their hunger for new sources of business. Although consumer debt, excluding mortgages, is nearly at \$4 trillion, there are signs of a slowdown. The growth in credit-card balances is decelerating. Meanwhile, the number of new cards given out has plateaued at nearly 67 million in each of the past three years, according to estimates from Mercator Advisory Group.

With more than 80 million members across the U.S. and Canada, Credit Karma has relationships with many potential consumers that banks covet. It also has access to financial data about prospective customers that banks lack. For instance, a tax-preparation service Credit Karma launched two years ago has let the company see tax filers' incomes.

Mr. Lin declined to identify the credit-card issuers participating in the new service but said it included two of the five largest. **American Express Co.**, **Bank of America Corp.**, **Capital One Financial Corp.**, **Citigroup Inc.** and **JPMorgan Chase & Co.** are the top five U.S. credit-card issuers, according to a Refinitiv poll.

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Maritime Pollution Rules Spur Fight

BY COSTAS PARIS

International maritime regulators begin a new round of meetings on antipollution efforts this week under pressure from the U.S. and other nations to soften implementation of new rules that could cost the industry billions of dollars and lead to higher prices for businesses and consumers.

The rules, put into motion through the ocean transport-regulating arm of the United Nations, take effect Jan. 1, 2020, and are aimed at slashing the amount of sulfur in marine fuel by more than 80%.

The Trump administration raised the heat on the International Maritime Organization rules last week, saying it wants to ease the rollout because of the impact it may have on the economy and energy markets. A White House spokesman said the administration wants to phase in implementation to allow "experience building" that would lead to better understanding of the availability of cleaner fuels and their impact.

U.S. energy giant Exxon Mobil Corp. said the change is "one of the industry's most



New rules aim to reduce sulfur in marine fuel by more than 80%.

defining moments since the shift from coal."

Industry executives have said the switch to cleaner fuels and emissions "scrubbing" technology will cost shipowners at least \$15 billion a year. Ocean carriers expect to pass costs on to cargo owners, and several operators have already announced surcharges.

The IMO is going into this week's meeting in London with only a short extension

until March 2020 on the agenda. That plan, which is expected to be approved, would allow ships more time to empty their tanks of the heavy oil. Also up for debate will be the availability of cleaner new fuels and whether they are safe burn on ships.

The IMO says the oil industry will have enough clean fuels for ships come 2020, and Exxon Mobil recently sought to assure operators about the

could be cut in half or even wiped out, assuming no changes to such factors as pricing or growth plans, the broker estimated.

UBS analysts figure airlines in Europe could see a 6% earnings hit from higher prices related to fuel switching by shipowners next year, rising to as much as 21% the following year. In Asia, the dent is forecast to be 12% and 22% for 2019 and 2020, respectively. That could translate into several billion dollars of extra fuel costs for the industry, UBS said.

Jet fuel is now up 40% from the start of the year, according to S&P Global Platts and IATA, which estimates fuel costs make up almost a quarter of an airline's operating expenses. While higher oil prices are just one factor in ticket pricing, many airlines have already raised fares amid strong air-travel demand. The average domestic ticket in the U.S. in

availability of new low-sulfur fuel. But Greece, where many shipping companies are based, and flag states including Panama, Liberia and the Marshall Islands have been skeptical and appear to have a big ally in the U.S.

The administration fears the marine-fuel demand will push up fuel prices in the run-up to the 2020 elections.

White House projections suggest the global economic costs could surpass \$100 billion, with the U.S. portion of that potentially rising to more than \$10 billion.

"We are proud that the Americans are supporting our position," Theodore Veniamis, president of the Union of Greek Shipowners said. "We have serious concerns about the availability of new fuels and how safe they are. The adjustment period should be between one and three years."

The Greek shipping companies, along with other private owners, make money by chartering vessels, including tankers, bulk carriers and container ships.

The chartered ships move around 80% of all seaborne trade.

August cost \$485, up from \$457 a year earlier, according to the Airlines Reporting Corporation, which collects air-travel data.

"The majority of refineries are running at their maximum," said Dario Scaffardi, chief executive of Italian refiner Saras SpA, meaning they can't easily produce more to keep prices in check. In the U.S., refineries used 95% of their capacity on average in the four weeks to Sept. 21, according to the Energy Information Administration.

Refiners won't crimp on producing jet fuel because of the premium it commands, Mr. Scaffardi said, but he added that won't protect airlines from price increases if greater demand for diesel boosts the price peg for aviation fuel.

"It's likely to be good for refiners," said Chris Midgley,

head of analytics at S&P Global Platts, "but not for consumers."

BUSINESS & FINANCE



The oil-field services company said there was less demand for its completion services, which make wells ready for use.

Halliburton Beats Profit Forecasts

BY MICAH MAIDENBERG

for use.

The company is active in the Permian Basin of Texas and New Mexico, which has been the center of the U.S. shale boom. Drillers are pumping so much oil and gas in the region that pipeline infrastructure there has been overwhelmed, leading to bottlenecks.

Halliburton's completion-and-production segment is its biggest, providing oil and gas producers with the tools, services and chemicals they need.

The segment booked sales of \$4.17 billion in the third quarter, up 15% from a year earlier.

But revenue from the unit was flat versus the second quarter. For North America, Halliburton said sales increased 18% from a year earlier to \$3.74 billion, but sales for the region declined slightly compared with the second quarter.

Chief Executive Jeff Miller said Halliburton believes the demand issues in North America are temporary. A range of

demand catalysts—including higher commodity prices and expanding capacity—are in place, he added.

Overall, sales rose 13% to \$6.17 billion for the quarter, beating the \$6.11 billion analysts expected, according to FactSet.

Halliburton reported profit of \$435 million, or 50 cents a share, for the third quarter, up 19% compared with a year earlier. Analysts surveyed by FactSet expected profit of 49 cents a share.

Bayer Wins Cut In Verdict

Continued from page B1
in punitive damages is unwarranted and are weighing their options, but "are happy the jury's voice was acknowledged by the court, even if slightly muted."

Several jurors wrote letters to the court in the wake of the tentative ruling, urging the judge not to set aside their decision and saying that they dutifully followed instructions.

In interviews before the judge's final ruling, two of those jurors, financial adviser Gary Kitahata and residential contractor Robert Howard, said they decided to award the \$250 million in punitive damages after considering what would be a sufficient deterrent for a company of Monsanto's size.

Mr. Kitahata said it is absurd to suggest that the remarks influenced them. "Obviously he was being theatrical, but that's what attorneys do," Mr. Kitahata said.

Mr. Howard said Mr. Wisner's comments were quickly brushed aside in the deliberation room.

During that hearing, Judge Bolanos chided Mr. Wisner for his remarks in the closing, saying she had ordered him not to make any references to the tobacco industry and a remark that Monsanto executives were waiting to pop champagne in their boardroom if they won the case.

Mr. Kitahata said it is absurd to suggest that the remarks influenced them. "Obviously he was being theatrical, but that's what attorneys do," Mr. Kitahata said.

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Airlines Face Rising Fuel Costs

Continued from the prior page
fuels. Should diesel prices rise, jet fuel could follow.

"Jet fuel is the unintended consequence" of the new maritime regulations, said Mason Hamilton, petroleum markets analyst at the U.S. Energy Information Administration. "There is a high degree of uncertainty over what is going to happen," he said.

BUSINESS NEWS

Widespread Recalls Jolt Food Industry

By JESSE NEWMAN

More than a dozen companies have recalled millions of pounds of potentially contaminated food in recent days in a new challenge for producers facing heightened scrutiny of the U.S. food supply.

Food manufacturers across the country are recalling nearly 4 million pounds of goods shipped to grocery stores and distributors nationwide, after a Canadian supplier recalled vegetables used

as ingredients. The U.S. Department of Agriculture and Food and Drug Administration said they are investigating because the vegetables could be contaminated with salmonella and listeria.

Food companies are grappling with costly recalls and an increase in multistate outbreaks of foodborne illness this year due partly to advances in pathogen detection. New regulations also require U.S. farmers and food processors to do more to prevent

foodborne illness.

Prepared-foods company **Bakkavor Foods USA** Inc. recalled close to 800,000 pounds of meat and poultry products on Sunday because they contain an onion ingredient that could be contaminated with the pathogens. The products include a chicken pizza, breakfast burrito and other items that were shipped to retailers nationwide, the USDA said.

Bakkavor's recall follows others last week by makers of salads sold at Whole Foods,

Walmart Inc. and Trader Joe's. Texas-based **Ruiz Food Products** Inc. on Friday recalled nearly 2.5 million pounds of meat and poultry taquitos that were shipped to distributors nationwide due to concerns over onions, the USDA said.

Ruiz Food Products said it found no evidence of contamination. It "remains dedicated to food quality and the health and safety of its consumers," said Rachel Cullen, the company's chief executive.

Other food manufacturers

have recalled products over concerns the pathogens could have contaminated ingredients.

The corn, onions and other vegetables were produced by McCain Foods USA Inc., a branch of Canadian manufacturer **McCain Foods** Ltd. The company said it is voluntarily recalling all products made at a California facility after finding a potential health risk related to its fire-roasted, caramelized or sautéed frozen vegetable and fruit products.

"We take our commitment

to food safety very seriously and work hard to maintain the highest quality standards," said a company spokeswoman.

Hy-Vee Inc., a Midwest supermarket chain, last week recalled six meat and potato products across eight states. Hy-Vee said it recalled some baked potatoes, ground-beef sliders and other products made with caramelized mushrooms and fire-roasted tomatoes produced by McCain.

No illnesses have been tied to the foods, the USDA said.

Uber's Top Deal Maker Quits After Conduct Claims

By GREG BENSINGER

Uber Technologies Inc.'s top deal maker, Cameron Poetscher, has resigned, a departure that comes less than a month after a Wall Street Journal article revealed allegations of prior sexual misconduct in the office.

Mr. Poetscher, the corporate-development head, was a trusted adviser to Chief Executive Dara Khosrowshahi and oversaw Uber's biggest deals, like the \$7.7 billion investment from SoftBank Group Corp.

Mr. Poetscher is known as an adept negotiator. He leaves behind a key vacancy for Uber as it gets ready for a 2019 initial public offering that bankers have suggested could value the startup at \$120 billion.

Uber said Monday the resignation is effective immediately. Uber's new financial chief, Nelson Chai, will assume

In a statement to the Journal for the September article, Mr. Poetscher said he was "rightfully disciplined" by Uber. "I deeply regret and have learned from this error in judgment, and I am proud of how hard everyone at Uber is working to ensure our company is a positive, respectful, and inspiring place to work," he said at the time.

Some members of an internal panel who were briefed on the law firm's findings argued Mr. Poetscher should be terminated, according to people familiar with the matter. The investigation was led by **Perkins Coie LLP**.

The company's decision of discipline over dismissal tested Uber's executive team as it has faced an array of workplace complaints about inappropriate behavior by colleagues. Employees have openly questioned Mr. Khosrowshahi about decisions the company has made regarding executive behavior.

Uber, for instance, has turned over to an outside law firm to investigate allegations that COO Barney Harford has made racially charged comments. That, employees said at a July companywide meeting, appeared to contrast with Uber's swift action regarding similar allegations about the head of human resources Liane Hornsey who was forced out, according to audio reviewed by the Journal.

Ms. Hornsey in an email to staff at the time said she had been thinking about leaving Uber "for a while," but she didn't give a specific reason for her exit and declined to comment for the September article. Mr. Harford, who is still under investigation, sent employees a letter of contrition for his remarks when the allegations came to light. He also didn't respond to a request for comment.

"We take all employee complaints seriously, as we did in this matter from 2017," Uber said in a statement at the time of the Journal's article, referring to the investigation into Mr. Poetscher's behavior. "It was fully investigated by outside counsel, and the appropriate actions were taken as a result."

The company is left with a key vacancy as it weighs an initial public offering.

Mr. Poetscher's responsibilities while the firm seeks a replacement, a spokesman said.

Mr. Poetscher, 48 years old, couldn't immediately be reached, and his attorney had no immediate statement.

The Journal reported in September that Uber last year hired an outside law firm to investigate employee complaints about Mr. Poetscher. The law firm found he had a pattern of making sexual remarks about female colleagues and that he engaged in a consensual affair with a colleague in violation of company policy, people familiar with the matter told the Journal.

In November, Uber gave Mr. Poetscher a formal warning, reduced his annual bonus and mandated sensitivity coaching, according to the people. More than eight months later, Mr. Poetscher was promoted to acting head of finance, reporting to Mr. Khosrowshahi. Uber has since hired Mr. Chai, who then oversaw Mr. Poetscher.



Hasbro is taking steps to adapt to a new retail landscape this year. The toy company's booth at Comic-Con in San Diego.

For Hasbro, Tough Time in Toyland

By PAUL ZIOBRO

The demise of Toys "R" Us is forcing manufacturers to confront the complexities of selling billions of dollars worth of Barbie dolls, Nerf blasters and other playthings at thousands of new locations.

Hasbro Inc.'s first quarter after the toy retailer's liquidations showed just how hard it will be to adapt.

The Pawtucket, R.I.-based toy company Monday said the disappearance of Toys "R" Us not only damped demand, leading to a 12% drop in third-quarter sales. It also made Hasbro more reliant on sellers with order patterns that are vastly different—and less advantageous—than what they got from the toy superstore.

Year in and out, toy manufacturers could rely on Toys "R" Us to buy a large order of toys to fill its warehouses and stores. In prior holiday seasons, many Toys "R" Us locations filled their backrooms and stacked toys like Barbie Dreamhouses and Lego sets high above shelves months ahead of Christmas in anticipation of in-store crowds and online sales that would tap into that inventory.

In the new retail landscape, manufacturers ship smaller

No Fun

Hasbro continues to struggle as it seeks new outlets to sell toys after the loss of Toys "R" Us business.

Daily share price



quantities to thousands of extra retailers, from general merchandise retailers like **Target** Corp. and **Walmart** Inc., to drugstores and dollar stores.

Since they aren't just toy merchants year round, they want the inventory much closer to the holidays, when they convert seasonal shelf space to selling toys.

Online retailers like Amazon.com Inc. demand smaller shipments that they want to

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TECHNOLOGY & BUSINESS

JOHN THYS/AGENCE FRANCE PRESSE/GETTY IMAGES
The airline agreed to recognize unions late last year, but discussions with workers in some of its markets have led to strikes.

Ryanair Logs Another Profit Drop

Pricier fuel, labor disputes and stiff competition weigh on European budget carrier

By ROBERT WALL

LONDON—Ryanair Holdings PLC reported a 6% drop in profit during the busy summer quarter, three weeks after the European budget airline cut its full-year outlook.

European airlines in recent months have faced multiple challenges to earnings, including rising fuel costs, stiff competition and air-traffic control disruptions. Ryanair's problems have been compounded

by labor disputes.

On Monday, Ryanair said its fiscal second-quarter profit fell to €841.5 million (\$967 million) from €895.4 million a year earlier. The latest results included a €35.6 million loss tied to Ryanair's takeover of Austrian carrier Laudamotion in August.

Sales in the latest period, which ended Sept. 30, rose 9.7% to €2.76 billion, driven largely by non-ticket sales and the inclusion of Laudamotion revenue.

Ryanair, Europe's largest budget carrier, has now suffered three straight quarterly earnings declines, though its shares rose 4.1% on Monday as its latest results beat analysts'

expectations.

Earlier this month, Ryanair warned that earnings for the financial year ending on March 31 would fall more sharply than first projected. The carrier blamed soft demand and rising fuel costs, and it cut its winter capacity by 1%. On Monday, the company stuck to its lowered earnings guidance of €1.1 billion to €1.2 billion, down from a previously projected €1.25 billion to €1.35 billion. The outlook excludes an anticipated €150 million loss from the Laudamotion acquisition.

For the latest period, Ryanair reported a 21% increase in fuel costs compared with a year earlier.

The Dublin-based carrier has also been hit by labor turmoil a year after errors in crew-scheduling led to widespread flight cancellations. In December, the airline agreed to recognize unions, but labor talks in some markets, including Germany, have been difficult, leading to strikes.

Staff costs rose 32% in the second quarter.

Ryanair once again warned of the "rising" risk of a so-called hard Brexit, where the U.K. leaves the European Union without a trade agreement. The company said it expects to receive a British license to operate its few domestic U.K. routes before the end of the year.

Software Firm Buys Shipping Booker

By PAUL PAGE

Software company E2open LLC is acquiring Inttra Inc., extending consolidation of the supply-chain management technology arena into the nuts and bolts of ocean transportation.

Inttra was formed in 2001 by a consortium of shipping lines to bring more technology to the rudimentary and manual business of booking freight-container transport. The business was spun off as a private company in 2010, with the original carriers holding 49% and private-equity firm ABS Capital Partners holding the remaining controlling stake.

E2open is buying 100% of the company, according to Inttra. Terms of the deal weren't disclosed.

The acquisition is E2open's latest in a series of deals in the past two years and the first outside its business of making cloud-based software aimed at managing the opera-

tions and inventory behind corporate enterprises.

E2open said it would integrate the shipment-booking platform connecting container shipping lines and ocean freight forwarders into its software, giving the company a hand in executing transportation transactions.

\$260M

Combined annual revenue of E2open and Inttra

Parsippany, N.J.-based Inttra has more than 60 carriers and all of the world's top 30 freight forwarders on its platform and says it handles about a quarter of total container movements worldwide.

"We aim to bridge the gap between manufacturing and logistics with execution capa-

bilities on a unified platform with real-time end-to-end visibility," E2open Chief Executive Michael Farlekas said.

John Fay, chief executive of Inttra, said the combined company will have approximately \$260 million in annual revenue, with \$60 million of it contributed by Inttra.

The acquisition comes as shipping companies are scrambling to upgrade their technology systems and many compete in providing broader freight-transportation services beyond their port-to-port business.

Shipping customers increasingly are pressing for more information about the movement of shipments inland, leaving the rudimentary booking of ocean transportation more isolated in supply chains.

Shipping lines, meanwhile, have been struggling to bring their technology systems into a more digital world.

Mr. Fay said at an April tech summit the company

hosted in Hamburg, Germany, that the shipping industry had passed a "digitalization tipping point" and that 2018 would be "the year of moving from innovation to action."

E2open, owned by Insight Venture Partners, has been on an acquisition spree over the past three years as it moves closer to broader technology known as enterprise resource planning software, which would put into more direct competition with giants like SAP SE.

It merged with Steelwedge Software Inc. in early 2017, and its purchases include transportation-management specialist Cloud Logistics and inventory-management business Terra Technology.

The company faltered in what appears to be its biggest acquisition bid in February 2017 when global trade management software company Amber Road Inc. rejected a hostile buyout bid at \$10.50 a share, or more than \$300 million.

Super Micro Disputes A Report About Chip

By ALLISON PRANG

Super Micro Computer Inc. said in a letter to customers that a media report claiming a malevolent hardware chip was installed in its motherboards is incorrect and that it is conducting a review in light of the article.

"We are confident that a recent article, alleging a malicious hardware chip was implanted during the manufacturing process of our motherboards, is wrong," the San Jose-based company said in a letter to customers dated Oct. 18 filed with the Securities and Exchange Commission. "From everything we know and have seen, no malicious hardware chip has been implanted during the manufacturing of our motherboards."

Super Micro added that "despite the lack of any proof that a malicious hardware chip exists, we are undertaking a complicated and time-consuming review to further address the article."

Super Micro reiterated comments made in the letter to customers in a statement issued Monday to The Wall Street Journal.

Shares of Super Micro rose 4.3% on Monday.

Bloomberg reported earlier this month that a rogue microchip ended up in Super Micro's

serverboards. The "supply chain attack," as Bloomberg called it, was carried out by Chinese spies and affected Apple Inc. among a number of companies that worked with Super Micro, the article said.

In an interview with BuzzFeed News, Apple Chief Executive Tim Cook said Bloomberg's article was wrong and that the news outlet needed to "retract it."

Andy Jassy, CEO of Amazon Web Services, said in a tweet late Monday morning that Apple's Mr. Cook was correct and that Bloomberg should retract the article.

Bloomberg reported Amazon.com Inc. alerted authorities that a company it hired to test servers from Elemental Technologies—which it had purchased in 2015—found a microchip not part of the original design. Super Micro made the servers for Elemental, Bloomberg reported.

Bloomberg's initial report said Amazon, Apple and Super Micro disputed summaries of the news outlet's findings.

A spokeswoman for Bloomberg said in an email Monday that 17 different people "confirmed the manipulation of hardware and other elements of the attacks."

"We stand by our story and are confident in our reporting and sources," she said.

RITCHIE B. TONGO/EPA/EEF/SHUTTERSTOCK
The company said it is conducting a review in light of the report.

Credit Karma in On Secrets

Continued from the prior page
cording to the Nilson Report, an industry publication. **LendingClub** Corp. and Upgrade Inc. are among the unsecured consumer lenders that have joined, Mr. Lin added.

Previously, Credit Karma recommended loans to its users based on a reverse-engineering of banks' credit criteria. It charges lenders a fee if its users take out a loan it recommends.

Historically, lenders relied on mass mailings to find new customers, but that has become a less popular strategy in recent years. The number of mailed credit-card offers hit a

five-year peak of 4.6 billion in 2016 and has fallen since, according to research firm Mintel Comperemedia.

By sharing their underwriting models, lenders increase the chances that the loan applications they receive will be approved. Still, in the past, some lenders have run into trouble by offering loans to unfamiliar borrowers that came to them through search engines or other external websites. Plus, Credit Karma says its users have an average credit score that is slightly lower than the national FICO average of 704 on a scale of 300 to 850.

Mr. Lin said that "virtually all our partners" said the Credit Karma users are better credit risks because they mainly come to the website to learn their credit score. "That in itself shows a higher level of responsibility than those who don't look at their credit," he said.

Oculus VR Executive Leaving Facebook

By PATRICK THOMAS

Oculus VR co-founder Brendan Iribe announced over social media Monday that he is leaving Facebook Inc., the latest in a series of executives to exit from the company.

"What a ride! We made science fiction into reality and inspired a new industry in the process," Mr. Iribe tweeted Monday afternoon.

Mr. Iribe serves as vice president of computer-tethered virtual reality for Facebook. He left his role as chief executive officer of Oculus in 2016.

Facebook said Nate Mitchell, also an Oculus co-founder, who had been leading Oculus with Mr. Iribe, would take over the newly vacated role. The company said Mr. Iribe is expected to stay on through mid-November to help with the transition.

Mr. Iribe was chief executive of Oculus VR when Facebook acquired it in 2014 for more than \$2 billion. Another Oculus co-founder, Palmer Luckey, left Facebook in March

ERIC RISBERG/ASSOCIATED PRESS
Oculus co-founder Brendan Iribe with a virtual-reality headset.

2017 after disputes with the company. In a Facebook post, Mr. Iribe said this will be his "first real break" from work in more than 20 years.

His exit comes not long after the departure of the WhatsApp and Instagram founders, who likewise sold their companies to Facebook

for large amounts and ultimately chafed in their roles as part of the social-media giant's empire.

Oculus was founded in 2012 by Mr. Luckey, who got his start in tech repairing old Apple Inc. iPhones. He raised more than \$2.4 million from a Kickstarter campaign to help

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MONEY & INVESTING

KKR Acquires Fiat Auto-Parts Business In \$7.1 Billion Deal

BY SEAN MCCLAIN

TOKYO—U.S. buyout firm KKR & Co. is adding to its auto-parts portfolio with a €6.2 billion (\$7.1 billion) deal for Fiat Chrysler Automobiles NV's parts-making arm.

The acquisition will combine KKR-owned Calsonic Kansei, which is based in Japan, with Magneti Marelli of Italy, creating a company with €15.2 billion in annual revenue.

That heft will help it compete in an auto-parts industry increasingly dominated by behemoths like Robert Bosch GmbH, Denso Corp. and Magna International Inc.

Those larger companies are better able to funnel research dollars into next-generation technologies, such as self-driving and internet-connected vehicles.

Bosch, for example, had sales of €78.1 billion last year and spent €7.2 billion on research and development.

Fiat Chrysler chief Mike Manley, who succeeded the late Sergio Marchionne this year, has inherited Mr. Marchionne's campaign to boost profitability at the auto maker.

The new company will have a broader customer base after the deal.

Calsonic Kansei gets the

majority of its business from Nissan Motor Co., with which it has a long history. Magneti Marelli, as a subsidiary of Fiat Chrysler, relies on the group for about a third of its business, according to Fiat Chrysler's latest annual filing.

The Japanese company, which KKR acquired last year, makes heating and air-conditioning systems and components for Nissan's electric vehicles. Magneti Marelli's products include headlights and electronic components.

In August, The Wall Street Journal reported that KKR was in talks to acquire Magneti Marelli, citing people familiar with the matter.

For KKR, creating a more competitive auto-parts company would put it in a better position to capitalize on its investment when it decides to sell the new combined company holding. Besides broadening the company's customer base and product offering, the deal could yield cost cuts through the elimination of overlapping operations.

Calsonic Kansei Chief Executive Beda Bolzenius will lead the new firm, to be called Magneti Marelli CK Holdings. Magneti Marelli CEO Ermanno Ferrari will join the board of the new company.



Some veteran United pilots say a personnel crunch has led to assigning new hires to Boeing 767s rather than smaller jets.

WELLS FARGO

Bank to Pay \$65 Million Fine

Wells Fargo & Co. has agreed to pay a \$65 million fine to settle claims brought by the New York Attorney General's office that the bank misled investors about its cross-selling tactics.

The penalty is the most recent the bank has faced over its sales scandal, where employees made as many as 3.5 million "potentially unauthorized" accounts to try to hit sales goals.

Wells said it is "pleased to reach the agreement." The company didn't admit liability and said "the settlement costs have been previously accrued."

—Allison Prang

UNITED CONTINENTAL

Carrier Reacts To Wave of Retirees

United Continental Holdings Inc. is scrambling to integrate an average of roughly 150 newly hired pilots a month as it reacts to cascading exits of aviators reaching mandatory retirement age.

Like other major U.S. carriers, United initially envisioned relying

on a steady stream of quality applicants from certain commuter airline partners that hired young pilots with the promise of an eventual job interview with United.

But according to some veteran United pilots, generally only about one-quarter of such applicants have been doing well enough on initial interviews to warrant further testing and related scrutiny.

The personnel crunch, they say, also is forcing United to start putting some newly hired pilots directly into the co-pilot seats of long-range Boeing 757 or 767 jets—rather than smaller Boeing 737s or similarly sized Airbus aircraft.

—Andy Pasztor

KELLOGG

Honey Smacks Return After Recall

Kellogg Co.'s Honey Smacks cereal will begin returning to U.S. shelves next month in limited quantities following a nationwide recall over salmonella concerns.

The Battle Creek, Mich., cereal maker recalled more than 11 million boxes of Honey Smacks over the summer after a salmonella outbreak linked to a factory

that produced the cereal sickened 135 people in 36 states. No deaths were reported in connection with the salmonella outbreak, the Centers for Disease Control and Prevention said in September.

Kellogg said production for the Honey Smacks relaunch has moved to a "trusted and tested" company-owned facility. It also said it has updated its recipe.

—Colin Kellaher

LINDE

FTC Gives Nod To Praxair Merger

Linde AG said Monday that the U.S. Federal Trade Commission has conditionally approved its merger with **Praxair** Inc.

The FTC found that the deal in its original form would have been detrimental to competition and ruled that both must sell off assets across nine markets.

Linde said it will divest itself of all of its U.S. bulk supply business as well as certain carbon-monoxide, hydrogen and steam-methane-reforming businesses.

LyondellBasell Industries NV will buy Linde's La Porte, Texas, plant, while **Celanese** Corp. will buy its Clear Lake, Texas, plant.

—Nathan Allen

BLOOMIN' BRANDS

Barington Urges Sale Of Smaller Brands

Activist investor **Barington Capital Group** LP has reiterated its call for **Bloomin' Brands** Inc. to spin off its smaller brands, among other changes.

In a letter to independent directors of Bloomin', Barington's chief executive, James Mitarontoda, said Bloomin' should consider a spinoff or sale of its restaurants Bonefish Grill, Carrabba's and Fleming's, allowing it to focus on Outback Steakhouse.

A spokeswoman for Bloomin' couldn't immediately be reached.

—Micah Maidenberg

WEATHERFORD

CSL-Led Investors To Buy Lab Services

Weatherford International PLC on Monday said it agreed to sell its laboratory-services business to a group led by private-equity firm **CSL Capital Management** LP for \$205 million.

The oilfield-service company said it is selling its laboratory and geological analysis business.

—Colin Kellaher



A Fiat factory. The deal will combine Japanese and Italian firms.

"My eyes aren't what they used to be ...

...the difference is like night and day."

— Ron T. Boston, MA

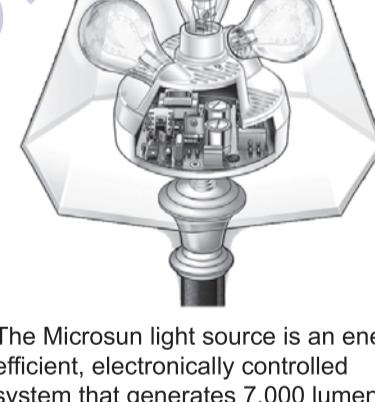
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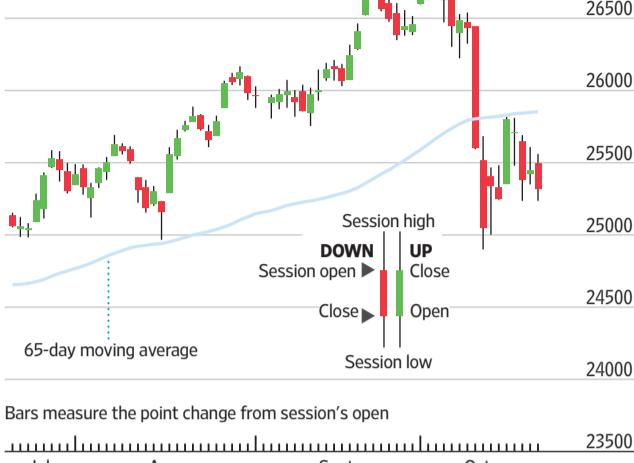
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25317.41 ▼126.93, or 0.50%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
July Aug. Sept. Oct. 23500

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2755.88 ▼11.90, or 0.43%
High, low, open and close for each trading day of the past three months.



July Aug. Sept. Oct. 2600

Nasdaq Composite Index

7468.63 ▲19.60, or 0.26%
High, low, open and close for each trading day of the past three months.



July Aug. Sept. Oct. 7200

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	25561.34	25236.05	25317.41	-126.93	-0.50	26828.39	23271.28	8.8	2.4	13.1
Transportation Avg	10484.05	10341.51	10435.76	-3.05	-0.03	11570.84	9440.87	5.0	-1.7	8.2
Utility Average	747.52	739.72	742.02	-4.28	-0.57	774.47	647.90	-1.0	2.6	7.0
Total Stock Market	28603.60	28310.19	28376.82	-117.59	-0.41	30390.61	26493.79	6.8	2.5	10.1
Barron's 400	702.62	695.41	696.34	-3.08	-0.44	786.73	676.86	1.2	-2.1	9.4

Nasdaq Stock Market

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Nasdaq Composite	7520.54	7424.74	7468.63	19.60	0.26	8109.69	6556.77	13.4	8.2	14.9
Nasdaq 100	7193.72	7088.90	7141.21	33.98	0.48	7660.18	6037.87	17.7	11.6	16.6

S&P

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
500 Index	2778.94	2749.22	2755.88	-11.90	-0.43	2930.75	2557.15	7.4	3.1	10.3
MidCap 400	1878.71	1861.72	1863.15	-9.02	-0.48	2050.23	1801.29	2.1	-2.0	9.2
SmallCap 600	970.33	959.73	961.94	-0.12	-0.01	1098.36	889.94	5.9	2.7	12.0

Other Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Russell 2000	1551.36	1535.78	1539.50	-2.54	-0.16	1740.75	1463.79	2.8	0.3	10.1
NYSE Composite	12489.80	12354.04	12374.76	-82.51	-0.66	13637.02	12177.70	-0.1	-3.4	5.8
Value Line	542.26	538.24	539.09	-1.16	-0.21	593.57	533.26	-0.7	-4.1	5.0
NYSE Arca Biotech	4920.12	4755.69	4790.48	-93.19	-1.91	5400.34	4045.25	13.9	13.5	12.6
NYSE Arca Pharma	584.97	579.61	582.16	-3.14	-0.54	598.21	516.32	4.2	6.8	3.6
KBW Bank	100.20	97.04	97.08	-2.73	-2.74	116.52	97.08	-3.7	-9.0	10.6
PHLX® Gold/Silver	69.87	68.54	69.04	-1.05	-1.50	92.08	61.92	-18.0	-19.0	7.9
PHLX® Oil Service	137.57	134.52	135.56	-2.13	-1.55	170.18	127.61	4.6	-9.4	-8.9
PHLX® Semiconductor	1241.49	1223.39	1234.20	8.25	0.67	1445.90	1218.66	-0.2	-1.5	22.2
Cboe Volatility	20.89	18.82	19.64	-0.25	-1.26	37.32	9.14	77.4	77.9	10.8

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	7,014.7	274.82	-0.19	-0.07	276.10	274.73
Twitter	TWTR	4,994.1	29.13	-0.05	-0.17	29.18	29.03
iShares MSCI EAFE ETF	EFA	4,836.6	63.57	0.11	0.17	63.57	63.44
Bank of America	BAC	4,108.3	27.38	...	unch.	27.60	27.31
Energy Transfer	ET	3,997.4	16.47	...	unch.	16.58	16.26
Invesco QQQ Trust I	QQQ	3,678.1	173.78	-0.13	-0.07	174.50	173.74
iShares MSCI Emg Markets	EEM	3,084.4	40.00	-0.10	-0.25	40.10	40.00
iShares iBoxx \$ HY CbD	HYG	2,859.5	84.94	...	unch.	84.96	84.93

Percentage gainers...

Regulus Therapeutics	RGLS	424.7	2.85	1.02	55.74	3.01	1.90
Cadence Design Systems	CDNS	292.6	44.60	3.99	9.83	45.50	40.57
Senseonics Holdings	SENS	115.4	3.76	0.30	8.67	3.85	3.45
SS&C Technologies	SSNC	106.9	53.47	3.55	7.11	53.49	47.00
CBL Assoc Properties	CBL	142.5	3.51	0.16	4.78	3.51	3.35

...And losers

New York Times	NYT	1,062.4	25.13	-1.70	-6.34	26.83	25.13
Flex Ltd	FLEX	50.4	11.23	-0.51	-4.34	11.78	11.23
Mondelez Int'l Cia	MDLZ	61.6	39.81	-1.63	-3.93	41.56	39.81
Merrimack Pharmaceuticals	MACK	239.3	4.11	-0.15	-3.44	4.11	4.11
Canopy Growth	CG						

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Open		High hilo		Low		Settle		Chg		Open interest	
	Open	High	hi	lo	Low	Settle	Chg	Open	interest	Settle	Chg	Open	interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2.7700	2.8120		2.7700	2.7740	0.060	553							
Oct	2.7700	2.8120		2.7700	2.7740	0.060	553							
Dec	2.7700	2.8335		2.7725	2.7855	0.075	115,625							
Gold (CMX) -100 troy oz.; \$ per troy oz.	122.40	122.40		121.90	122.10	-4.10	116							
Oct	122.40	122.40		121.90	122.10	-4.10	116							
Dec	123.50	123.60		122.80	122.40	-4.10	371,591							
Feb'19	123.50	123.60		122.80	123.00	-4.00	57,501							
June	124.80	124.80		124.60	124.80	-4.10	15,182							
Aug	125.70	125.70		124.70	124.80	-3.90	2,651							
Dec	126.60	126.60		125.90	126.10	-4.00	5,333							
Palladium (NYM) -50 troy oz.; \$ per troy oz.	107.92	112.00		110.70	37.80	23,431								
Dec	107.92	112.00		110.70	37.80	23,431								
March'19	107.80	110.50	▲	107.40	109.90	25.40	3,179							
Platinum (NYM) -50 troy oz.; \$ per troy oz.	833.20	833.20		820.10	819.00	-13.30	32							
Oct	833.20	833.20		820.10	819.00	-13.30	32							
Jan'19	834.20	842.00		820.50	822.50	-13.50	68,907							
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	14.650	14.715		14.540	14.587	-0.063	156,354							
Oct	14.650	14.715		14.540	14.587	-0.063	156,354							
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	69.29	69.65		68.27	69.17	0.05	24,949							
Nov	69.29	69.65		68.27	69.17	0.05	24,949							
Dec	69.48	69.84		68.46	69.36	0.08	485,983							
Jan'19	69.53	69.88		68.61	69.49	0.14	208,459							
March	69.64	69.94		68.83	69.67	0.24	174,706							
June	69.62	70.00		68.97	69.80	0.38	181,210							
Dec	68.26	68.93		67.97	68.76	0.56	222,419							
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.	2.3100	2.3263		2.2905	2.3181	.0161	64,091							
Dec	2.3103	2.3272		2.2910	2.3189	.0162	118,139							
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1.9141	1.9232		1.8783	1.9067	-0.072	63,771							
Dec	1.9104	1.9203		1.8755	1.9050	-0.052	122,410							
Natural Gas (NYM) -10,000 MMBtu's; \$ per MMBtu.	3.215	3.247		3.126	3.138	-112	105,114							
Nov	3.215	3.247		3.126	3.138	-112	105,114							
Dec	3.281	3.304		3.201	3.214	-0.095	236,630							
Jan'19	3.354	3.374		3.275	3.290	-0.095	243,428							
Feb	3.276	3.289		3.197	3.211	-0.088	109,959							
March	3.081	3.088		3.000	3.012	-0.089	229,824							
April	2.739	2.742		2.706	2.716	-0.033	153,952							

Contract

	Open	High	hilo	Low	Settle	Chg	Open	interest
Corn (CBT) -5,000 bu.; cents per bu.	365.50	370.50		365.50	369.50	2.50	772,232	
Dec	365.50	370.50		365.50	381.75	2.25	391,592	
March'19	378.00	382.75		378.00	381.75	2.25	391,592	
Oats (CBT) -5,000 bu.; cents per bu.	295.00	298.50		295.00	295.50	.25	5,079	
Dec	295.00	298.50		295.00	286.75	-2.25	1,716	
March'19	285.00	289.00		284.00	286.75	-2.25	1,716	
Soybeans (CBT) -5,000 bu.; cents per bu.	805.75	863.00		855.50	858.50	1.75	229,326	
Jan	869.25	876.50		869.25	872.50	2.00	238,487	
Soybean Meal (CBT) -100 tons; \$ per ton.	121.90	122.10		117.45	117.65	-4.45	117,544	
Dec	121.90	122.10		117.45	121.45	-4.45	77,317	
March'19	125.80	125.85		121.20	121.45	-2.25	77,317	
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.	13.85	13.95		13.75	13.82	-.07	391,344	
May	13.95	14.04		13.87	13.96	-.05	149,658	
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.	25.28	25.28		25.28	25.28	...	2,691	
Jan	25.28	25.28		25.28	25.28	...	2,691	
March'19	25.79	25.79		25.75	25.65	-.23	1,067	
Cotton (ICE-US) -50,000 lbs.; cents per lb.	117.65	120.20		117.45	117.65	1.45	117,544	
Dec	117.65	120.20		117.45	117.65	1.45	77,317	
March'19	125.80	125.85		121.20	121.45	-2.25	77,317	
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.	13.85	13.95		13.75	13.82	-.07	391,344	
May	13.95	14.04		13.87	13.96	-.05	149,658	
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.	25.28	25.28		25.28	25.28	...	2,691	
Jan	25.28	25.28		25.28	25.28	...	2,691	
March'19	25.79	25.79		25.75	25.65	-.23	1,067	
Coffee (ICE-US) -37,500 lbs.; cents per lb.	121.20	122.10		117.45	117.65	-4.45	117,544	
Dec	121.20	122.10		117.45	117.65	-4.45	77,3	

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq (ISE).

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.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, October 22, 2018

Net

Stock Sym Close Chg

A B C

ABB ABB 20.98 ...

ADT ADT 7.38 -0.39

AES AES 15.01 0.03

Aflac AFL 44.28 -0.19

AGNC Inv AGNC 17.68 -0.14

AMG Homevcs AMG 19.23 -0.08

Ansys ANSS 152.89 2.31

ASML ASML 176.33 0.57

AT&T T 32.67 -0.20

AbbottLabs Abbott 68.52 0.93

Abest BestBuy 84.47 -3.70

Abilomed Abilomed 366.23 3.78

Accenture ACN 159.5 1.27

ActivisionBlvd ATVI 67.98 0.03

Adobe ADBE 215.06 6.03

AdvanceAuto AAP 164.77 0.44

AdmMicroDevices AMD 25.03 1.37

Aegon AEG 6.00 -0.02

AerCap AER 51.30 -1.42

Aetna AET 194.99 -0.70

AffiliatedMgns AMG 118.95 -3.46

AigentTechs A 64.28 -0.19

AigonicAEG AEM 36.27 -0.75

AirProducts APP 153.30 -2.10

AlkamTech AKM 65.18 0.94

AlaskaAir ALK 63.54 0.96

Albemarle ALB 97.26 1.63

Alcos AC 39.46 0.86

AlexandriaREst ARE 120.56 -1.86

AlexionPharm ALXN 123.92 -1.97

Alibaba BABA 148.80 5.87

AlignTech ALGN 31.42 2.13

Alkerмес ALKS 38.8 1.30

Alleghany Y 60.21 -12.31

Alliegen ALLE 81.51 -0.28

Allergan AGN 187.64 -1.89

AllianceData ATUS 207.96 -8.22

AlliantEnergy LNT 43.67 -0.38

AllisonTransm ALSN 47.93 0.34

Allstate ALL 96.48 -0.58

AllyFinancial ALF 25.32 -0.62

Albion AB 17.69 -0.10

AlbrightOrl AMH 27.40 -0.31

Alcritech ALC 50.10 -0.11

Alcoa AA 63.30 -0.13

Almdocs DOX 63.30 -0.13

Alimedical CDR 40.61 -0.50

Alaris CDR 49.9 -0.71

AlarisMed CDR 49.9 -0.71

Alcatel CDR 49.9 -0.71

AlcatelOneTouch CDR 49.9 -0.71

AlcatelUSA CDR 49.9 -0.71

AlcatelUSA

BANKING & FINANCE



Low on money, Alma Morales Rosario isn't sure when her home in Morovis, wrecked by Hurricane Maria, will be rebuilt.

Home-Sales Slump Lifts Apartments

By RYAN DEZEMBER

Slumping home sales and rising interest rates are brightening the outlook for apartment and home-rental stocks.

On Friday, the National Association of Realtors said sales of existing homes in September fell 3.4% from the previous month and 4.1% from a year earlier. The seventh-consecutive monthly decline was steeper than economists had expected and marks the latest in a string of data points that call into question the housing market's momentum.

Economists and analysts blame rapidly rising home prices that have strained affordability in many cities. The Trump administration's tax bill reduced incentives to own. And mortgage rates rose this month to about 5%, their highest level since the depths of the foreclosure crisis in 2011.

Some analysts recommend getting out of housing stocks altogether. "The potential downside risks are greater than the upside reward potential," Wells Fargo analysts wrote last week in a note to clients suggesting that they move out of real-estate investment trusts and seek refuge in shares of large U.S. companies.

Yet other analysts argue that all the gloom hanging over housing is good news for owners of apartments, like **AvalonBay Communities**, which is up 7.4% over the past six months, and **Equity Residential**, which has added 5.7% in that time. Rental-home companies have also gained, with **American Homes 4 Rent** climbing 3.8%.

"Having pressure on home

sales is a positive for the rental side of the industry," David Singelyn, American Homes chief executive, told investors recently. "It should all fare very, very well for pricing power going forward."

The percentage point added over the last year to 30-year mortgage rates adds about \$135 to the monthly payment on a \$250,000 house financed with a 10% down payment, said John Pawlowski, an analyst at Green Street Advisors.

Not only is the added cost likely to keep some renting longer, \$135 is about 8% of the average monthly rent collected by American Homes, suggesting that there is room for these companies to raise rents and remain less expensive than comparable homes for sale, he said.

"The insulation for the rental landlord looks pretty good heading into next year," he said.

To that end, Freddie Mac said last week that about 78% of Americans view renting as more affordable than owning, a rise of 11 percentage points since the mortgage company released similar survey data six months ago. Freddie also said the proportion of respondents who said they have no plans to buy homes also rose.

Plenty are looking to rent, though. Sean Dobson, CEO of closely held Amherst Holdings, said that the last 1,000 houses that the firm's Main Street Renewal unit has listed for rent have elicited about 70,000 inquiries from prospective tenants, or about 70 per property.

Apartment owners too are reporting few problems filling up buildings and retaining tenants.

Fiscal Plan Buoys Puerto Rico Bonds

By MATT WIRZ

Puerto Rico bond prices soared Monday after the federal oversight board that runs the U.S. territory's finances released a revised fiscal plan that raises expectations for disaster funding and economic growth.

Prices of Puerto Rico's benchmark general obligation bond due in 2035 jumped 10% to about 60 cents on the dollar, according to data from the Municipal Securities Rulemaking Board, reflecting higher expectations for bondholder recoveries.

Improving economic expectations have set the stage for a potential compromise with the hedge funds that hold much of the island's \$13 billion general obligation, or GO, bonds and have formed a unified group to negotiate a restructuring with the government and oversight board. A deal would clear one of the largest obstacles to Puerto Rico's emergence from the bankruptcy court protection it entered in May 2017.

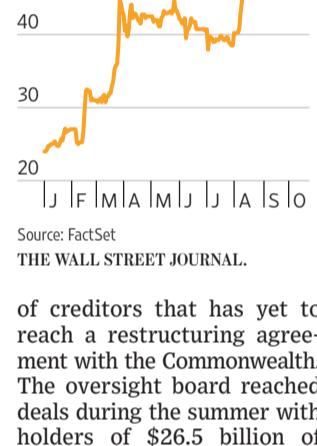
Puerto Rico's recent financial improvements have galvanized a dozen or so hedge funds holding about \$4.7 billion of Puerto Rico's municipal bonds to set aside their differences and form a "super-group" to negotiate a restructuring with the island's government, a person involved said.

The new group will consolidate at least three committees of investors holding Puerto Rico general obligation bonds—the last large category

On the Mend

Higher fiscal estimates are lifting bondholder recovery expectations.

Price of Puerto Rico general obligation bond due 2035



Source: FactSet

THE WALL STREET JOURNAL

of creditors that has yet to reach a restructuring agreement with the Commonwealth. The oversight board reached deals during the summer with holders of \$26.5 billion of bonds issued by its power utility and sales-tax authority.

The group will comprise a

gambit of hedge-fund managers. Some, like Brigade Capital Management and Fir Tree Partners, have already reached agreements with Puerto Rico to restructure different classes of debt they also own. Others, like Aurelius Capital Management LP, have pursued a more confrontational approach by suing the island's government and the oversight board to get a higher recovery on their claims.

Aurelius disclosed in a court filing Friday that it had sold \$116 million face amount

of uninsured general-obligation bonds since August, reducing its investment in the securities by about one-quarter, to \$353.6 million.

A spokesperson for Aurelius declined to comment.

The varied membership of the group raises questions about how effectively it can align interests and strategies.

"I think it's a positive sign provided they come with an open mind and perspective," said Christian Sobrino, the representative of Puerto Rico Gov. Ricardo Rosselló on the federal oversight board managing the island's financial and economic overhaul. "Everyone can appreciate that all-out litigation hasn't gotten us to where we want to be at this point."

Dealing with the supergroup will allow Puerto Rico and the oversight board to more efficiently bargain while limiting the prospect they would seek to pit different bondholders against each other, the person involved said.

While this will hopefully spur a negotiated settlement, the combined group may also start sharing litigation costs with bondholders that have already filed suits to make sure the island's government remains under legal pressure, the person said.

Hopes of higher payouts spurred a flurry of trading in general-obligation debt, with over \$90 million of the 2035 bonds trading hands, the highest volume since early September, according to data from the MSRB. Valuations of the

island's other debt classes also climbed, and prices of Puerto Rico's power utility bonds due in 2040 rose to about 64 cents on the dollar Monday from approximately 62 cents last week.

The progress on the utility and sales-tax bond restructurings, and Puerto Rico's gradual recovery from Hurricane Maria, have lifted prices of the general obligation bonds by 154% from the start of the year.

The bonds traded above 80 cents before the island defaulted.

The draft plan forecasts \$82 billion in disaster funding for the island, up from \$62 billion in a version of the plan certified in June.

It also raised estimated revenues from taxes and federal funds for the fiscal year ending in June to \$22.5 billion from \$17.5 billion previously.

The revised plan didn't specify exactly what data it used to calculate the new figures, but bondholders have been expecting an upward revision for several months based on a steady increase in cash reported by the Puerto Rico Department of Treasury. The Treasury reported a balance of \$3.4 billion through Oct. 5, compared with \$1.78 billion at the start of the year.

But the board and analysts stressed a need to overhaul an economy that has been weakening for years, even before Hurricane Maria hit the island last fall, and that is still projected to return to fiscal deficit after disaster aid winds down.

Rental Boom

Growth in rental housing has far outstripped owner-occupied properties since the crisis.



Source: Federal Reserve Bank of St. Louis

THE WALL STREET JOURNAL

New 401(k) Rule Could Lead to Fee Cuts for Smaller Companies

By ANNE TERGESEN

A new Labor Department rule would make it easier for small businesses to offer 401(k) plans, part of an effort to close a retirement-plan coverage gap that affects millions of employees.

The proposed regulation would allow companies to band together to offer 401(k) plans sponsored by entities including business associations. Such arrangements, often

called multiple-employer plans, are allowed now for employers with an affiliation or connection, such as companies with a common owner or members of the same industry trade association.

The regulation—which the department said could go into effect as soon as early 2019 after a period for comments and possible revisions—would loosen those restrictions by allowing companies in other types of business associations

to join together to offer a retirement plan. Examples might include a Chamber of Commerce, according to a senior Labor Department official.

Companies of any size can join these plans, but small and midsize firms would likely have the most to gain in terms of cost savings.

Such plans would be able to use their size to bargain for lower administrative and investment fees than small businesses might otherwise be

able to secure.

According to the Labor Department, participants in 401(k) plans with assets that range from \$1 million to \$10 million pay a median 1.1% in fees, versus 0.27% for a plan with assets over \$1 billion.

The entity or association sponsoring the 401(k) plan would serve as the fiduciary and have responsibility for setting up and running the plan. But the employers would retain fiduciary responsibility

for selecting the plan to begin with, according to the senior official. Under the Labor proposal, companies could decide whether to offer a matching contribution and, if so, at what level, the official said.

The Labor Department's move is the latest in a series of initiatives from lawmakers aimed at addressing a retirement savings deficit that has left about half of American households at risk of being unable to maintain their stan-

dard of living in retirement, up from 45% in 2004, according to Boston College's Center for Retirement Research.

President Trump in August ordered the Treasury and Labor departments to take this and other steps to better prepare American workers for retirement. The order directed the Treasury to look into protecting members of a multiple-employer plan from penalties if one company violates the rules.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e=Ex-distribution. f=Previous day's quotation. g=Footnotes x and s apply. h=Footnotes e and s apply. k=Recalculated by Lipper, using updated data. p=Distribution costs apply. 12b-1 r=Redemption charge may apply. s=Stock split or dividend. t=Footnotes p and r apply. v=Footnotes x and e apply. x=Ex-dividend. z=Footnote x, e and s apply. NA=Not available due to incomplete price, performance or cost data. NE=Not released by Lipper; data under review. NN=Fund not tracked. NS=Fund didn't exist at start of period.

Monday, October 22, 2018

Fund	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %	Net NAV	YTD Chg %			
American Century Inv	48.72	+0.16	12.12	+0.01	1.4	+0.01	US Yld Bd Inst	7.56	-0.01	2.5	+0.01	1.4	+0.01	US Small	35.55	-0.03	-0.4	+0.01	1.4	+0.01	1.4	+0.01	1.4	+0.01	1.4
American Funds Cl A	13.76	-0.08	6.6	+0.01	1.2	+0.01	BlackRock Funds A	36.92	-0.12	2.2	+0.01	1.2	+0.01	US SmCpVal	93.26	+0.21	10.3	+0.01	1.2	+0.01	1.2	+0.01	1.2	+0.01	1.2
AmcApA p	43.38	-0.21	2.8	+0.01	1.2	+0.01	BlackRock Funds Inst	23.79	-0.12	3.7	+0.01	1.2	+0.01	GblAlloc p	18.93	-0.01	-3.6	+0.01	1.2	+0.01	1.2	+0.01	1.2	+0.01	1.2
BalA p	26.97	-0.08	0.6	+0.01	1.2	+0.01	BlackRock Funds III	19.05	-0.01	-3.4	+0.01	1.2	+0.01	GblAlloc p	22.74	-0.26	-0.6	+0.01	1.2	+0.01	1.2	+0.01	1.2	+0.01	1.2
CapIBA p	58.48	-0.26	-4.6	+0.01	1.2	+0.01	Bridge Builder Trust	19.68	-0.01	-3.4	+0.01	1.2	+0.01	IncomeAdv	19.39	-0.13	-15.2	+0.01	1.2	+0.01	1.2	+0.01	1.2	+0.01	1.2
CapWGrA	48.11	-0.02	-4.5	+0.01	1.2	+0.01	CorePlusBond	9.71	-0.01	-2.2	+0.01	1.2	+0.01	CoreBond	9.71	-0.01	-2.2	+0.01	1.2	+0.01	1.2	+0.01	1.2	+0.01	1.2
EupacA p	49.16	+0.11	-10.0	+0.01	1.2	+0.01	CorePlusBond	9.67	-0.01	-1.9	+0.01	1.2	+0.0												

MARKETS

Treasurys Firm as Focus on Italy Grows

BY SAM GOLDFARB

U.S. government bonds held steady Monday amid continuing concerns about Italy's budget standoff with the European Union.

The yield on the benchmark 10-year U.S. Treasury note settled at 3.196%, compared with 3.198% Friday.

CREDIT MARKETS Yieldeds, which fall when bond prices rise, flirted with higher levels in the overnight session but slipped at the start of U.S. trading shortly after Italy's government said it wouldn't back down from its proposed budget despite warnings from the EU that it would be violating the bloc's fiscal rules.

The latest salvo in the dispute boosted German and U.S. debt while halting momentum for Italian government bonds, which had been rallying earlier after Moody's Investors Service downgraded Italy's credit rating late Friday but left its outlook stable rather than on watch for another downgrade.

Investors have been closely following the situation in Italy because of the immediate threat it poses to Europe's fourth-largest economy, as well as the long-term questions it raises about the viability of the eurozone.

Beyond Italy, there have been few clear catalysts for moves in Treasurys in recent days. After selling pushed yields to multiyear highs earlier this month, the Treasury market has shown signs of stabilizing, with the 10-year yield hovering between 3.1% and 3.2%.

"Rates are kind of just consolidating around current levels," said Mark Cabana, U.S. rates strategist at Bank of America Merrill Lynch.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS**13-Week****26-Week****Applications****Accepted bids****noncomp****foreign noncomp****Auction price (rate)****Coupon equivalent****Bids at clearing yield accepted****Cusip number**

Both issues are dated Oct. 25, 2018. The 13-week bills mature on Jan. 24, 2019; the 26-week bills mature on April 25, 2019.

COMMODITIES

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Comments from the U.S.

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setting the stage for the reimposition of sanctions. Iranian production and exports have been falling steadily since then, as buyers prepare for the sanctions to take effect.

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Metals Gain On Back of Share Rally In China

BY DAVID HODARI AND AMRITH RAMKUMAR

Copper and other industrial metals advanced Monday, with sharp gains across Chinese equities indexes fueling a continued rebound.

Front-month copper for October delivery rose 0.2% to \$2,774.00 a pound on the Comex division of the New York Mercantile Exchange, climbing for the second straight session. Worries about an economic slowdown in China, which accounts for about half the world's consumption of copper and other metals used heavily in manufacturing and construction, have sent prices down 16% from their June four-year highs and hurt Chinese stocks.

Chinese stocks soared Monday after the country's government announced proposals to cut personal income taxes over the weekend. That followed soothing remarks from Chinese officials Friday about the health of the world's second-largest economy, after the release of figures showing a deceleration in its expansion in 2018's third quarter.

Analysts said the Monday rally in Chinese stocks spilled over to metals markets.

"The Chinese government saying it's prepared to stimulate the economy if need be could be a reason for this strength across the complex," said Geordie Wilkes, an analyst at Suncor Financial Research.

In precious metals, front-month gold for October delivery edged down 0.3% to \$1,221.20 a troy ounce, hurt by a stronger dollar.

Banks, Energy Sector Hit Stocks

BY MICHAEL WURSTHORN AND WILL HORNER

Falling shares of financial and energy companies pulled the Dow Jones Industrial Average lower, resuming a stock-market sell-off that has knocked the index further from its highest levels of the year.

MONDAY'S MARKETS

After initially opening higher, mounting losses among **Goldman Sachs Group**, **Exxon Mobil** and other financial and energy firms sapped the Dow industrials of an early gain, eventually pulling the blue-chip index down as much as 208 points.

While some of those stocks pared deeper losses, the Dow industrials still closed down 126.93 points, or 0.5%, to 25317.41 on Monday, putting the closely watched index on poor footing to start the week.

Goldman Sachs shares fell \$5.36, or 2.4%, to \$221.69. Exxon Mobil shares lost 82 cents, or 1%, to 81.15.

For investors, Monday's losses cast some doubt on whether another quarter of strong earnings is enough to get the Dow, S&P 500 and

other major indexes back into record-setting territory.

A combination of worries—from trade tensions to concerns about Italy and fresh geopolitical tensions between the U.S. and Saudi Arabia—has made October one of the most volatile months for stocks this year, knocking the Dow industrials off 5.6% from its early-October record.

"There was hope we'd get a little more of a bounce from earnings," said Larry Peruzzi, a managing director at Mischler Financial Group. "But the market is more concerned with where fourth-quarter earnings might end up."

The Dow fell for a third session out of the last four trading days, a stretch that has cut more than 450 points off the blue-chip index.

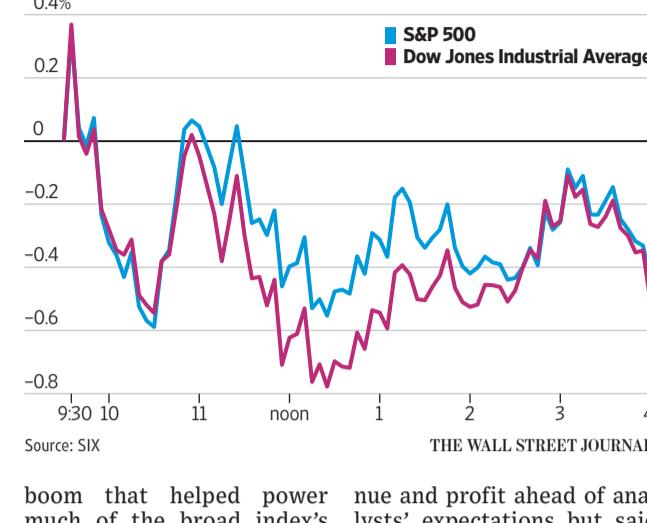
The S&P 500 shed 11.90 points, or 0.4%, to 2755.88.

The Nasdaq Composite, however, added 19.60 points, or 0.3%, to 7468.63, as technology and other growth companies fared better, snapping the index's three-session losing streak.

While S&P 500 companies are expected to report another quarter of double-digit profit growth, the earnings

Weak Start

Shares of financial firms and energy companies fell Monday, pulling the Dow industrials and the S&P 500 lower to start the week.



Source: SIX

THE WALL STREET JOURNAL.

some of their postearnings gains from last week and as bond yields showed signs of stabilizing.

Shares of **Synchrony Financial** fell 1.89, or 6%, to 29.47 even though earnings came in ahead of expectations on Friday.

Financial declines were broad enough to send the KBW Nasdaq Bank Index of large U.S. lenders down 2.7%.

Investors are expected to look closely at the slate of earnings announcements due this week, analysts said.

Companies representing about 36% of the market capitalization of the S&P 500 are expected to report earnings this week, according to BlackRock. These include tech giants like **Alphabet** and **Amazon.com**.

The losses followed mostly upbeat trading in Asia after proposed Chinese tax cuts drove bumper gains for Chinese equities. European equities, which had been trading higher following the news, also turned lower soon after trading began in the U.S.

Early Tuesday, Japan's Nikkei 225 Stock Average was down 1.3% after rising 0.4% Monday to snap a two-day losing streak.

Oil Prices Steady as Iran Sanctions Loom

BY DAN MOLINSKI AND CHRISTOPHER ALESSI

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An oil-production facility in the Permian Basin in Texas. U.S. inventories of crude oil last week exceeded analysts' expectations.

NICK OXFORD/REUTERS

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crease in oil prices in mid-October was largely attributable to the withdrawal of speculative financial investors," analysts at Commerzbank wrote in a daily note Monday.

Oil-market observers were looking ahead this week to weekly U.S. oil inventory data to see if a string of four straight, bearish weekly increases in stockpiles will continue.

Among refined products, gasoline futures for November delivery dropped 0.4% to \$1.9067 a gallon. Diesel futures rose 0.7%, to \$2.3181 a gallon.

Rally On

Monday's jump in Chinese stocks was the biggest in 2 1/2 years.

MARKETS

Italy's Debt Predicament Raises Questions

BY CHRISTOPHER WHITTALL
AND PAT MINCZEKSI

Investors are asking whether the recent selloff in Italian debt will force the country's government to reconsider some of its spending promises.

That clash, between the market and the government, promises volatility at a time when Italian government-bond yields have already seen moves reminiscent of the eurozone debt crisis.

Rome's finances are on a surer footing compared with that crisis because successive governments took advantage of historically low interest rates to lock in cheap funding.

But after the country's anti-establishment government announced budget plans that penciled in a wider deficit target, two-year bond yields rose as high as 1.8% last week—compared with below zero back in May, according to Refinitiv—pushing up borrowing costs in a country that has one of the world's largest government-debt piles.

This comes as the European Central Bank, the most consistent buyer of Italian debt in recent years, is set to soon finish its bond purchases, raising the question of who will step in when it is gone.

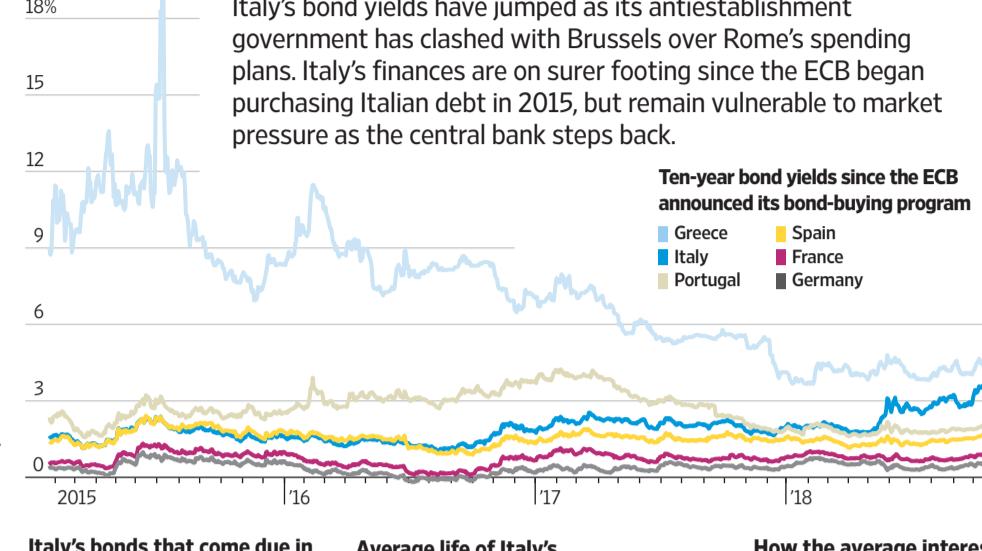
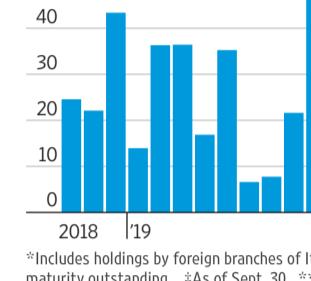
Italian bonds staged a rally Monday after Moody's Investors Service cut the country's credit rating on Friday to the lowest investment-grade rating but signaled there were no plans to lower it further for now.

Still, investors expect markets to remain choppy as the Italian government continues to lock horns with the European Union over its budget plans.

"You can't fight the market. We've seen it in history time and time again," said Robert McAdie, global head of fixed-income strategy and research at BNP Paribas.

Mr. McAdie said the tipping point for Rome would likely be when two-year bond yields in-

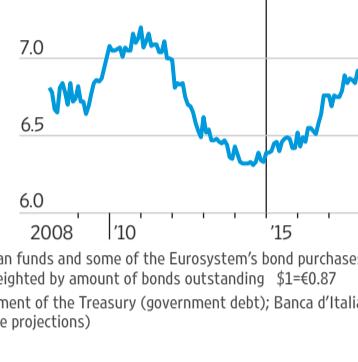
creased to around 3 to 4 percentage points over haven German debt.

Italy's bonds that come due in the next 12 months[†]

[†]Includes holdings by foreign branches of Italian funds and some of the Eurosystem's bond purchases, the remainder of which are held by the Bank of Italy

[‡]As of Sept. 30 [§]Weighted by amount of bonds outstanding \$1=€0.87

Sources: Refinitiv (bond yields); Italy's Department of the Treasury (government debt); Banca d'Italia (bonds due; holders, average interest rate); UniCredit (nonresident holdings estimates, rate projections)

Average life of Italy's government debt[‡]

The ECB announces its bond-buying program

How the average interest rate^{**} Italy pays on its debt would change in three different scenarios

ernment debt, according to a report earlier this year from UniCredit. The rest is held by Italian banks, insurance companies, pension funds, mom-and-pop investors and, of course, the ECB and the Bank of Italy. The large holdings at Italian banks explain why the sector's stocks, in particular, have been under pressure as government-bond prices slumped.

Still, some investors take heart from this high local ownership. The fact that foreigners have sold so much already means these bonds may already be positioned for the worst.

It also "pushes [the government] toward performing on the debt. If you collapse on your bonds, you collapse on the banks, insurance companies" as well as savers, said Robert Tipp, chief global strategist at PGIM Fixed Income.

Does that mean Italy can weather the storm?

Chiara Cremonesi, a strategist at UniCredit, has modeled how the average cost of Italian debt could change next year based on three scenarios. First, Italian bonds stay at similar levels to the start of October. Second, things get worse and yields rise by 1.5 percentage points across the board. Third, funding costs drop back to where they were in the first half of the year.

Ms. Cremonesi's conclusion: Italian bond markets would need to face a further "significant and long-lasting shock" for funding costs to rise materially.

Still, the great unknown remains who will continue to lend money to the Italian government. While there have been plenty of sellers of Italian debt in recent years, there has been only one consistent buyer: the European Central Bank. And it is planning to stop its purchases at the end of 2018.

"It isn't so much a question of the dynamics of the cost of debt. The big question is what kind of investors will buy the debt next year" and what price they will demand, said Ms. Cremonesi.

THE WALL STREET JOURNAL.

before Moody's did just that on Friday.

That is a significant threshold. Analysts at Bank of America Merrill Lynch said a downgrade to junk would trigger at least €80 billion (\$92 billion) in forced selling, which would "start an ugly spiral of events."

That helps explain why Italian bond yields dropped Monday as Moody's changed its ratings outlook to stable, suggesting a further cut isn't imminent.

Until recently, investors were willing to overlook Italy's gargantuan debt load, which is higher relative to gross domestic product than any other EU country apart from Greece. That is because the government

ran a primary surplus, meaning it brought in more from taxes than it spent, excluding debt-interest costs. That is set to change under Rome's latest budget, which has penciled in a deficit target of 2.4% of GDP next year.

That sounds pretty bad...

But there are some mitigating factors.

The ECB's ultra-accommodative monetary policies helped lower borrowing costs in Italy, and across the eurozone.

The average yield on Italian debt when it was sold was 0.7% last year, compared with 3.2% in 2011, according to the Italian Treasury. In 2017, the average maturity of Italy's debt stock

was 6.9 years, compared with 6.4 years in 2014 and 5.2 years in 1998 before the euro's creation.

That means Italy doesn't face a funding cliff in the coming months, though it still has a substantial amount of debt to refinance. Nearly €200 billion of Italian bonds come due next year.

Meanwhile, the government's budget-deficit target implies an additional €57 billion of borrowing is needed, according to UniCredit. That means it will have to issue around €260 billion of debt in 2019, €25 billion more than what is expected this year.

Who owns Italy's debt?

Mostly locals. Foreigners hold only around 25% of gov-

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

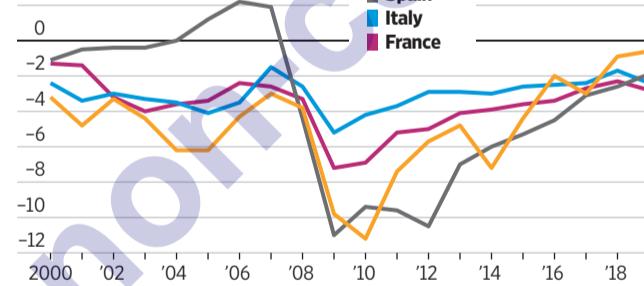
WSJ.com/Heard

Email: heard@wsj.com

Eurozone Spats Unsettle Stocks

Budget Battles

Government budget balance as a percentage of gross domestic product



Note: Figures for 2018 and 2019 are projections.
Source: Eurostat

countries have any actual risk of defaulting as long as the European Central Bank stands behind them.

Public debts rarely come down by slashing government spending: Countries rely on outgrowing them. Italy's budget plans are only a minor transgression that wouldn't breach the EU's 3% deficit rule. They could even give the economy a much-needed fiscal boost.

Right now, European officials seem ready to let slide—as they have many times in the past—overly optimistic deficit projections in the budget of the new Spanish government. Yet in Italy, their instinct is to come down hard on a populist government they dislike, even at the risk of derailing the eurozone's economic recovery, rather than seek to ease discontent through growth-oriented policies.

Global investors have long applied a discount to European equities. As long as eurozone policy makers seem more intent on delivering discipline than prosperity, that looks unlikely to change.

—Jon Sindreu

OVERHEARD

The organizers of the World Economic Forum issued a statement Monday objecting to the use of "the Davos" brand for events that have nothing to do with its own activities."

Appropriating the name of the Alpine town where the WEF holds the most important of its many global meetings doesn't seem to have been an issue in the past. A quick Google search turns up "Davos on the Delta" in Memphis, "Davos of the Hamptons" in the ritzy New York beach enclave and the "Davos of Africa" in Johannesburg, among others.

The sensitivity probably stems from the coming "Davos in the Desert," which is intended as a showcase for a new era of reform in Saudi Arabia. Dozens of executives have canceled their attendance in the wake of the alleged murder of journalist Jamal Khashoggi by people close to the conference's organizer, Mohammed bin Salman.

Trademark infringement is the least of the crown prince's worries.

Bristol-Myers Encounters a Costly Delay

In lung cancer, one of the drug industry's most lucrative and competitive markets, delays can be expensive.

Bristol-Myers Squibb shareholders found out on Monday. The stock dove 6.3% after the company late Friday said the Food and Drug Administration moved back a deadline to rule on a key new drug application from February. Bristol-Myers now expects the regulator to rule on its experimental lung-cancer treatment combination of its drugs Opdivo and Yervoy by next May.

A delay doesn't necessarily reduce the chances of an eventual green light from regulators, but the news is still a clear negative for the stock.

Both medications have been on the market for years to treat various forms of cancer: Wall Street analysts project Opdivo sales will approach \$6.5 billion this year, while Yervoy should top \$1.2 billion. This new application would significantly expand the pool of patients eligible for both. Analysts expect Opdivo and Yervoy sales to reach \$10.3 billion and \$2.2 billion, respectively, by 2023.

Reaching the market later than anticipated makes those projections seem too rosy. Bristol-Myers used to be the unquestioned leader in the field, but rivals such as Merck & Co. and Roche have caught up, scientifically and commercially.

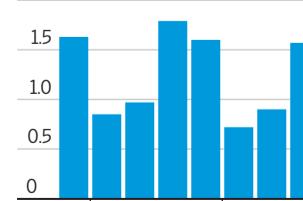
The stock, down 17% so far this year, isn't particularly expensive at about 13 times next year's earnings projections. Unfortunately, the delay means that those expectations will likely come down.

Bristol-Myers is set to report third-quarter results on Thursday. Wall Street expects strong earnings, but the company's near-term outlook has taken a hit. —Charley Grant

Hasbro's Holiday Cheer May Be Delayed by Toys 'R' Us

Monopoly Money

Hasbro's revenue, quarterly



Source: FactSet

while revenue was \$1.57 billion, a 12% decrease from the same quarter last year when it reported revenue of \$1.79 billion. Analysts weren't expecting Hasbro to match

that, but the company missed even their lowered expectations of \$1.71 billion.

Hasbro blamed the decline on the loss of Toys 'R' Us revenue as well as problems meeting the shipping demands of new retailers with different requirements. The disappointment was particularly concentrated in Europe, where sales fell 29%. In the U.S. and Canada, they fell just 7%.

In addition to the loss of their No. 1 customer, Hasbro is struggling to adapt to changing consumer trends: Consumers are increasingly purchasing toys online, and children are opting for electronic games over traditional

toys.

JOURNAL REPORT

WOMEN IN THE WORKPLACE

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THE WALL STREET JOURNAL.

Tuesday, October 23, 2018 | R1



WHAT #METOO HAS TO DO WITH THE Workplace Gender Gap

A new survey from Lean In and McKinsey shows both the pervasiveness of sexual harassment and the persistence of inequality. That isn't a coincidence.

ILLUSTRATION BY JAVIER JAEN

BY VANESSA FUHRMANS

The #MeToo movement has thrown a glaring spotlight on the gender gap in the workplace.

For the past year, a collective national reckoning about the sexual pressure many women encounter on the job has pervaded offices, factory floors and break rooms. Women have come forward with painful secrets, and powerful men have been toppled.

What has been less apparent, though, is how harassment and the gender gap are inextricably linked. In fact, management experts and executives say, harassment can be a direct side effect of a workplace that slighted women on everything from pay to promotions, especially when

the perception is that men run the show and women can't speak up.

Putting more women into executive ranks where they can have a greater collective voice goes hand-in-hand with making workplaces feel safer and more inclusive, says Kat Cole, chief operating officer and president of North America for **Focus Brands** Inc., whose chains include Cinnabon, Jamba Juice and Auntie Anne's.

"You can't separate them," she says. "When women see other women in a position of leadership, it reframes what they think is possible to them."

The fourth annual Women in the Workplace survey from LeanIn.Org and McKinsey & Co. offers a comprehensive look at both the prevalence of harassment and the persistence of workplace inequality. More than a third of women surveyed say they have been harassed

at some point in their careers, and in male-dominated jobs those numbers are even higher. Among women in technical roles, 45% reported experiencing harassment, while 55% of women in senior positions did.

"This is about power," says Rachel Thomas, president of LeanIn.Org, the nonprofit founded by Facebook Inc.'s Sheryl Sandberg to support women in their career ambitions. "And there is still a dramatic power imbalance in the workplace."

While women and men enter the workforce in roughly equal numbers, women fall behind in promotions from the very first step onto the management ladder, the Lean In and McKinsey data show. By the senior-manager level, men outnumber women two to one, and in the C-suite, just 22% are women.

Please turn to the next page

More Online

See more at wsj.com/womenintheworkplace, including:

◆ **Video highlights** of Sheryl Sandberg's remarks at tonight's Women in the Workplace event (available Wednesday).

◆ **A video** that looks at whether women use too many exclamation points in their work email!

◆ **An interactive quiz** on the gender breakdown of employees at different rungs on the corporate ladder.

INSIDE

Women Are Leaning In

Now companies need to lean in, too, writes Sheryl Sandberg

R2



Finding Mentors on the Outside

Women look beyond their firms

R3

The Entrepreneur Pay Gap

Gender disparity starts with funding

R3

A Minority of One

The price of being the only woman in the room at work

R4

The Corporate Ladder of Attrition

Ranks of senior women stall

R5

Strength in Numbers

Making women less isolated

R6



I'm Not Mad—I'm Just Not Using Exclamation Points

R7

Child Care's Link to Opportunity

R8

Women's Flaws Are Magnified

R8

Where the Women CEOs Are

R8

JOURNAL REPORT | WOMEN IN THE WORKPLACE

Women Are Leaning In.

Now Companies Need To Lean In, Too.

BY SHERYL SANDBERG AND RACHEL THOMAS

THERE IS A DISCONNECT in corporate America. Year after year, companies report that they are highly committed to gender diversity. But the proportion of women in their organizations barely budges. For this to change, companies need to treat gender diversity like the business imperative it is.

This is a key finding of the Women in the Workplace 2018 report, the result of a joint, multiyear survey by LeanIn.Org and McKinsey & Co. that we release today. It's the largest study of its kind, with four years of data from 462 companies employing nearly 20 million people.

This year's report shows that women continue to be vastly underrepresented at every level. For women of color, it's even worse. Only about one in five senior leaders is a woman, and just one in twenty-five is a woman of color. Progress isn't just slow—it's stalled.

Women are doing their part.



DAVID PAUL MORRIS/BLOOMBERG NEWS

They've been earning more bachelor's degrees than men for over 30 years. They're asking for promotions and negotiating salaries as often as men. And contrary to conventional wisdom, women are not leaving the workforce at noticeably higher rates to care for children—or for any other reason.

Now companies must do their part, too. That starts with making the business case for diversity, which research shows leads to better performance and more innovation. Then companies need to explain to

employees why making a personal commitment to hire, promote, mentor and support women is good not just for business, but for their own careers. Whether CEO or entry-level employee, the person who can work better with half the population will get better results.

Once companies make the case, they need to follow through by reporting on progress and holding managers and leaders accountable for results. Most companies aren't taking these basic yet critical steps to correct their gender gaps.



LEAN IN

It's a red flag—and a sign of performance bias—that men are far more likely than women to get that first promotion to manager, say Ms. Sandberg and Ms. Thomas (left).

To make progress quickly, companies should focus on the two biggest levers: hiring and promotions. As it stands now, women are disadvantaged from the beginning. It's like they're running a race and men are given a huge head start. At the entry level, when one might expect an equal number of men and women to be hired, men get 54% of jobs, while women get 46%. At the next step, the gap widens. Women are less likely to be hired and promoted into manager-level jobs; for every 100 men promoted to manager, only 79

women are. As a result, men end up holding 62% of manager positions, while women hold only 38%.

The fact that men are far more likely than women to get that first promotion to manager is a red flag. It's highly doubtful that there are significant enough differences in the qualifications of entry-level men and women to explain this degree of disparity. More probably, it's because of performance bias. Research shows that both men and women overestimate men's performance and underestimate women's. This may be par-

ticularly acute for women at the start of their careers, when their track records are shortest—and for women of color, who are up against both gender and racial bias.

By the manager level, women are too far behind to ever catch up. There are significantly fewer women at that level to promote from within and significantly fewer women with the right experience to hire from the outside. Even if companies want to hire more women into senior leadership—and many do—there are simply far fewer of them with the necessary qualifications. The entire race has become rigged because of those unfair advantages at the start.

Companies need to take bold steps to make the race fair. This begins with establishing clear, consistent criteria for hiring and reviews, because when they are based on subjective impressions or preferences, bias creeps in. Companies should train employees so they understand how unconscious bias can affect who's hired and promoted—and who's not. And they should track outcomes to make sure candidates are being treated fairly.

If companies continue to hire and promote women to manager at current rates, the number of women in management will increase by a mere 1 percentage point over the next 10 years. But if companies start hiring and promoting women and men to manager at equal rates, we can nearly close the gender gap in management over the same 10 years. That's a huge opportunity.

In the past, when companies voiced strong commitment to gender diversity, we celebrated. Now we are impatient. The future of women in the workplace hangs in the balance, and good intentions aren't good enough anymore. Women are leaning in. Companies need to lean in, too.

Ms. Sandberg is the chief operating officer of Facebook Inc. and the founder of LeanIn.Org. **Ms. Thomas** is the president of Lean In.

#MeToo And the Gender Gap

Continued from the prior page

The drop-off is even more precipitous for women of color, who get just 4% of the highest-level jobs. Even in industries where women significantly outnumber men, such as health care and retail, men still prevail at the top.

One in five women say they are often the only, or one of the only, women in the room or a meeting—and women commonly in those situations are at greater risk of harassment and more subtle forms of discrimination, the data show. That solitary experience is even more common for those who are senior executives. About 40% say they are often the only woman in the room.

"I joke that I chose a career where there's no line for the bathroom," says Kate Mitchell, co-founder of Scale Venture Partners, a venture-capital firm in the San Francisco Bay Area. Being the only woman on company boards potentially meant less influence on important issues, she found, unless she got creative.

"Decisions get made in the men's room," she says. "Do you follow them into the men's room? Do you put your ear against the wall? Many times, it was easy to hear and so when they came out, I'd just start up the conversation" where they'd left off.

Tackling difficult subjects

Researchers at McKinsey and Lean In this year collected data at nearly 280 companies and surveyed 64,000 of their North American employees in one of the largest efforts ever to gauge the experiences of working women and men. As large as the share of women reporting harassment is, the report's authors caution that the numbers don't fully capture the experience of workers more vulnerable to certain types of misbehavior, such as those in service jobs, because most survey participants were white-collar employees.

Still, there are signs #MeToo is having an effect. Corporate hotlines have lit up since Hollywood mogul Harvey Weinstein became the first of dozens of powerful men to be toppled by harassment allegations last October. Convergent Inc., an ethics- and compliance-software firm that operates reporting hotlines and portals for more than 600 companies worldwide, says the number of harassment reports it took in over the past year jumped 72% from the 12 months before.

The Time's Up Legal Defense Fund, an initiative launched by women in entertainment earlier this year, says it has received more than 3,500 requests for assistance with claims,

most of them from low-income workers.

Meanwhile, harassment claims filed at the Equal Employment Opportunity Commission jumped 12% in the year ending Sept. 30 from the 12 months before.

#MeToo is also driving new efforts at some large companies. Microsoft Corp., Uber Technologies Inc. and Lyft Inc. have scrapped agreements that forced employees to resolve harassment claims in arbitration hearings rather than in open court.

After the departures of two fund managers accused of inappropriate behavior last year, Fidelity Investments created a response committee of Fidelity executives and an outside lawyer to give employees a new avenue to report concerns. Chief Executive Abigail Johnson moved her desk from the executive suite to the floor where key portfolio managers and traders sit.

Some companies say a big part of the solution lies in encouraging frank conversations and examining warning signs before bigger problems emerge.

"Every company has a policy around harassment," says Beth Steinberg, who joined human-resources-tech firm Zenefits as chief people officer last year. "If that were sufficient, then Harvey Weinstein wouldn't have happened."

Zenefits went through its own workplace crisis nearly three years ago when it ran into insurance regulatory problems over its sales practices. In the aftermath, it brought in a new leadership team, laid off hundreds of staff and cracked down on a frat-house work culture by banning alcohol in the office.

More recently, it has periodically conducted an anonymous but detailed employee survey that lets the company discern if certain groups feel less supported than others, or other signs of discontent. Though the survey hasn't specifically asked about harassment, the relative lack of women on tech teams surfaced as an issue in a few comments in last year's initial survey.

One thing managers spotted and changed was that there wasn't always a woman on the job-interview team. That could both discourage female applicants and contribute to biased hiring decisions, Ms. Steinberg says.

Over the next two quarters, the percentage of women in technical roles climbed to 24% from 9%. In the company's Vancouver, British Columbia, office alone, the number of women jumped to nine from three.

The company has also held a series of employee roundtables to discuss hot-button issues including harassment and to role-play various scenarios, such as hearing a co-worker make a disparaging remark about a woman.

To help get the conversation going, Ms. Steinberg told the group how, early in her career at another company, one of the most senior men cornered her in the copy room and groped her breast. Though she told her then-boss, they concluded the man held so much power that she would be better off not pressing the matter.

"I think back on it and still feel humiliated," she says. At Zenefits, "we need to make sure employees know they have a voice."

At Zenefits and other companies, such sessions have turned into forums where men and women talk through anxieties about interacting in a post-#MeToo world. "Some of the renegotiation of social boundaries is messy, and we have to be OK with this," says Jennifer Allyn, diversity-strategy leader at PricewaterhouseCoopers LLP, which has held about a dozen of what it calls "respect in the workplace" discussions at PwC offices around the country since February.

At one discussion, a male partner asked whether he should begin taking a female client he frequently invites

out to dinner to lunch instead to avoid any appearance of impropriety. The group arrived at a consensus: let the client decide.

The takeaway was, "Don't immediately go to, 'Let's not have dinner,'" Ms. Allyn says. Another frequent question: whether hugging a colleague is still all right.

"The more space we make to talk about it—the unintended consequences, the backlash—the less fraught it has to feel," Ms. Allyn says.

Yet the Lean In and McKinsey numbers suggest that there is more work to do. Only a quarter of women say incidents of harassment are rapidly addressed at their companies, compared with almost 40% of men. And nearly a third of women harbor

doubts that reporting harassment to their employers would be helpful, or worry they would be penalized for speaking up—twice the share of men.

The disconnect between men and women extends to how they see efforts to even the gender playing field more broadly. While nearly 60% of men say gender diversity is a high priority at their companies, only 44% of women do. Men are also more likely to worry the diversity focus will make their workplaces less of a meritocracy. In fact, one in seven say they worry that being a man will make it harder for them to advance.

Women, particularly those of color, are less likely than men to say their bosses give them opportunities to grow, or praise their work to others. Substantive face time with senior leaders is a key way both men and women find sponsors who will champion them for promotions, Lean In and McKinsey found, yet fewer women are having those kinds of interactions with higher-ups. That's even more so the case for black women.

Plans for inclusion

In September, American Express Co. began rolling out training for leaders at all levels in the ways that managers can build inclusive teams, particularly for women and minorities that report to them. That could include efforts as small as highlighting a point a woman made in a meeting if someone interrupts her, or, if a colleague repeats her idea without giving her credit, pointing out that she raised it first, says Sonia Cargan, American Express's chief diversity officer. About 1,300 managers at the vice-president level and above will go through the training this year, followed by thousands more midlevel managers in 2019.

At Milwaukee-based Northwestern Mutual Life Insurance Co., part of senior leaders' jobs is to create succession plans for their positions, and each has to include at least one woman and a person with a minority background. That motivates bosses to make sure those candidates get the experience and support they need to be viable potential successors, says Chief Executive John Schlifske. The same applies to him for whenever he eventually departs.

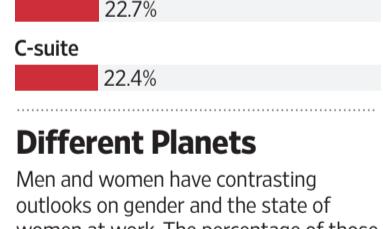
"My board has said that the candidates for my job have to include women, and they do," he says. The push, he says, has helped to boost the percentage of female senior leaders to 41% from 21% five years ago.

In the past, "everything we did was a program, this thing on diversity or this thing on unconscious-bias training," Mr. Schlifske says. "I don't think those are bad, but I just never saw those work if you didn't add something in the workplace that was more day-to-day kind of stuff."

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Different Planets

Men and women have contrasting outlooks on gender and the state of women at work. The percentage of those surveyed who say:



Dissed and Slighted

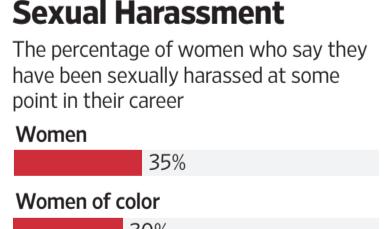
More senior-level women than men say they have experienced the following in the normal course of business.



Note: Senior level = V.P., senior V.P. or C-suite.

Sexual Harassment

The percentage of women who say they have been sexually harassed at some point in their career



Note: Senior level = V.P., senior V.P. or C-suite.

Not-So-Rapid Response

Women are less likely than men to say incidents of harassment are addressed quickly at their companies.



JOURNAL REPORT | WOMEN IN THE WORKPLACE



The Working Women's Club hosts networking events in London and offers online career training.

THE WW CLUB

Women Find Mentors on the Outside

Unable to get the advice they need in the office, they are going to other organizations for help

BY AMBER BURTON

MANY YOUNG WOMEN still in the early years of their careers say they can't get the kind of mentoring they want at the office. So they're leaving the building to find it.

The quest for sage advice about work, life and balancing the two is taking more ambitious, creative women to organizations outside of their human-resources departments, such as OKREAL, which runs mentoring circles in big cities including New York and San Francisco, and the Black Women's Collective, based in Phoenix, which hosts intensive workshops that provide attendees with career coaching.

Phoebe Lovatt, founder of the Working Women's Club, which hosts networking events in London and provides online career training, says she is hearing from a lot of younger women in the digital workforce that they are having a hard time finding mentors of either sex because no one inside their company has done their job before.

"The reality is that a lot of the questions we might have about work are actually not going to be able to be answered by our seniors, as it were, simply because the profes-

Access and Ambition

Women report less access to their company's senior leadership than men do.

All women	All men	White women	Asian women	Latinas	Black women
33%	27%	32%	33%	34%	41%
I never have a substantive interaction with a senior leader about my work					

All women	All men	White women	Asian women	Latinas	Black women
49	40	47	45	54	59
I never have an informal interaction with a senior leader					

There's an overall ambition gap between men and women, though more women of color say they aspire to be a top executive.

All women	All men	White women	Asian women	Latinas	Black women
71%	75%	68%	83%	76%	80%
Do you want to be promoted to the next level?					

All women	All men	White women	Asian women	Latinas	Black women
33	45	29	51	44	38
Do you want to be a top executive?					

Note: Reflects multiple responses.

Source: LeanIn.Org and McKinsey & Co.

Women in the Workplace 2018 survey of 64,000 employees

talk about their changing workplace that doesn't hinge on their specific office or job. Women must apply to attend, and Ms. Fraser handpicks and curates the mentoring circles to consist of seven women whose goals and aspirations mirror one another.

Trisha Goyal, a 25-year-old product developer, was looking for a more tailored system of support and guidance as she tried to advance in her career while also pursuing other passions outside of work. She came upon OKREAL while scrolling through Instagram in 2016.

"We all walked in with similar intentions," Ms. Goyal says, adding that in the office it would have been hard to open up and discuss side projects or the possibility of moving to a new company or industry. "I think the tension for everybody was either trying to figure out what they're truly passionate about and what their next move should be, whether that's career-wise, personally or a side hustle," she says.

Ms. Goyal consulted with her OKREAL circle as she worked through a job change and eventually left her position to work full time on her own business. With Ms. Fraser, she says, she was able to freely talk without being judged and without it leading anywhere.

Like many young women today, Ms. Goyal says she feels the pressure of balancing a growing career with side projects and a busy personal life, not always knowing how each facet of her life should mix.

"I think a lot of women, in general, are pretty afraid to let their guard down because there's so much more expectation—especially now," she says.

Feeling understood

Felicia Davis, 49 years old and the founder of the Black Women's Collective, felt a similar pressure. As a former human-resources executive, she suffered what she described as two stress-induced strokes.

"What was even more disappointing about it was that I had the first stroke and didn't even realize it because I was so busy being busy," says Ms. Davis, who had to relearn how to walk, talk and write after the second stroke. She credits the experience as the catalyst for reclaiming her life—something she wanted to help others do, too.

"I made the commitment that I would teach women not only how to lead on their own terms but do it in a way that honors them from a freedom perspective," she says. For participants, that means walking into her sessions and feeling understood, without having to first explain the lens through which they see the world as black women.

"There's a whole bunch of stuff that I don't have to explain. I don't want to have to give this whole historical, social, cultural background," says Trineka Greer, a public-information officer in higher education who has participated in two of Ms. Davis's intensive workshops.

Over the course of a 30-day workshop, Ms. Greer completed daily exercises, readings and conference calls alongside several other black women who were striving to reach goals that straddled their personal and professional lives. She went into the workshop with the goal of overcoming her impostor syndrome, a psychological challenge often described as feeling undeserving of a position or title despite prior accomplishments.

This kind of mentoring and coaching is more marathon than sprint, she says. "It's for people who are looking for more life-changing and transformative strategies, so they don't end up at the end of their career worn out because they're not able to process or handle all of the challenges that we as black women in particular face in the workforce."

For women who live outside of major cities or don't have time for one-on-one consultations, apps like Building Brave have popped up to provide a digital space for mentoring circles, connecting women across offices and geographies. The second iteration of the app is scheduled to launch in January.

"The more you get away from the urban areas, the less resources that are available," says Mary Burke, Building Brave's founder.

Ms. Burton is a reporter for The Wall Street Journal in New York. Email amber.burton@wsj.com.

A Gender Pay Gap Among Entrepreneurs

Women who start companies often pay themselves less than their male counterparts

BY VANESSA FUHRMANS

PERHAPS NO OTHER career path shows how stubborn the gender pay gap is than founding your own business: Even when women set their own salaries, it is often less than what male entrepreneurs pay themselves.

How much to pay oneself is a question every startup founder wrestles with, especially in the early years. Even with outside financing, cash is in limited supply, and budding entrepreneurs have to weigh how much to plow into building the business and recruiting talent, versus extracting enough of a salary to live on.

But female founders often have less breathing room than male entrepreneurs do. Companies founded by women get substantially less venture money than those founded by men, and female entrepreneurs can face extra pressure not to come across to backers as extravagant.

So, women often end up writing themselves substantially smaller paychecks than their male peers. In an analysis of more than 160 early-stage private companies—or those with less than \$15 million in investor financing—San Francisco compensation-data firm J. Thelander Consulting found the average female founder/chief executive paid herself an annual salary of \$179,444, compared with \$232,659 for her male counterpart.

The study reinforces the findings of a survey of more than 2,500 entrepreneurs by cloud-based accounting-software firm FreshBooks, which found that self-employed women take home an annual median salary of \$56,184, 28% less than male peers. While female founders tend to start

businesses in less-lucrative, nontechnology fields, the FreshBooks data show the gap persists even among founders in the same sectors with about the same number of clients.

A difference in backing

The big reason for the pay discrepancy—venture funding—is a daunting obstacle for female entrepreneurs. Last year, startups with exclusively female founders received \$1.9 billion, or just 2.2%, of the \$85 billion invested by venture capitalists in the U.S. last year, according to PitchBook Data Inc., which tracks venture-capital money. With less money on hand for salaries, the first to tighten the belt at a fledgling startup is often the boss, founders of both sexes say.

But the investment issue can affect founders' salaries in another, subtler way. Many women starting companies are new to the startup game, says Leslie Feinzaig, founder and CEO of the Female Founders Alliance, a network aimed, in part, at helping

It Starts Early

Average compensation for CEO-founders at companies with less than \$15 million in investor financing

CEO total cash compensation, 2018

Women

\$179,444

Men

\$232,659

CEO equity stake

Women

25.8%

Men

42.4%

Source: J. Thelander Consulting survey, January-March 2018

THE WALL STREET JOURNAL



When Mallorie Brodie (left) and Lauren Lake started Bridgit, a construction-project software company, they set their salaries just high enough to meet their basic living expenses.

HANNAH YOUNG FOR THE WALL STREET JOURNAL

women-led startups pitch investors and gain more access to capital. "They have it harder" when they raise money, she says. "They don't have the networks and connections that [more experienced] founders do."

Under those circumstances, women entrepreneurs may feel pressure to show investors they are budget-conscious, says Sarah Sheehan, co-founder of New York-based Bravely, a platform that connects employees with confidential coaches for tough situations at work, from harassment to a strained relationship with a boss.

"The last thing you want is to be viewed as someone who spends extravagantly," she says.

Mina Yoo, founder of the Seattle company Heroclip, says she waited until she had sold 100,000 units before paying herself an annual salary in the "upper-five-digit" range last year. Like a number of women founders she knows, she says, she wanted to prove her success to investors before contemplating a higher salary.

She says she also hesitated because in Seattle's male-dominated tech scene, "I felt like an underdog because I had a nontech product," a multiuse clip with a rotating hook on

which to hang and hold gear.

She says she discovered how little she was paying herself compared with other founders earlier this year, when she collected the salary data of founders of five similar-stage companies. They ranged from \$120,000 to \$250,000 annually. All but one were men, and most didn't have as much revenue as Heroclip, she says.

When she presented the numbers to her board and reminded them what she was making, her directors told her to give herself a raise, she says. Her salary now tops \$100,000, but remains at the low end of that \$120,000-to-\$250,000 range.

Same position, different pay

For some female founders, it can be frustrating to see their male counterparts get more leeway when setting salaries.

Mallorie Brodie says that after she and her co-founder Lauren Lake secured an early angel investment for their Ontario-based construction-project software company Bridgit in 2013, they set their initial annual salaries at \$32,000 Canadian dollars, or about US\$25,000. "It was literally based on, 'What do we need

to pay our rent and eat some food,' basically," she says.

As they gained more accounts and more funding, they gave themselves incremental raises, comparing notes and figures with other startup founders they knew along the way. Ms. Brodie says she noticed that one first-time male founder she regularly checked in with typically reported more funding—and a higher salary—than she and Ms. Lake were getting, despite operating a comparable business-software company.

At the point she and Ms. Lake had raised C\$500,000, for instance, his company had received C\$6 million from investors, she says. Likewise, by the time they had raised their salaries to C\$50,000, he was getting C\$150,000.

"They were at the same stage, same revenue, same everything," says Ms. Brodie, who declines to say what her current salary is. "The key difference was they have been able to raise so much more."

Ms. Fuhrmans is The Wall Street Journal's deputy bureau chief for management in New York. Email vanessa.fuhrmans@wsj.com.

JOURNAL REPORT | WOMEN IN THE WORKPLACE

BY LAUREN WEBER

THIS SUMMER, Sarika Garg led a delegation of colleagues from her firm, the supply-chain software company **Tradeshift**, to negotiate a deal with a large potential partner. The 25 or so attendees, most of them from the other company, traded small talk for about 15 minutes before the meeting began.

During that time, Ms. Garg, one of the few women of color in the room, was mostly ignored, she says.

"Everyone in the room assumed that the tallest, whitest person was the most powerful," a presumption she thinks persisted until she made introductions and began leading the session, says Ms. Garg, the chief strategy officer at Tradeshift.

Tokenism lingers

Nearly 20% of all women say they regularly experience being the only woman or one of the few women in work settings, according to LeanIn.Org and McKinsey & Co.'s Women

On an Island

How men and women say they feel when they're the only one of their gender in the room at work

Closely watched

WOMEN 22%

MEN 8%

That your actions reflect on people like you

22%

7%

Left out

25%

10%

On guard

31%

11%

Under pressure to perform

38%

10%

Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2018 survey of 64,000 men and women

THE WALL STREET JOURNAL.

in the Workplace 2018 report. Only 7% of men report the same.

"We're seeing signs of a one-and-done mind-set, and still seeing signs of tokenism," says Rachel Thomas, president of LeanIn.org, referring to companies talking the talk on diversity yet feeling they have accomplished their goals if they have hired or promoted a single person of an underrepresented group.

Women who are regularly in an extreme minority at work are at higher risk for sexual harassment, less likely to trust their company's commitment to fairness and respect, and more likely to want to leave their jobs, the Lean In and McKinsey survey found.

They also experience frequent microaggressions—subtle and usually unintentional acts that signal inequality or disrespect, the survey found. Women of color are even more likely to have these experiences, with black women being most at risk.

In her 40-odd years as a litigator, and frequently the only African-American woman in a courtroom or negotiation, Paulette Brown says she has been mistaken for a defendant, a juror, a court reporter and a flight attendant. During the decade she served on the labor and employment law section of the New Jersey State Bar Association, members sometimes mistook her for a server at meetings and tried to give her their dinner orders.

"It just leaves you shaking your head," says Ms. Brown, a senior partner at the law firm



especially where the culture is focused on results and where they can develop relationships with mentors regardless of their gender.

But only "often know they're being

Some women describe feeling excluded and conspicuous at the same time.

scrutinized, so every aspect of what they bring to the workplace becomes carefully regulated to compensate for the idea that they don't belong in that workplace and don't fit into the norms of the workplace," says Adia Harvey Wingfield, a sociologist at Washington University in St. Louis who researches the work experience of people she refers to as tokens, or those who are in a visible minority in their jobs.

"There's a sense that they have to be much more vigilant about appearance, speech, interactions," she says. "Every component of who they are and how they represent themselves in the workplace takes on heightened significance."

Such awareness becomes "a secondary tier of work" on top of the actual requirements of a job, says Dr. Wingfield. "We're talking about people who are essentially doing two jobs at once."

"I can have a point of view, but it better be astute, it better be sharp, it better be strong," says Ms. Lofton. "There are so many things you have to pay attention to in how you deliver your message."

Yet she has been called out in the past for being too aggressive, she says, even as male counterparts who strongly defend their opinions are described as powerful go-getters and leaders.

Even more fraught than team meetings and board confabs, say many women, are the quasi-professional social events, from company picnics to client dinners, that many jobs require. At formal work meetings, participants have clear roles and understand the rules of professional behavior. But in social settings, people often let their instincts take over.

Julia Stead, the vice president of marketing at marketing-software company Invoca, recently attended a dinner in a wood-paneled dining room with about a dozen male executives. During dinner, talk turned to the days around a child's birth as the men commiserated about their wives' long labors and spending uncomfortable nights sleeping in hospital rooms.

"It was like they didn't realize there was a woman among them," says Ms. Stead, who had given birth about a year earlier. She interjected, joking that her baby "just walked out in 30 seconds," she says. "It was enough to jolt them into realizing I was a woman who had actually done the work of having a baby."

'Separate world'

"My gut is that they know they need to treat women equally in a business setting, but there's still this separate world of men socializing, and they got caught up in that boys' club mentality," she says.

Ms. Lofton remembers giving herself pep talks as she drove to after-work events where she would be socializing with mostly white male executives, strategizing about who she would talk to, what topics to bring up and recent sports games she could reference.

"You learn to find the one thing you have in common with someone and create a bond," she says.

The message of these moments, say many women, can sometimes come across as a subtle implication that "you don't belong here." Fighting that off, they say, requires confidence and a certain amount of brio. "It drives me," says Ms. Garg. "It's a challenge to rise to. It's like, 'Game on.'"

Ms. Weber is a Wall Street Journal reporter in New York. She can be reached at lauren.weber@wsj.com.

The High Price Of Being a Minority of One

Women—and especially women of color—are most at risk for a host of difficulties at work

Locke Lord LLP and a former president of the American Bar Association. Have we made any progress? "It still happens," Ms. Brown says. "It happens on a regular basis. A lot of times people just don't even see you."

That sense of invisibility pervades the work experiences of people who find themselves the only one of their race or gender in a room. Paradoxi-

cally, they describe feeling conspicuous at the same time, excluded but also closely watched.

"In so many scenarios, I've felt invisible, not as valued as my white male counterparts. On the converse side, do I also feel like I'm under a microscope? All the time," says Adrienne Lofton, an African-American marketing executive who recently left her role as senior vice president of global brand management at athletic-wear maker **Under Armour**, and will join Nike in 2019 as a vice president of marketing.

To be sure, some women say they can thrive in predominantly male environments, es-

pecially when the culture is focused on results and where they can develop relationships with mentors regardless of their gender.

Even more fraught than team meetings and board confabs, say many women, are the quasi-professional social events, from company picnics to client dinners, that many jobs require. At formal work meetings, participants have clear roles and understand the rules of professional behavior.

But only "often know they're being

Some women describe feeling excluded and conspicuous at the same time.

A Chasm for Women of Color

Black and Hispanic women lag far behind their white peers

BY LAUREN WEBER

FOR MILLIONS OF women of color in the workforce, the pay gap is more like a chasm.

The Census Bureau reported recently that in 2017, a full-time working woman earned 80.5 cents for every dollar a man earned, a ratio that has only improved slightly in the last 20 years.

But that top-line number obscures even more sobering data: black and Hispanic women are far behind their white peers in approaching parity with white men.

In 2017, white women who worked full time posted median annual earnings of \$42,975, almost 20% below white men's median wage of \$53,512, or about 80.3 cents to their male counterparts' dollar.

Black women earned 68.6 cents for every dollar that a white man earned, while Hispanic women earned 59.8 cents.

Asian women came closest to filling the gap, earning 96 cents for every dollar a white man earned, largely due to higher levels of education than female counterparts of other races.

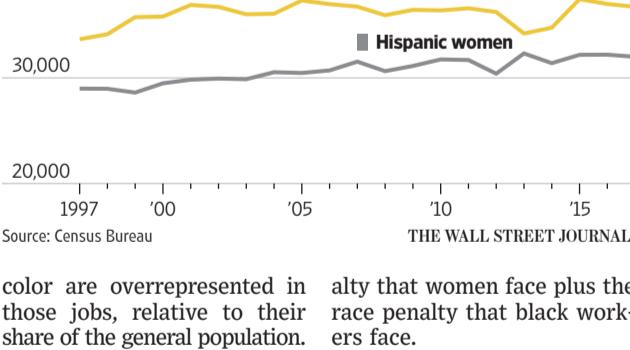
Economists typically compare the wages of women of color to those of white men rather than to men of their own race, since white men's earnings are assumed to be free from the distortions of discrimination and so best reflect the value of education and skills in the labor market.

Many factors help to explain race and gender pay gaps. Some, like occupational choices, are neutral on their face but may be affected by gender stereotypes as women choose or are funneled into, for example, low-paying service or caregiving jobs. Women of

Pay Gaps

Median annual earnings for full-time, year-round workers in 2017 dollars

\$60,000



color are overrepresented in those jobs, relative to their share of the general population.

In low-wage occupations with many female workers, such as nursing aides, "the wage growth is very poor and there's not much advancement," said Heidi Hartmann, president of the Institute for Women's Policy Research. "You might not get any raise unless the minimum wage increases. The fact that the national minimum wage hasn't gone up is definitely holding down wages for women of color more than white women."

Factors such as discrimination are harder to measure. Researchers are beginning to look at how race and gender interact to create effects that reach beyond the sum of the effects of each individual difference.

In a paper released this summer, four economists analyzed federal earnings data and controlled for factors such as education, region and occupation. They examined whether, after accounting for those explainable components, black women's remaining wage gap was equal to the gender pen-

alty that women face plus the race penalty that black workers face.

They found instead that black women's wages showed a higher penalty than the sum of the isolated race and gender effects. That penalty, the authors argue, may constitute discrimination.

"Neither gender nor race operates in a vacuum in our economy," says Darrick Hamilton, an author of the paper and a professor of economics and urban policy at the New School in New York. "One needs a nuanced understanding that captures the context of how gender and race intersect in a way that inhibits the ability of black women to acquire fair wages."

Take the example of a law firm, he says. A black woman might have less access to or be excluded from social settings where client relationships are cemented and deals are made, such as country clubs, golf courses, strip clubs or bars, leaving them more isolated than black men or white men and women. "In an occupation based on social networks, that kind of thing impacts wages," says Mr. Hamilton.

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WOMEN IN THE WORKPLACE

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JOURNAL REPORT | WOMEN IN THE WORKPLACE

A Corporate Ladder of Attrition for Women

Despite vocal support from companies, the ranks of women in upper management are stagnant

BY TE-PING CHEN

MORE COMPANIES than ever are pledging support for women's advancement, rolling out hiring goals and training and mentorship programs. And yet progress has continued to stall, with the ranks of women in upper management staying stagnant.

According to data from the LeanIn.Org and McKinsey & Co.'s Women in the Workplace 2018 report, women make up 48% of entry-level workers, and there's a corporate ladder of attrition that shows female representation plunging at manager and vice president levels. Moving just one rung up the ladder, to manager, the share of women has already dropped to 38%, while women's representation falls to 23% by the senior vice president level.

It is a stark gender divide that is apparent across many sectors: In industries from asset management to energy to software, at the C-suite level there are more than four men for every woman. The falloff is especially precipitous for industries like transportation and logistics, where women make up 57% of entry-level workers, but just 14% of the C-suite.

Since "Lean In," Sheryl Sandberg's book on women and leadership, was published in 2013, there has been an "explosion of interest in gender" and related programs from companies, says Robin Ely, a professor of organizational behavior at Harvard Business School. But one problem, she says, is that the programs are frequently designed to reward a small pool of already high performers. Others, she says, focus on raising consciousness, which is "fine but doesn't change anything."

'It's really hard'

At large companies, 89% of people polled say their employers have gender-diversity programs, according to a 2017 Boston Consulting Group survey. But only 27% of women surveyed say they have benefited.

"Part of the reason this is a struggle for most companies is because it's actually really hard," says Jen Hayes, an Atlanta-based partner at consulting group Bain & Co. "Everyone has these programs now. But the level of quality is variable at best."

Anna Beninger, senior director at Catalyst, which studies women in the workplace, says it's crucial to change the mindset of men to make sure they're on board with these efforts.

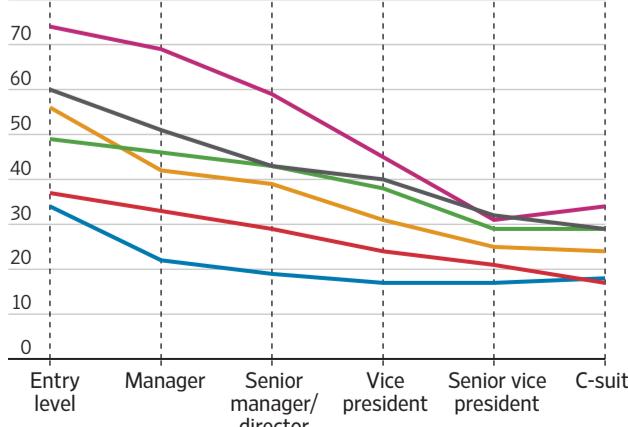
"Women have been talking to women about these issues for decades, and we still have

Ms. Chen is a reporter for The Wall Street Journal in Philadelphia. Email her at te-ping.chen@wsj.com.
John Simons, a Journal reporter in London, contributed to this article.

Shrinking Share

No matter how many women start out in a sector, their numbers are far lower at senior levels.

Women's share of employment at each level of selected industries



Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2018 study of 279 companies

just 5% of CEOs who are women," she says, adding that men need to be sponsors of women and actively support their advancement. "From a cultural standpoint, that takes a lot more time."

Success stories

Some women say they have definitely gotten a career boost from the programs meant to propel women into executive-level careers. At Bristol-Myers Squibb, a new talent accelerator last year paired a dozen women and minorities with C-suite mentors, part of an effort to help them move more quickly into roles of significant authority.

Katrin Rupalla was a clinical research manager based in Shanghai when she received hours of coaching from her mentor as she sought a promotion. He gave her guidance on how to sharpen her plan for what the first 90 days in the prospective role would entail and urged her to meet with key people in other business units.

The advice, she says, helped her win the job heading Bristol-Myers's regulatory unit for oncology.

Anna Khanova says that during her 25-year career she has participated in many programs designed to boost women into executive ranks at Siemens AG, Royal Philips and her current employer in North Carolina, industrial manufacturer Ingersoll

Rand PLC. She credits that training and mentorship with helping her get to where she is today—global-services leader for a division specializing in compressed air and gas systems.

Since 2012 Ingersoll-Rand has asked female participants in its training to tackle projects solving real-life business challenges within the organization. The idea is to give them visibility with existing executive leaders so they can be better known and advocated for, says Lisa Gary, chief learning officer. The program has graduated 140 women, including Ms. Khanova, and a third of them received promotions.

The program "helped me build visibility and exposure that perhaps wouldn't otherwise have happened," says Ms. Khanova, who was paired with an Ingersoll-Rand mentor in 2014. She now mentors other women.

In most cases, research shows that mentors who just offer advice and help build confidence aren't enough. Companies must ensure that women have sponsors who make it a personal goal to actively advocate for their female employee during key personnel decisions. Many programs tend to emphasize mentoring, because fostering sponsor relationships is harder and can take more time.

In an effort to forge those relationships, Bain has paired hundreds of women with sponsors since 2014, something the firm partly credits with doubling the number of women it has at the manager level or higher.

Experts say those efforts can take a good deal of work, because people have to be well-matched and the sponsor

must be invested and believe in the other person enough to publicly endorse them for greater opportunities.

Sponsors are especially important given that women can suffer from low visibility in organizations. According to the Lean In and McKinsey survey data, 49% of women say they never have informal interactions with senior leaders, compared with 40% of men.

Accountability is crucial, experts say. TD Bank this year started creating quarterly scorecards for all the chief executive's direct reports to quantify their success in hiring and retaining women and minorities. Kelley Cornish, chief diversity officer for TD Bank, says interest in women's ad-



Anna Khanova (in red) leads an Ingersoll-Rand meeting aimed at boosting women managers.

vancement programs is the highest she has ever seen.

"It started as a conversation, and now it's a movement," she says.

Intel, similarly, ties 7% of all

employees' annual performance bonuses to progress toward achieving the company's goal of "full representation" of women and minorities by 2020. Given the market avail-

ability of workers it hires, full representation means a workforce that is 27% female, according to Intel, which says it is on track to achieve that goal by the end of the year.



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JOURNAL REPORT | WOMEN IN THE WORKPLACE

Let's Say No to 'Onliness'

There are practical ways for companies to harness the power of strength in numbers for women

BY KEVIN SNEADER AND LAREINA YEE

CHANCES ARE, most people have experienced an "only" moment. Ours included being the only Jewish kid in the class as "The Merchant of Venice" was being discussed and plans for Christmas reviewed, and being the only woman and person of color in a room full of older men and about to tell the group that they needed to shift their strategy.

All of these experiences brought with them anxiety, pressure, and a sense of being on the spot: if we said or did the wrong thing, stereotypes would get reinforced or prejudices confirmed. Other people, we recognize, experience far worse.

For women, being an "only" in the workplace is endemic.

Twenty percent of the women in our latest research on Women in the Workplace said they were commonly the only person of their gender in the room, or one of very few. The figure is far higher in some sectors such as technology and engineering. For women of color, that number rose to nearly 45%. For men, it was just 7%.

These statistics, from a study of 64,000 employees and 279 companies in North America, are a sobering gauge of how frustratingly slow progress is toward gender equality in most companies. In the past five years, the proportion of white-collar women joining companies has risen steadily to reach near parity with men. But female representation still diminishes along the corporate pipeline, and in the C-suite it is stuck at one in five.

The more encouraging news is that those same statistics point to a potentially forceful way to break through: Say no to "onliness."

Many women are commonly the only person of their gender in the room.

We know women are more likely to experience discrimination in the workplace than men. But the study shows the odds are higher still when women find themselves alone in a group of men. They are far more likely than others to have their judgment questioned than women working in a more balanced environment (49% versus 32%), to be mistaken for someone more junior (35% versus 15%), and to be subjected to unprofessional and demeaning remarks (24% versus 14%). If they are treated like this, no wonder they get overlooked for promotion.

Banishing onliness does not replace the goal of gender parity in the C-suite, nor the need for a more complex strategy to achieve it. But our research suggests it is will diminish some of the barriers that hold women back. Importantly, it is also a relatively simple goal toward which visible progress can start today with a few practical measures. For example:

- ◆ Recognize that one is not enough. Forty-five percent of all men and 28% of women in the survey reported that if one in 10 leaders is a woman, that means women are relatively well represented. These beliefs clash with the experiences of the onliness—suggesting how important it is to shift those perceptions. Two women is the bare minimum; better yet, many more.

- ◆ Build critical mass instead of spreading women leaders too thinly. Leadership teams, project teams, agile squads and many other groupings of people are being formed all the time. Our research strongly suggests that it is preferable to assemble teams comprising several women, rather than try to place one woman on every team. A higher concentration of women in some groups could, in the beginning, strip others of any women at all. This is far from ideal but it does at least signal the aspiration and underscore the continued need to boost the number of women across the organization.

- ◆ Review processes for making promotions and filling vacancies. If the proportion of women at entry level has risen and if, as our research consistently indicates, women leave their companies at the same rate as men, then there must be a growing proportion of experienced women building up in the pipeline. Find them, help them advance, and enlist them in the effort to overcome onliness.

- ◆ Use the CEO transition period. In separate research, our McKinsey colleagues found that more than two-thirds of chief executives replace at least half of the members of their top teams within two years of taking office. These moments of change represent a great opportunity to address the "only" problem, but too often it becomes an opportunity forgone: The proportion of women in management in the senior

teams that new CEOs reshuffled increased by only 2 percentage points, to 14%.

A word of caution. We do not want to suggest women onlys never succeed. On the contrary, plenty do. And plenty feel supported in their work and ambition. That said, the research shows they are more likely to contemplate leaving their jobs (26%) than other women (17%) and employees overall (19%).

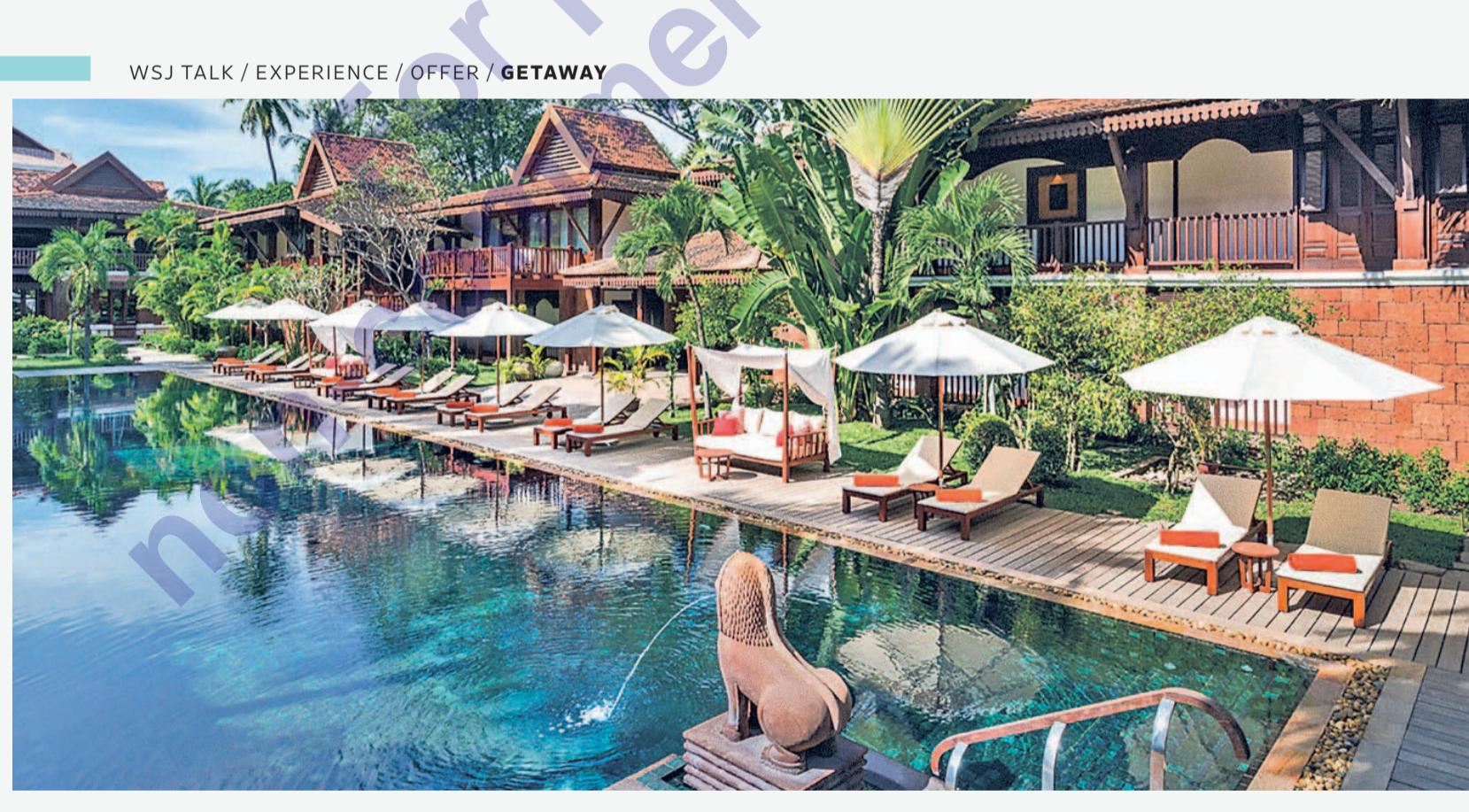
And our research reveals how to bring the "only" population into line with others in terms of job satisfaction and intent to leave. Sponsors who give them stretch assignments, highlight their good work to others and advocate on their behalf for new opportunities move the needle most. Middle managers are naturally positioned to be the first line of change.

This speaks to the importance of making a compelling case for gender

McKinsey's Kevin Sneader and Lareina Yee write that companies can reduce 'onliness' by clustering women on teams and improving the promotion process, among other steps.



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JOURNAL REPORT | WOMEN IN THE WORKPLACE

I'm Not Mad. I'm Just Not Using Exclamation Points.

BY NIKKI WALLER

A YOUNG EMPLOYEE on my team hit three big goals in one afternoon last month. "Wow," I, her boss, wrote. "Well done. Really great work."

Did I really think so? And, without a "Wow!!!" or a "Great job!!" did she feel that she in fact did a great job?

Exclamation points aren't just an accepted part of business these days, they're expected. The emotional fabric softener of workplace interactions, they brighten the tone of exchanges and round the edges of tough requests. They also take up a lot of head space for their users. Few topics elicit more passionate debate than how, why or when to use that perky punctuation—or what it means when someone leaves them out.

Just ask women bosses, for whom routine emails can become complex calculations about warmth, likability and authority. Better to conclude an email with "Thanks!?" Or will "Thanks." suffice? No human is that excited in real life, but it can be easier to write "Looking forward to getting that spreadsheet!" rather than risk sounding cold or unfriendly.

Cold turkey

As a boss and a journalist who has covered workplace and management issues, I'd often wondered what life might be like without exclamation points. So in September, I cut them out, going on a self-imposed fast from Labor Day until Oct. 1.

It was not a complete success!

Finding new ways to convey enthusiasm and warmth in email took time and resulted in some cringeworthy workarounds. My emails on one early-September day concluded variously with "Thanks, Kim," "Thx," "THANKS" and, once, heartbreakingly, "Grazie x1000." Ellipses were deployed...suggesting I could not tidily complete a thought.... I tried using Gmail's gumdrop-shaped emoji; did I want my professional aura to be an afable gumdrop?

Expected enthusiasm

I told some co-workers about the fasting plan—one was writing an article for the Journal's front page about our collective addiction to exclamation-point use. Another said she put several in a recent email, worrying that she wouldn't sound positive enough to the recipient. She asked me, "Why do we overthink?"

The answer: Because we have to. Male bosses who write in blunt, terse prose aren't noticed much. Plenty of management research has shown, though, that women bosses tread a thin line. Too few softeners like exclamation points, and they're viewed as hard and unfeeling; too many, and they lack gravitas.

"Most of us are reading and rereading what we type to ensure we're expressing the right tone," says Amy Bohutinsky, the chief operating officer of digital real-estate company Zillow Group and a booster of exclamation points—in moderation. She limits herself to one or two per paragraph of email. "That feels authentic for me," she says.

Not using exclamation points felt somewhat less than authentic for me. I'm enthusiastic by nature, and when some long-running projects hit rough patches during the month, I suspected warmer, more chirpy messages would have lightened up some requests. Then again, I liked not having to apologize for asking people to get things done. When a new manager joined a team that works closely with mine, I worried my pleasant though clipped emails gave the impression that I was clinically depressed or at best in need of coffee.

A couple of other women joined me in going exclamation-free and learned quickly what employees expect of women bosses.

Feedback was immediate for one, a communications executive at a large San Francisco tech company. "Good job. You managed that well," she

wrote to one staffer who had deftly handled a tricky matter. The woman's instant reply: "Are you mad at me?"

When the executive told another direct report about the punctuation fast, that person said, "You think you're one of those people who's so positive that they have to give up exclamation points?" Ouch.

Perhaps her male colleagues wondered, but only women admitted to feeling discomfited by her tone, a reaction that echoes the work of Georgetown University linguist Deborah Tannen. Ms. Tannen has found that women (and men)

expect emphasis and enthusiasm from other women, frequently in the form of exclamations or all-caps type.

Going without felt great, even freeing, at times. I stopped short of boss email—immediate, terse replies lacking context or punctuation, usually sent to underlings—but it was nice to be just another manager, making sure work gets done.

Maybe it even made me a better manager. I ended emails with questions for recipients to make clear I was interested



MIKE JASO

in them, and I cheated with exclamations in disguise ("What would we do without you?").

For the new staffer on my team, sending kudos without exclamation points prompted me to walk to her desk and praise her work—hardly revolutionary, but effective. Other

times, I ditched email for that classic-but-ignored piece of office technology, the telephone.

Still, I was nagged by the sense that my tone was off-putting, despite my workarounds. That came into sharp relief at midmonth when our babysitter nearly quit, thinking she was

about to be fired. "It was the exclamation points!" I hissed to my husband after a long clear-the-air meeting.

Life got easier when October arrived. Replying to emails with "Thanks!" was sweet relief. And so long as email dominates our work communication, I'll deploy a "Great!" or "Way to go!" as needed, because tone matters. Leaders can deflate or empower someone in a sentence or two. As Ms. Bohutinsky notes, the best leaders are clear communicators. "For women, being clued into that is a leadership asset."

Ms. Waller is The Wall Street Journal's editor of live journalism and special content. Email her at nikki.waller@wsj.com.

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JOURNAL REPORT | WOMEN IN THE WORKPLACE

Child Care's Impact on Women's Opportunities

BY RACHEL FEINTZEIG

THE TYPICAL American family has increased its child-care spending for an infant by 70% since 1995, according to the U.S. Education Department. Child-care costs ballooned to a total of \$4.9 billion in 2016, which is bad news for women, who tend to shoulder more child-care-related responsibilities and housework than their male partners. Economists say mothers are more likely than fathers to drop down to part-time work or leave the labor force altogether when child care gets pricey.

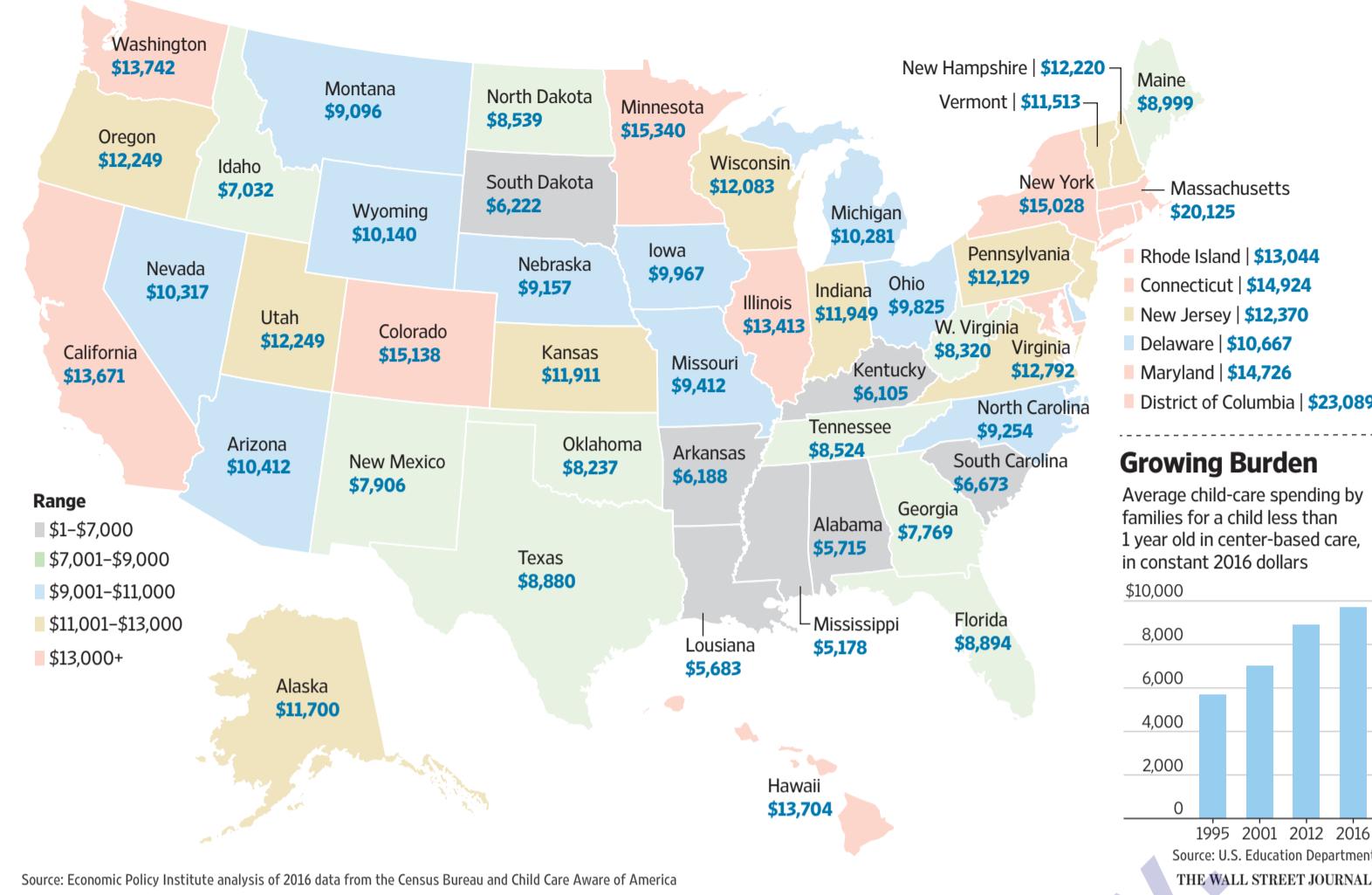
"It just limits their choices," says Elise Gould, senior economist at the Economic Policy Institute, adding that women tend to make less money than their male partners, which can push them to be the ones to opt out.

U.S. data show that women tend to be less likely to work than men, and are also more likely to seek out part-time options. Last year, 57% of women age 16 and older were employed or looking for work, compared with 69% of men. Some 20% of women worked part time voluntarily, while 9.1% of men did.

When asked to cite their reasons for working part time, women were much more likely than men to identify child-care problems and family issues, according to government data.

Ms. Feintzeig is a Wall Street Journal reporter in New York. Email rachel.feintzeig@wsj.com.

State by State | The average annual cost of care for an infant in child-care centers



Source: Economic Policy Institute analysis of 2016 data from the Census Bureau and Child Care Aware of America



The Industry With the Most Female CEOs

Women run five of the S&P 500 companies that keep the lights and heat on

BY LYNN COOK

MEN STILL DOMINATE the oil patch, but women have carved out their own turf in the energy business: Utilities have more female chief executives than any other sector in the S&P 500.

From Lynn Good, the longtime chief of Charlotte, N.C.-based Duke Energy Corp., to Geisha Williams, the new head of PG&E Corp. in San Francisco—and the first Latina CEO in the history of the Fortune 500—companies that provide electricity and natural gas to the public have a record of putting women in the corner office. Nearly 20% of the utilities in the S&P 500 are run by women.

That the utility sector has so many women in charge today is a testament to how it prioritized female executive development years ago, says Jane Stevenson, head of the CEO succession practice at executive-recruitment firm Korn/Ferry.

"You can't just find these women and their next move is CEO," she says. Women, like men, need to be part of a company's operations and rotate through profit-and-loss centers of the business to really understand it.

Patricia Poppe, an industrial engineer who is chief executive of CMS Energy Corp. in Michigan, now knows the power business inside and out. She joined the utility world as a power-plant director, coming from General Motors Co., where she worked for Mary Barra managing auto plants in Michigan, Ohio and California.

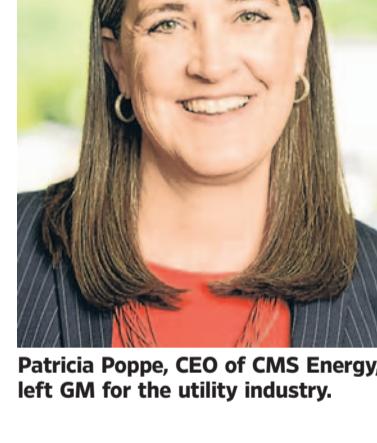
When GM tapped her to move to South Korea to manage a plant there, Ms. Poppe realized that her twin girls would go into third grade and enter their fifth school, which worried her. A chance meeting with an old friend and co-worker from GM who had made the leap to the power sector compelled her to make the switch, too.

"His sales pitch was 'You'll have a better life,' " she says. "I worked for GM for 15 years and we were moving every 18 months. That's why I left. It was a great company and a pivotal time. But we took the option to come home and settle down."

At the time, Ms. Poppe says, she didn't think it was a brilliant career move, but about 18 months into the job people at the utility started to talk to her about the possibility of becoming CEO. "Honestly, I had no idea my career would accelerate the way it did," she says. "I had worked for them six years when I was named CEO, but the whole time I was being rotated into key positions in the company to prepare me."

Many women who aspire to the highest rank find themselves siolated too early in their careers, Ms. Stevenson says. In contrast, Ms. Poppe had roles in operations, including lateral moves, as well as stints in regulatory jobs and customer service, which are key in the business of providing heat and electricity to the public. That kind of varied experience between finance and operations also helped women like Constance Lau, CEO of Hawaiian Electric, and Patricia Kampling, CEO of Alliant Energy Corp., based in Madison, Wis., rise to the top office at their utilities.

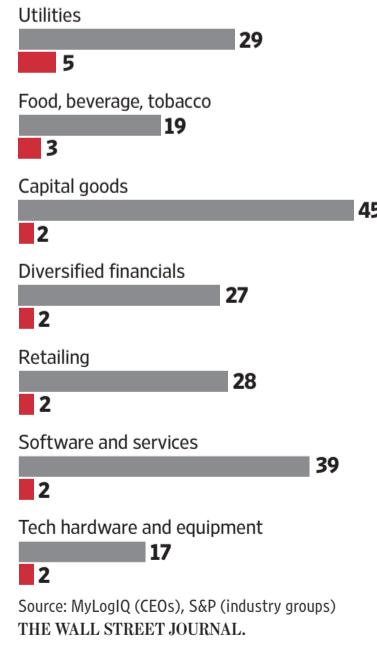
At a recent meeting of power-company chiefs, Ms. Poppe says, people laughed when they realized "there are more Patricias around this table than Toms."



Patricia Poppe, CEO of CMS Energy, left GM for the utility industry.

Power Play

Industries in the S&P 500 that have more than one woman CEO



Women Have Little Room for Error

One mistake can stall a woman manager's career, while men's missteps tend to get minimized

BY JOANN S. LUBLIN

MANY WOMEN in management still struggle to move ahead. But a key reason for this widely discussed problem rarely gets discussed: Women's workplace weaknesses are overplayed or punished excessively, while men's shortcomings often are ignored, according to executive coaches, management consultants and academic researchers.

"If women make one mistake, their career growth gets stalled," says Joelle Emerson, chief executive of Paradigm, a diversity and inclusion-strategy consultancy that has advised hundreds of U.S. companies. "Men are able to make multiple mistakes and not suffer career consequences."

Harsher treatment of women's serious mistakes may hurt their careers, recent research shows. Physician referrals to female surgeons plunged 54% following the death of a patient but didn't drop for male surgeons, according to a 2017 Harvard working paper based on Medicare data covering 9,140 surgeons.

One female surgeon's fatal outcome also generated fewer referrals to all women in her specialty. Male surgeons avoided such broad punishment because "men appear to be treated as individuals," the paper said.

"The way we interpret people's performance is going to be influenced by gender," says study author Heather Sarsons, a postdoctoral fellow at the University of Toronto's Rotman School of Management.

In corporate settings, experts blame men's and women's tendency to be more critical of women's performance on a pervasive "double bind." Women who act in stereotypically feminine ways, such as collaborating, aren't viewed as strong leaders. But highly assertive women risk a backlash for not acting feminine enough.

As a result, women often have to choose between being liked and being considered competent. Female CEOs

who dominate office conversations, for instance, were seen as less suited for their role than talkative male counterparts, according to a study by Victoria Brescoll, an associate professor at Yale School of Management. Participants in the study read an article about a fictitious talkative or quiet chief, then rated his or her competency.

The Goldilocks problem Lisa Mann, a veteran food-industry executive, says she has faced the double-bind dilemma multiple times in the past 10 years—even though her business results exceeded expectations during that period.

"I was criticized whichever way I went, no matter how strong or how soft," Ms. Mann remembers. "I felt like Goldilocks."

Soon after Ms. Mann gained her first executive post, for instance, her supervisor said she was too nice be-

cause she ended staff meetings by asking, "What can I do to help you?"

A few years later, another boss castigated Ms. Mann for not collaborating enough with senior executives. "Men's different styles are more readily accepted," says Ms. Mann, who now owns Think Marketing Advisors, a brand-consulting firm. "It's an unconscious bias."

Robin J. Ely, a Harvard University professor of business administration, noticed a similar pattern when she visited a biotech think tank in 2016. Female research scientists there said their ideas were shot down quickly if they lacked evidence to support a tiny aspect of their argument. Yet male scientists with flawed arguments would be allowed to salvage their overall points. The women feared making mistakes "because it's held against you," Dr. Ely says. So they offered promising ideas only privately.

Some executive women cope with critiques they perceive as unfair by enlisting the help of powerful male allies in the company.

Several years ago, a West Coast investment banker took command of her employer's Los Angeles office. Its profits improved after she took steps that improved associates' morale, such as hosting celebratory lunches for work anniversaries, she says. But her boss's boss disliked that approach, attacking her for focusing more on collegiality than on sales, she adds.

"You are so Kumbaya," he told her, alluding to the popular folk song in a derogatory tone. She says she also heard that he bad-mouthed her morale-building efforts behind her back.

"No woman would have ever been supported in our firm with [this] kind of behavior," the investment banker recalls. "I almost quit."

Instead, she says she calmly raised her concerns with the firm's CEO and his fellow executive committee members whom she knew well. The all-male committee later accepted her recommendation to retain a coach for her boss's boss, who now has a global role in the company. Coaching helped the executive. This summer, he put the investment banker on his new strategic-planning committee.

More scrutiny Women in the corner office frequently faced greater scrutiny than men earlier in their careers, a 2017 study by Korn/Ferry International found. The executive recruitment firm analyzed 57 female leaders of big public and privately held companies.

Most were "challenge junkies," says study co-author Jane Stevenson, who is vice chair of Korn/Ferry's board and CEO services. They recognized their gender put them under a tougher lens, but focused on how to make it work.

Female chiefs aren't immune from unjustified potshots, but wield enough clout to curb them. In 2013, tech-industry executive Melissa Dyrdahl took command of startup Ella Health Inc. Ms. Dyrdahl says a man on her inherited management team disdained her industry inexperience and negotiated a partnership without her approval. She fired him for being disrespectful.

Ms. Lublin is former management news editor at The Wall Street Journal in New York. Reach her at joann.lublin@wsj.com.