

THE WALL STREET JOURNAL.

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★★★★ \$4.00

DJIA 26651.21 ▲ 192.90 0.7%

NASDAQ 8037.30 ▼ 0.1%

STOXX 600 383.94 ▲ 0.2%

10-YR. TREAS. ▼ 6/32, yield 3.078%

OIL \$75.30 ▲ \$2.05

GOLD \$1,187.10 ▼ \$4.40

EURO \$1.1578 YEN 113.93

What's News

Business & Finance

GE ousted CEO Flannery After just 14 months in the job as it said it would miss profit and cash-flow goals for 2018. Ex-Danaher chief Culp will now run the firm. **A1, A6**

◆ **Pfizer's Read plans** to step aside as CEO and will hand the reins to Bourla, the drugmaker's operating chief. **B1**

◆ **About 83% of U.S.-listed IPOs** in 2018's first three quarters involved firms that lost money in the 12 months leading up to their debuts. **A1**

◆ **The Dow and the S&P 500** rose 0.7% and 0.4%, respectively, on the deal to revise Nafta. The Nasdaq fell 0.1%. **B1**

◆ **U.S. stocks are trading** at their highest premiums to international shares in years. **B1**

◆ **U.S. crude prices rose** to their first multiyear high in more than three months. **B1**

◆ **Activity in the U.S.** manufacturing sector decelerated in September. **A2**

◆ **Texas hospital giants** Baylor Scott & White and Memorial Hermann announced plans to merge. **B1**

◆ **Musk's decision** to settle an SEC probe reduces the chance that criminal prosecutors will go after him, observers say. **B3**

◆ **Google's ad chief** is leaving, in a rare shake-up at the search giant's highest echelons. **B4**

◆ **Facebook executive** Mosseri was named as the new head of Instagram. **B4**

◆ **Federal regulators are** proposing to free up a broad swath of underused airwaves for Wi-Fi and broadband. **A2**

◆ **Activist investor Legion** disclosed a stake in pizza chain Papa John's. **B10**

World-Wide

◆ **Trump touted** the completion of a new North American trade pact as his administration turned its focus on getting the deal through a divided Congress and toward even larger economic feuds with China. **A1, A8**

◆ **The agreement**, which was welcomed by U.S. farmers and agribusiness, also spares U.S. auto makers from costly tariffs. Canada's Trudeau moved to sell the accord in his country, as political rivals said he capitulated. **A8, A9**

◆ **Senior Republicans** said they wouldn't restrict who the FBI could question in its inquiry into allegations against Kavanaugh, but said they planned to begin floor votes this week on his confirmation. **A1**

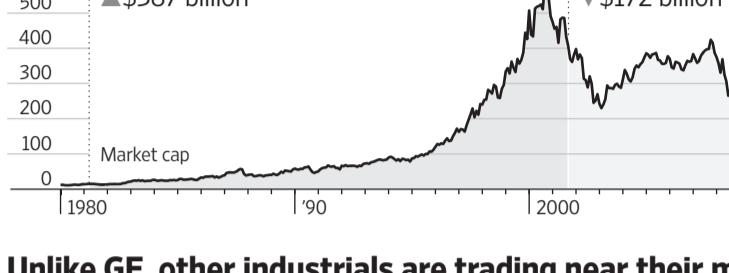
President Trump said that he wanted a "comprehensive" inquiry by the Federal Bureau of Investigation, although he also made clear on Monday he

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desired quick action by the agency. Senate Majority Leader Mitch McConnell (R., Ky.) said the Senate would begin voting this week on Judge Kavanaugh, meaning not much time would elapse between the end of the FBI's investigation and such votes.

Republicans fended off criticism that they were rushing through a cursory probe and took pains to say that while they had limited it to "current and credible" allegations against Judge Kavanaugh, they never told the FBI which individuals to question. The FBI has already begun talking to several witnesses connected to allegations from college professor Christine Blasey Ford, according to their attorneys.

GE has lost nearly \$300 billion in market value under two CEOs.



Unlike GE, other industrials are trading near their market cap peaks.

	Current market cap	Peak market cap
GE	\$105.1	\$594.1 billion
Boeing	219.6	219.6
Honeywell	123.6	124.3
United Technologies	112.7	113.7
Caterpillar	90.5	102.1

In the last year alone, GE shares have dropped by half.

June 12, 2017 Jeff Immelt says he will step down as CEO



RICHARD DREW/ASSOCIATED PRESS

Sources: Thomson Reuters (Market cap); S&P, staff reports (stock, annotations); FactSet (current, peak market cap)

GOP Leaders Agree to Give FBI Latitude

By Natalie Andrews
Peter Nicholas
and Kristina Peterson

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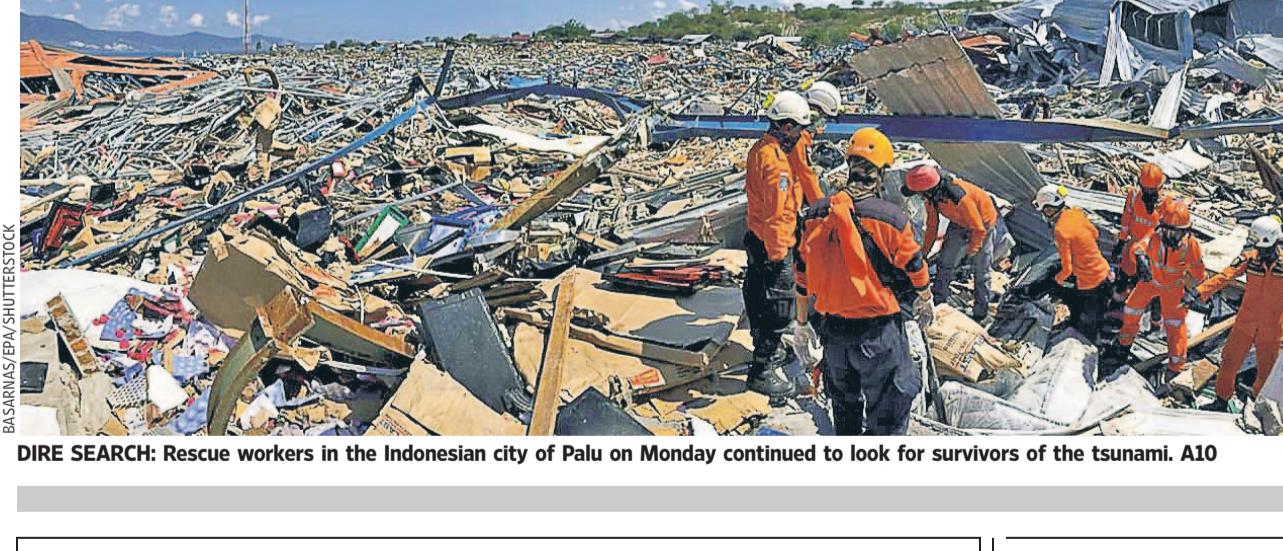
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"We didn't give them any list," said Senate Majority Whip John Cornyn (R., Texas) said. "The agreement was to [look into] current and credible allegations."

Mr. Trump said he is open to dropping his support for Judge Kavanaugh depending on the outcome of the FBI probe. "I'm waiting, just like you," he said. "Certainly if they find something I'm going

Please turn to page A4

Sweep of Devastation Unfolds Days After Tsunami Struck



DIRE SEARCH: Rescue workers in the Indonesian city of Palu on Monday continued to look for survivors of the tsunami. **A10**

Would-Be Steaks Escape Manhattan for Farm Haven

Animals that dodge city butcher win life in a lush sanctuary

By ZOLAN KANNO-YOUNGS

WATKINS GLEN, N.Y.—On a verdant compound in upstate New York, some 800 fugitives while away their days, basking in the sun while a 24-hour staff caters to their needs.

They're escapees from city slaughterhouses. On one grassy spot stands young Frank Lee, a steer who fled through the streets of Brooklyn in April 2016. Still a bull at the

time, he raced alongside cars on a street in Queens, passing school buses and storefronts until he found his way to York College. There he knocked a man over as students taking cellphone video turned him briefly into an internet sensation. City police ended his 20-minute freedom run with lassos and tranquilizers.

Frank Lee bucked free from the back of a delivery truck chauffeuring him to his doom at a small abattoir in Brooklyn in April 2016. Still a bull at the

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The jailbreak gained him a golden ticket to the 275-acre

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INSIDE



SCHOOL LUNCHES GET COMPETITIVE

LIFE & ARTS, A14

Trade Pact Soothes Investors, Businesses

By JOSH ZUMBRUN
AND SIOBHAN HUGHES

WASHINGTON—Investors greeted the completion of a new North American trade pact with relief Monday, lifting most indexes, as the Trump administration turned its focus on getting the deal through a divided Congress and toward even larger economic feuds with China.

Uncertainty about trade has been a worry of businesses and investors for months, after Mr. Trump began advancing an ambitious agenda that included a new North American Free Trade Agreement, tariffs on U.S. metals imports and a rewrite of U.S. economic ties with China.

The new U.S.-Mexico-Canada Agreement, which will replace Nafta, alleviated some, if not all, of those concerns. Among other things, it allows auto makers and other multinational companies to keep intact the complex and costly supply chains built across the continent since Nafta was completed in 1994.

It also won new concessions for U.S. farmers and created new rules for digital commerce across the continent.

General Motors Co. applauded the accord, saying it has long supported efforts to modernize the trilateral accord. "This agreement is vital to the success of the North American auto industry," the auto maker said.

"This gives some sign that [President] Trump is at some point willing to agree to some new trade deals," said Jeroen Blokland, a multiasset portfolio manager at Dutch asset manager Robeco.

At a White House ceremony Monday, Mr. Trump touted the deal as a big win for U.S. workers. Among other things, it requires that duty-free cars produced in North America have at least 75% of their content

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Deal's Scorecard

- ◆ Trudeau looks to sell trade pact at home..... A8
- ◆ With accord sealed, U.S. pivots to China..... A8
- ◆ Detroit is big winner in agreement..... A9

No Profit, No Problem In Hot IPO Market

By CORRIE DRIEBUSCH
AND MAUREEN FARRELL

Stock investors are welcoming money-losing companies into the public markets this year with open arms.

About 83% of U.S.-listed initial public offerings in 2018's first three quarters involve companies that lost money in the 12 months leading up to their debut, according to data compiled by University of Florida finance professor Jay Ritter. That is the highest proportion on record, according to Mr. Ritter, an IPO expert whose data goes back to 1980.

Some analysts and market watchers are concerned. They see similarities with the dot-com bubble of nearly two decades ago that left many investors with enormous losses. The prior high-water mark for money-losing companies going public was 2000, when 81% of stock-market debutantes were unprofitable, according to Mr. Ritter's data.

Kevin Landis, chief investment officer of tech-focused Firsthand Capital Management, said he is wary of money rushing into unprofitable companies. "The lesson from 2000 is don't chase what everyone else is chasing," he said.

There are differences from back then. By one measure, the Please turn to page A2

U.S. NEWS

Factory Activity Slowed Last Month

By SHARON NUNN

WASHINGTON—Activity in the U.S. manufacturing sector decelerated in September yet remained elevated, but analysts think the industry could be reaching a peak.

The Institute for Supply Management on Monday said its manufacturing index fell to 59.8 in September from 61.3 in August, the highest level since May 2004. Numbers above 50 indicate activity is expanding across the manufacturing sector, while numbers below 50 signal contraction.

While key sectors, including sales of factory-made products, production and employment continued to grow, Tim Fiore, who oversees the ISM survey of factory purchasing and supply managers, said there are signs the manufacturing sector could be peaking.

"We're an early indicator.... You'd see a decline in new orders, [and] the second thing you'd see is suppliers relax, and that's kind of where we're at," Mr. Fiore said.

ISM's new orders gauge and its supplier delivery in-

dex both declined. Substantial gains that are sustained are unlikely, according to Ian Shepherdson, chief economist at Pantheon Macroeconomics.

Other indicators of the manufacturing sector's health have faltered. In August, data from the Philadelphia Fed's manufacturing survey hit its lowest reading in 21 months. Meanwhile, the latest Empire State manufacturing index fell in September.

The Federal Reserve's recent interest-rate increases could also affect the sector

because tighter financial conditions could impede demand. The stronger dollar could hinder demand if U.S.-made products get progressively more expensive to foreign buyers.

Still, economists expect manufacturing output to continue to expand at a healthy pace in the coming months, consistent with strong economic growth. On Friday, forecasting firm Macroeconomic Advisers predicted gross domestic product would increase 3.4% in the third quarter, down from stronger

growth in the second quarter, but significantly above quarterly growth seen in recent years.

Housing-market data has presented a similar signal. Home inventory has finally started to climb after months of declines related to short supply, but despite this growth, home sales still stalled in August. This has led many economists to believe the housing sector has peaked for this business cycle and might not add to economic growth the way it had in previous years.

U.S. WATCH

POLITICS

Candidate's Accuser Drops Allegations

A woman who had accused Democratic U.S. House candidate Gil Cisneros of California of sexual harassment withdrew her allegations Monday, with both sides citing a misunderstanding.

Melissa Fazli, a Democrat who ran unsuccessfully for the California state Assembly this year, said Mr. Cisneros apologized for not reaching out sooner and that both sides agreed to drop the issue after a meeting mediated by a local community leader.

"It was a huge misunderstanding," Ms. Fazli said in an interview Monday.

Spokesman Nic Jordan said the Cisneros campaign also removed its interim campaign manager, Orrin Evans, saying Mr. Evans had for months urged Mr. Cisneros to deny Ms. Fazli's allegations rather than open a dialogue.

Ms. Fazli alleged she had asked Mr. Cisneros for a campaign donation at a San Diego hotel on Feb. 24. She alleged that Mr. Cisneros appeared intoxicated and "out of the blue" asked if they should go back to her room. Mr. Cisneros's campaign denied her allegations. Both sides declined to comment further.

—Kristina Peterson

CHICAGO

Police Cite Fewer Homicides, Shootings

Police say there have been 102 fewer homicides and nearly 500 fewer shooting victims in Chicago this year compared with the first nine months of 2017.

The department said in a news release Monday that the drop continues a nearly two-year trend. The department said the

falling numbers are largely a result of the expanded use of high-tech crime-fighting tools and the hiring of hundreds of new officers.

The totals for September were particularly encouraging: 42 homicides, compared with 60 in September 2017, and 260 shooting victims, compared with 328 in the previous September.

For the first nine months of 2018, there have been 418 homicides, compared with 520 for the period in 2017. The number of shooting victims fell to 2,299 from 2,796.

—Associated Press

MISSOURI

Locations of 1,259 Sex Offenders Unknown

Police don't know the whereabouts of nearly 1,300 registered sex offenders in Missouri, including hundreds who fall into the most dangerous category, according to a state audit.

Missouri law requires convicted sex offenders to register their names, addresses and other information with county law enforcement, most often the sheriff's department. The Missouri State Highway Patrol maintains a publicly available database. Offenders must keep their information updated and notify law enforcement when they move.

The report released Monday by state Auditor Nicole Galloway says 1,259 sex offenders are unaccounted for—about 8% of the nearly 16,000 registered sex offenders in Missouri—and it blames inadequate enforcement of the registration requirement at the local level.

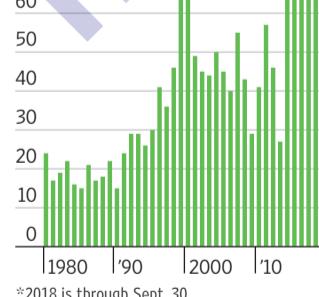
In 14 counties and the city of St. Louis, the whereabouts of more than 10% of sex offenders is unknown.

—Associated Press

Boom Mentality

Investors are snapping up IPO shares despite losses at many offering firms.

Share of U.S.-listed IPOs that lost money in the 12 months leading up to their offerings*



*2018 is through Sept. 30.

Sources: Jay Ritter (share of IPOs); Dealogic (deal value)

Las Vegas Remembers Shooting Victims



ONE YEAR LATER: Fifty-eight crosses, one representing each victim in last year's mass shooting at a Las Vegas music festival, lined a walkway in the city Monday. More than 800 people were injured.

FCC Plans To Free Up Airwaves For Wi-Fi

By JOHN D. MCKINNON AND DREW FITZGERALD

WASHINGTON—Federal regulators are proposing to free up a broad swath of underused airwaves for Wi-Fi and broadband, as part of their efforts to deploy next-generation 5G wireless technology around the U.S., officials said.

The move will open up airwaves now used by a range of industries including communications companies, utilities and broadcasters for unlicensed uses such as Wi-Fi, to help alleviate the growing wireless traffic crunch.

The proposed changes are a part of the government's broader plan to foster more shared uses of the nation's increasingly crowded airwaves.

The proposal—to be voted on by the Federal Communications Commission this month—would encourage more unlicensed radio traffic, easing the burden on licensed spectrum traditionally used by big carriers such as Verizon Communications Inc. and AT&T Inc., an FCC official said.

The proposal is part of an effort to deploy next-generation 5G wireless technology.

The move would improve download speeds for the next generation of Wi-Fi devices and improve conditions for wireless internet-service providers. Their service, often called "fixed wireless," can provide broadband access to an area's homes and businesses through radio waves rather than cables. It is viewed as a potential solution for hard-to-serve rural areas that often lack sufficient broadband access.

The airwaves being freed up are used in certain areas for cellphone towers to link back to the internet and for public safety radio channels. The plan would let more companies share the road with those users, the official said.

Other users in this chunk of airwaves include mobile users such as broadcast news services. Officials also are developing new standards to allow some low-power uses, such as indoor Wi-Fi, to use these airwaves without interfering with the existing users.

The FCC's move will likely please technology companies and device makers that have grumbled about the broad swaths of spectrum the agency plans to auction off.

Cellphone companies tend to dominate those auctions by spending hundreds of millions of dollars apiece for frequencies that they can reserve for their customers.

The first of two auctions scheduled to start Nov. 14 will sell off more high-frequency spectrum that companies such as Verizon are already using to beam broadband service into homes and businesses as an alternative to cable.

The commission is also laying the groundwork to let wireless companies use airwaves currently reserved for satellite companies.

Wi-Fi service, meanwhile, has become so popular that service is degraded in many crowded areas, such as airports or shopping malls. The new spectrum would allow newer phones, laptops and other devices to use a third chunk of spectrum from about 5.9 GHz to 7.1 GHz, relieving pressure on two existing ranges.

In an interview, FCC Chairman Ajit Pai on Monday said he hopes the plan to open up such a vast amount of spectrum for unlicensed uses will help people make even more use of Wi-Fi and potentially lead to new apps and services.

It also could lead to more opportunities for fixed wireless service, which he says is "increasingly critical" to promoting broadband service for rural communities on the wrong side of the so-called digital divide.

Losses Don't Stop IPO Buyers

Continued from Page One current class of technology IPOs is in a bit better shape than that of the dot-com era: In 2000, just 14% of tech companies listing shares in the U.S. were profitable, compared with 19% so far this year, according to Mr. Ritter's data.

And the warm welcome today is being extended to more than just money-losing internet and tech companies. A surge in biotech offerings has pushed up the current tally of newly traded companies without earnings.

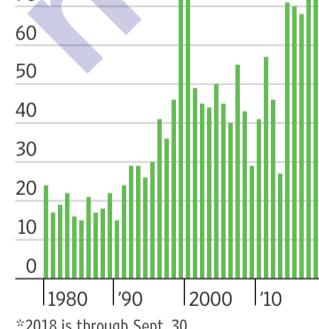
Investors' tolerance for red ink has been rewarded so far in 2018. Stocks of money-losing companies listing in the U.S. soared 36% on average from their IPO price through Thursday. That is better than the 32% return for IPO stocks with earnings and the 9% gain for the S&P 500 index.

The euphoria has powered a

Boom Mentality

Investors are snapping up IPO shares despite losses at many offering firms.

Share of U.S.-listed IPOs that lost money in the 12 months leading up to their offerings*



*2018 is through Sept. 30.

Sources: Jay Ritter (share of IPOs); Dealogic (deal value)

few pot companies listed in the U.S. soared more than 800% since its Nasdaq debut this summer.

Meanwhile, biotechnology company Solid Biosciences Inc., which hadn't yet generated revenue—let alone earnings—informed the market ahead of its January IPO that one of its clinical trials was put on hold. Investors ignored that potential red flag and the company raised \$144 million. Its stock has nearly tripled since then.

Helping explain investors' hearty appetite is that, even with the uptick in IPO volume, the number of public companies overall has been in historic decline and many of the hottest startups of recent years, such as Uber Technologies Inc. and Airbnb Inc., are staying private longer. As a result, there has been a feeding frenzy around companies that do go public, as many of them have outsize growth prospects.

Mr. Ritter's figures exclude companies that don't list on major exchanges, real-estate investment trusts, and blank-check companies, which typically use the money raised in an offering to acquire assets.

Many of the companies

with negative earnings that listed shares during the dot-com era, such as internet-services provider Genuity Inc. and Viasystems Group Inc., a maker of circuit boards, didn't live up to their promise; both companies filed for bankruptcy protection in 2002.

Mr. Landis of Firsthand Capital Management said some companies may be more eager to go public without earnings rather than wait until they have small profits—and a lopsided price-to-earnings ratio, something he refers to as the valley of death.

Not all IPO stocks have fared well lately. ADT Inc., which priced well below the middle of its initial target range in January, fell 12% in its first day of trading and now the security company's shares are down more than 30%.

Among big money-losing companies to go public in recent years is Snap Inc. The Snapchat parent's stock, which made its debut early last year, is down by roughly half from its IPO price as growth has disappointed investors and it suffered an exodus of key executives.

"The problem with young growth companies where investors have built in really optimistic assumptions is if the company doesn't deliver, it can get revalued in a heartbeat," Mr. Ritter said.

For now, investor fear of missing out on a rally is trumping such concerns, as major stock indexes trade near records.

Zander Lurie, chief executive of SurveyMonkey's parent, said investors were likely willing to overlook the company's net losses because it has strong cash flow. Profitability for the 19-year-old company is still likely several years away, he said in an interview.

CORRECTIONS & AMPLIFICATIONS

Bart Melek is head of commodity strategy at TD Securities. A Markets article Monday about copper incorrectly said TD Ameritrade.

In late May, the Commerce Department said gross domestic product, a broad measure of goods and services produced across the

U.S., rose at a 2.2% seasonally and inflation-adjusted annual rate in the first quarter. A June 15 World News article about Germany's economic growth incorrectly said the U.S. economy in the first quarter expanded by 2.3%, which was the unrevised number first reported in late April.

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

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U.S. NEWS

Research on Cancer Wins Nobel Prize

The Nobel Prize in Physiology or Medicine was awarded to James P. Allison and Tasaku Honjo for discoveries that led to a new way to treat cancer by targeting the body's immune system rather than the tumor.

By Amy Dockser Marcus, Peter Loftus and Joanna Sugden

The work of Drs. Allison and Honjo formed the backbone of new generations of blockbuster cancer immunotherapy drugs that are transforming treatment of some of the most intractable cancers. Though not all patients respond, these drugs can have a

Food and Drug Administration approved Yervoy in 2011 to treat the deadly skin cancer melanoma. The drug generated global sales of \$1.2 billion for Bristol-Myers in 2017.

A similar concept was the basis behind the next wave of drugs, targeting a protein called programmed death receptor 1, or PD-1, which also acts as a brake on immune-system cells. Dr. Honjo, a professor at the department of immunology and genomic medicine at Kyoto University, realized that PD-1 brakes immune-system cells in a different manner from other so-called checkpoints.

He felt that an antibody to PD-1 might complement the CTLA-4 inhibitors, and perhaps have fewer side effects, according to a presentation of the Nobel-winning work at the ceremony in Stockholm. The FDA began approving PD-1 inhibitors in 2014, including Merck & Co.'s Keytruda and Bristol-Myers' Opdivo. Drugs targeting PD-1 have been approved to treat a range of tumors.

Keytruda is the drug that former U.S. President Carter said in 2015 he received to treat melanoma that had spread to other parts of his body. After treatment, Mr. Carter said imaging scans showed no signs of cancer.

Dr. Honjo said at a news conference at Kyoto University that he was "extremely honored" to receive the award. Dr. Honjo, who has received multiple awards in Japan, said that he appreciated the value of his work when recovering patients thank him for developing the treatment.

He said cancer treatment was still a "work in progress" and predicted that by the end of this century, cures would be found for patients not helped by current therapies.

At a news conference in New York City after he won, Dr. Allison said that while he has a personal family history with cancer, "I did not get into this to cure cancer." He described himself as a basic scientist, focused on understanding the mechanism of the immune system. "I wanted to know how T cells worked," he said.

◆ New literary prize steps in for the Nobel.....A13

U.S. NEWS

A Political Test for Court Nominee—and U.S.

**CAPITAL JOURNAL**

By Gerald F. Seib

President Dwight Eisenhower was presented with a sudden and unexpected opening on the Supreme Court in 1953, when Chief Justice Fred Vinson died. To fill the slot,

he nominated a thoroughly political man with no prior judicial experience: Earl Warren, the governor of California and a former Republican presidential candidate.

Mr. Warren was confirmed by a voice vote in the Senate and joined a court heavy with similarly political figures. It contained at that point three former U.S. senators and two

justices who had served as attorney general for the president who appointed him.

The precedent is relevant today because of the roaring controversy over the nomination of Judge Brett Kavanaugh to the Supreme Court, which hangs in the balance this week. That nomination was put into peril initially by charges that Mr. Kavanaugh sexually assaulted a young woman when both were teens.

But after one of the most dramatic days of Senate testimony in recent times last week, the nomination now also is clouded by charges that Mr. Kavanaugh, in emotionally defending himself, showed that he is both too political in background and lacking the kind of even-tempered demeanor expected of judges.

The sexual-assault accusation is being sorted out—at least to some extent—by the Federal Bureau of Investigation. Yet the other assertions are, in some ways, harder to resolve, because they go to a broader question without a

clear answer: What kind of person does the country want as a Supreme Court justice?

The political question is particularly tricky. In the past, a political background was considered fine, perhaps even desirable. Today, it is seen as a questionable attribute.

Senators from both parties proclaim they want fair and impartial figures who bring no political agenda to the court. In fact, that is somewhere between misleading and a lie; both sides actually want predictable judges, not impartial ones.

Republicans and conservatives expect their nominees to defend conservative programs and ideas. Indeed, that expectation formed the entire basis for the support many conservatives gave Donald Trump in the 2016 presidential campaign.

Similarly, liberal Democrats want liberal judges, and they expect Democratic senators to do everything in their power to block conservative

appointments. That forms a large part of the pitch some Democratic activists are making to turn out supporters in key Senate races this fall.

These expectations are rational considering the questions the country now expects the Supreme Court to decide. A deeply polarized political system can't bring

Judges aren't quite as divorced from the messy world of politics as it might seem.

itself to fully resolve burning social questions—abortion, same-sex marriage, gun rights—so it relies on the courts to do the job.

The drawing of congressional districts has become so blatantly political the only way to reverse the process is to look to the courts. And, of course, the country turned to the Supreme Court to settle

the 2000 presidential election. If the political part of the system worked better, the court wouldn't have to do so much.

It's no surprise the nomination and confirmation of Supreme Court justices have become more partisan and divisive. Yet within this trend lies a ticking time bomb: Relying on unelected figures who don't answer to voters to resolve the most emotionally charged social issues strains the democratic process.

Partly because of such pressures, presidents these days are more likely to pick justices who have experience as judges.

Certainly that makes today's justices less political than some of their predecessors. But the image is a bit misleading, because judges aren't quite as divorced from the messy world of politics as it might seem.

Justice Elena Kagan, for example, worked in the Clinton White House, not only in the counsel's office but in the domestic policy shop. Justice

Clarence Thomas worked for a Republican senator and had two jobs in the Reagan administration.

Into this picture walks Mr. Kavanaugh. Though it was less discussed initially, his political background always was one reason his nomination engendered such passionate Democratic opposition. He worked for independent counsel Ken Starr in investigating President Bill Clinton and his inner circle; he was part of the legal team for President George W. Bush fighting out that 2000 election controversy in Florida; later he was a top White House aide to Mr. Bush.

Mr. Kavanaugh himself, though, did the most to draw attention to his background by angrily proclaiming during his testimony that the opposition to him was a "political hit," born in part of "revenge on behalf of the Clintons."

Now, that passage is returning to haunt him. In the sorting out, perhaps the country can finally decide how much politics it wants in a judicial background.

Justices Hear Case On Frog's Habitat

BY JESS BRAVIN AND BRENT KENDALL

WASHINGTON—An eight-member Supreme Court returned from its summer break on Monday with a case pitting an endangered species against a logging company, immediately demonstrating the pivotal role that Judge Brett Kavanaugh would play if confirmed.

Liberal justices said Congress had intended broad efforts to save endangered species. Conservatives said government shouldn't impose costs on private landowners.

The case involves, the government says, "one of the most imperiled species" in the U.S., the dusky gopher frog, which once ranged across Alabama, Louisiana and Mississippi. As its habitat was destroyed by development, the species had dwindled by 2001 to a known population of about 100 in a single pond in the De Soto National Forest.

The three-inch-long adults spend most of their lives in underground burrows and tree stumps but breed in isolated "ephemeral ponds." In an effort to save the wart-covered brown, black and gray spotted frog, known for its snore-like song, the U.S. Fish and Wildlife Service designated 11 sites totaling 4,900 acres in Mississippi as critical habitat.

Monday's case involved a 12th site—a Weyerhaeuser Co. property in St. Tammany Parish, La., where the frog was last seen in 1965. The wildlife service determined the 1,500-acre parcel was "restorable with reasonable effort" to support the amphibian if a population were transported there.

Weyerhaeuser objected, saying the label would interfere with plans to develop the property for residential and commercial use and would reduce its value by millions of dollars.

The company's lawyer, Timothy Bishop, told the justices the property's current tree canopy and ground cover weren't conducive to the frog's survival.

Justice Elena Kagan leapt to the frog's defense.

"To my mind, it is a counterintuitive result that the statute would prefer extinction of the species to the designation of an area which requires only certain reasonable improvements in order to support the species," she said.

Justice Samuel Alito disagreed.

"Now this case is going to be spun—we've already heard questions along this line—as a choice between whether the dusky gopher frog is going to become extinct or not. That's not the choice at all," he said. "The question is, Who is going to have to pay, and who should pay, for the preservation of this public good?"

If the justices divide evenly, the lower-court ruling for the government would stand.



The Supreme Court's new session opened Monday, with one seat unfilled, while the FBI investigation is under way.

Kavanaugh's comments before the Senate Judiciary Committee last week that have drawn increasing amounts of attention—his youthful drinking, specifically whether he was truthful in describing how much he drank. Taking questions after an event about a new trade deal, Mr. Trump heaped praise on Judge Kavanaugh, commending him for conceding that he at times drank too much. "I was sur-

prised at how vocal he was about the fact that he likes beer and he's had a little bit of difficulty."

Mr. Trump went on to say that he doesn't drink and "can honestly say I've never had a beer in my life." He added, "Can you imagine, if I had, what a mess I'd be? I'd be the world's worst."

For the White House and Senate GOP leaders, the goal of the FBI investigation is to

address the concerns of the critical group of undecided GOP senators who said they needed more information before they could support Judge Kavanaugh. Republican Sens. Jeff Flake of Arizona, Susan Collins of Maine and Lisa Murkowski of Alaska have all

said the FBI should be free to follow the investigation where it goes this week.

Mr. Flake said he was in discussions with Senate colleagues and the White House counsel's office about the investigation.

"We certainly want the FBI to do a real investigation and we are working to make sure that that happens," Mr. Flake told an audience in Boston.

Judge Kavanaugh has categorically denied the specific allegation made by Dr. Ford. He has said that while he occasionally drank too many beers, he never blacked out from drinking. It wasn't clear Monday whether the FBI would speak to a third woman, Julie Swetnick, who said she attended parties in the early 1980s at which Judge Kavanaugh would "spike" the punch and "target" women, grabbing them without their consent. Judge Kavanaugh has denied Ms. Swetnick's claims.

The debate over whether Judge Kavanaugh was truthful about his drinking habits in his testimony intensified Monday, as additional classmates said the nominee had drunk more than he claimed.

On Sunday, Chad Ludington, a classmate of Judge Kavanaugh's at Yale, said in a statement to several news out-

lets that he had witnessed Judge Kavanaugh "staggering from alcohol consumption" and that he was "often belligerent and aggressive" when drunk, even starting a fight that ended with a mutual friend going to jail.

The White House released statements from two other Yale classmates, who said they never saw Judge Kavanaugh black out from drinking or be aggressively while drunk.

The FBI hasn't spoken to Dr. Ford, who first brought the allegations.

One person close to Judge Kavanaugh said the judge is frustrated with the current situation but hopeful he will be clearly vindicated by the FBI probe. "He's not happy about the process," this person said. "But in a way, he's heartened by the fact that there will be a conclusion that will hopefully clear his name."

Late Monday, Harvard Law School told students that Judge Kavanaugh wouldn't be teaching there next semester, according to an email viewed by The Wall Street Journal. He had taught at Harvard Law since 2008.

Today, Judge Kavanaugh indicated that he can no longer commit to teaching his course in January Term 2019," Catherine Claypoole, the school's dean for academic and faculty affairs, wrote in the email.

While Mr. Flake and the other undecided GOP senators have said they won't vote for Judge Kavanaugh until the FBI has completed its report, Mr. McConnell could still take a procedural step this week to pave the way for a quicker Senate vote once the bureau is done with its work.

Jennifer Levitz,

Andrew Duehren

and Aruna Viswanatha

contributed to this article.

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U.S. NEWS

For First Time, GE Turns to an Outsider

By KIMBERLY CHIN

General Electric Co.'s new chief executive becomes the first outsider to run the company in its 126-year history.

In naming H. Lawrence Culp Jr. to the post Monday, GE brought in a leader who ran what some investors saw as a model industrial conglomerate.

Mr. Culp spent roughly 15 years at the helm of **Danaher** Corp., a company with business units that include medical diagnostic equipment, dental appliances, product-identification gear and water-treatment equipment.

During his tenure atop Danaher, total shareholder return was 465%, compared with about 105% for the S&P 500 during the same period. Also

in that period, the company's market value grew from \$20 billion to \$50 billion.

Mr. Culp led Danaher through several major acquisitions, including the 2011 purchase of **Beckman Coulter** Inc., a medical-diagnostic-equipment company, for \$6.8 billion.

Mr. Culp, 55 years old, stepped down from the company in 2015, to pursue other interests. At the time, he cited a growing attraction to education and fishing.

Though far smaller than GE, Danaher under Mr. Culp was frequently cited as a model of what a successful conglomerate might be: a tightly focused portfolio of businesses with clear overlapping interests.

Toward the end of Mr.



T. ROWE PRICE GROUP/REUTERS

H. Lawrence 'Larry' Culp

- ◆ Named chief executive of General Electric on Monday

- ◆ Became a member of GE's board in April and was named lead director in June

- ◆ Served as CEO and president of Danaher Corp. from 2000-2014

- ◆ Joined Danaher in 1990 and

held various roles before leading the company

- ◆ As CEO, total shareholder return was 465% vs. about 105% for the S&P 500

- ◆ Also during CEO tenure, Danaher market capitalization grew from \$20 billion to \$50 billion

- ◆ Earned bachelor's in economics from Washington College and M.B.A. from Harvard

Mr. Culp joined the GE board in April, as part of an overhaul that shrank the 18-person board to 12 members and removed many of the longest-serving directors. He succeeded former Vanguard CEO

Jack Brennan as lead director in June.

GE has a history of grooming its own leaders and letting them run the company for long stretches. Former CEO Jack Welch was chairman and CEO for 20 years, while Jeff Immelt steered GE for 16 years. Even so, the board removed John Flannery, Mr. Culp's predecessor as CEO, after about a year.

Mr. Culp, who is known as Larry, joined Danaher in 1990, beginning a roughly 25-year career during which he held several top positions before being named CEO in 2001 at the age of 37.

He received his bachelor's degree from Washington College and his M.B.A. from Harvard Business School.

Company Ousts CEO Flannery

Continued from Page One enough to address the company's issues, according to people familiar with the matter. Mr. Culp is expected to continue with the strategy to spin off GE's health-care business and sell two other big units, these people said, leaving the company focused on its power and aviation units.

The board's concerns about Mr. Flannery, 57 years old, came to a head when it learned last week about the potential charge, the people said. "That was kind of the last straw," one person said. In January, Mr. Flannery had surprised investors and directors when GE disclosed a \$15 billion shortfall in reserves for a legacy insurance business.

Several GE directors, particularly the recent additions, and some members of the company's management, grew frustrated in recent weeks with the slow progress on the breakup plan, people familiar with that matter said. They were hearing from investors and customers about similar concerns, they said.

After a meeting Wednesday, the board approached Mr. Culp first and asked if he was willing to take the job; the board formally informed Mr. Flannery over the weekend of the change, the people said. One concern among directors was a feeling that GE's bureaucracy created the slowness, a reason the board went with an outsider.

Activist investor Trian Fund Management, which took a large stake in GE in 2015 and holds a seat on the board, has long admired Danaher for its performance and willingness to spin off businesses.

GE declined to make Messrs. Culp and Flannery available for interviews.

GE was once a symbol of U.S. manufacturing might but has struggled after the financial crisis forced the company to shrink its big lending business and more recently has dealt with weak performance in its industrial units. Earlier this year, GE said it would es-

Culp's tenure, Danaher sought to exit old-line manufacturing businesses or units with little in common. As part of that shift, Danaher spun off its industrial businesses into a separately traded company called

Fortive Corp. focused on science, health-care and technology markets. To fortify that revamped business, Danaher in 2015 acquired filtration-equipment maker Pall Corp. for \$13.6 billion.

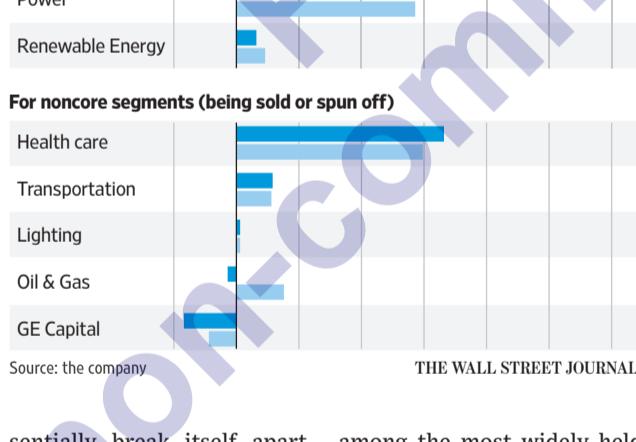


GE planned to take an accounting charge as large as \$23 billion for its power business, which makes turbines for power plants and has been struggling with weak demand.

LUKE SHARRETT/BLOOMBERG NEWS

Power Drain

A sharp drop in profits at GE's power business complicates the company's efforts to reorganize.



Source: the company

THE WALL STREET JOURNAL

holders. Mr. Flannery's ouster on Monday surprised some inside the company, who had anticipated the possibility of leadership changes given the struggles of the power business—but not a CEO exit.

Mr. Flannery joined GE in 1987 and spent most of his early career in its financial services business, GE Capital. Like many GE executives, he worked around the globe, including a stint running GE's business in India. He took over as CEO of the health-care unit in 2014, which he led until he won the competition to succeed Mr. Immelt last year.

Upon getting the job, Mr. Flannery began a monthlong review of the company, a pace that frustrated some on Wall Street as there were major questions about GE's financial projections and prospects. He provided an update in November 2017 that underwhelmed investors.

Following yet another review and the April board restructuring, Mr. Flannery detailed a new strategy in June that focused on the power and energy businesses.

Some outside the company wanted Mr. Flannery to also lay out a vision for the future. While the new CEO was often reaching out for advice, the differing opinions sometimes made it harder for him to reach a final decision, according to people who worked with him.

Mr. Culp, 55 years old, is the first outsider tapped to run GE.

Both former CEO Jack Welch and Mr. Immelt

troubles in the power business could be addressed by the new leadership team. "This is a business that generated strong earnings and cash flow for many years," he said. "It will recover and regain market leadership."

Mr. Culp served as CEO of Danaher from 2001 until early 2015, starting in the job when he was only 37 years old. A devotee of lean manufacturing and deal making, he led the conglomerate through several major acquisitions.

Mr. Culp joined the GE board in April. The current board includes Trian co-founder Ed Garden and former American Airlines CEO Thomas Horton, who on Monday was named lead independent director.

The new CEO spent his first day in the company's Boston headquarters, calling investors, and he was expected to move quickly to reinforce the June board breakup plan, which he had voted for as a director, the people said. "He feels some ownership of that plan," one person said.

—Ted Mann contributed to this article.

Abattoir Escapees Find Peace

Continued from Page One

Farm Sanctuary. He joined animals from all over the country, most of whom also enjoyed pardons of their own making. His handlers named him Frank Lee for another noted escape artist, Frank Lee Morris, one of three convicts who managed to break out of Alcatraz prison in 1962.

Hundreds of the hairy Houdinis at Farm Sanctuary come from the Big Apple. "They're very high strung. They're flighty. They're more nervous and that's why they get out," said Susie Coston, the sanctuary's national shelter director.

Two of the newest arrivals are Reiman and Taylor, goats who in August hobbled along an open-air stretch of a New York City subway line in Brooklyn for nearly three hours before the NYPD captured them. The goats, also

believed to be abattoir escapees, were turned over to former "Daily Show" host Jon Stewart, who had a trailer to cart them. Mr. Stewart's wife, Tracey, is on the sanctuary's board of directors.

Reiman and Taylor now nosh on willow branches and an antibiotic lathered in molasses in a straw-covered room near the sanctuary's pig stalls. The room has two entrances, one door in front of the other. Employees are instructed to make sure the outside door is locked before opening the one inside.

"They've proven their ability to escape," Ms. Coston said. "One time is enough, don't do it twice."

New York City, with its traffic, noise and canyons formed by skyscrapers, seems an odd place to see farm animals, but they are regularly shipped in to small storefront slaughterhouses in the outer boroughs. When a bull or a goat breaks loose, it's an event. New Yorkers are transfixed. Residents live-tweet the escapee's progress. Television stations dispatch helicopters.

Since Ms. Coston joined the upstate sanctuary 18 years



HEATHER AINSWORTH FOR THE WALL STREET JOURNAL

ago, it has housed 1,181 chickens, five cows and bulls, 14 ducks, three geese, 15 rabbits, five pigs, eight turkeys, five sheep and 25 goats that got away from New York City slaughterhouses.

Among them was the first runaway cow the staff recovered from the city, Queenie. She broke free in Queens borough 18 years ago as butchers tried to transfer her to a dif-

ferent part of their operation, Ms. Coston said.

A sheep called Lucky Lady jumped off the side of a truck's loading ramp as workers were moving her into a slaughterhouse, and then led police on a chase in the Bronx. The staff at the sanctuary, her current home, keeps a photo of Lucky Lady in the back seat of a police car.

The sanctuary is about a

five-hour drive northwest of New York City, at the south end of one of the state's Finger Lakes. Whenever Ms. Coston visits the city, she knows she might be returning with a new resident.

One day in 2013, Ms. Coston had to leave the premiere of a friend's documentary film when she got a call from an animal activist asking if she would take an escaped turkey. She named him Marshall, after the film's producer.

"I took him home in my car," Ms. Coston said. "It was hysterical because he was looking out the window the whole time."

The sanctuary's distance from the city can be an obstacle. That is where its New Jersey correspondents, Mr. Stewart and his wife, Tracey, come in. When Ms. Coston hears of a police chase in the city, she will sometimes call the couple to see if they can help with their trailer.

The wrangled runaways are taken to Nemo Farm Animal Hospital at Cornell University, also in the Finger Lakes region, for a health evaluation. Cattle that arrive as bulls—as Frank Lee did—are neutered,

preparing them for a relaxing life absent police chases.

Escapees face a month-long quarantine before they can enjoy the sanctuary's rolling pastures.

Big Apple animals tend to form their own cliques, according to Ms. Coston. But she said a group of castaway goats from the city were much more outgoing with visitors than a tribe from California.

"It's a different kind of friendly. You know what it is, New Yorkers are just more straightforward," Ms. Coston said.

Sometimes the transition to the rural lifestyle is challenging. When Frank Lee was brought to Watkins Glen, he too started off in quarantine. Amy Gaetz, one of the caregivers, was performing her usual duties and walked a bit too close behind him.

"He turned around and ran straight for me," Ms. Gaetz said. She fled up a hill and hid behind a tree while coworkers laughed.

"For a split second I had a moment where I thought this is probably what it was like when he was in the city," Ms. Gaetz said.

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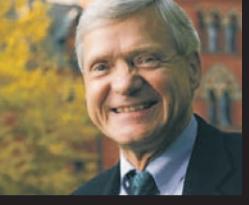
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U.S. NEWS

Tough Talk, Less Muscle In Iran Duel

BY NANCY A. YOUSSEF
AND GORDON LUBOLD

WASHINGTON—The Trump administration has been steadily ramping up its rhetoric on the threat posed by Iran this year. But the U.S. military has scaled back its presence in the Persian Gulf region, officials and military experts say, removing ships, planes and missiles that would be needed in a major confrontation.

There has been no U.S. aircraft carrier strike group in the Persian Gulf since the Theodore Roosevelt left for the Pacific in March, the longest period in two decades that a carrier hasn't traveled those

The U.S. warns of a security threat, but its military scales back in the region.

waters, officials familiar with carrier deployments said.

U.S. aircraft carriers until recently have maintained a continuous presence in the Persian Gulf region, carrying thousands of personnel and dozens of planes, missiles and other firepower. But the U.S. hasn't filled the absence with the same level of air power, officials acknowledged.

In addition, Defense Secretary Jim Mattis is pulling four Patriot missile-defense systems out of Jordan, Kuwait and Bahrain in October, in a realignment of capabilities away from the Middle East and toward China and Russia, senior military officials told The Wall Street Journal.

The apparent mismatch between estimates of the Iranian threat and the military's pos-

ture in the region stems from factors that include U.S. strategic shifts and equipment limitations.

The 2018 U.S. national security strategy deems big powers like China and Russia—not Iran—to be the greatest threats. At the same time, schedules for maintenance and upkeep have affected the availability of U.S. aircraft carriers, and the military lacks the equipment to thoroughly address every security threat.

U.S. officials said that they have enough military resources to counter Iran or others. But they acknowledged the aircraft carriers and the Patriot batteries also served as a show of force. Analysts cautioned against removing too many of these assets.

"The concern is the president looks [like] a Twitter trigger," said Mark Dubowitz, chief executive of the Foundation for Defense of Democracies, a group critical of Iran.

The administration's defenders said U.S. rhetorical and sanctions pressure are forms of deterrence that could push Iran toward talks, much like President Trump's strategy toward North Korea. White House national security adviser John Bolton said last week that Washington expects "massive changes" in Iran's behavior.

The White House has described Iran as a national security threat. "Iran's leaders sow chaos, death and destruction," Trump said in his speech at the United Nations last week.

Iranian officials didn't respond to a request to comment. Iranian Foreign Minister Javad Zarif, in television interviews Sunday, denounced Trump administration threats.

◆ **Iran hits back as minorities seek influence.....A12**



The cancellation of Secretary of Defense Mattis's talks with China follows an escalation of tensions between Washington and Beijing.

SUSAN WALSH/ASSOCIATED PRESS

U.S. Faults China Over Warship

BY GORDON LUBOLD
AND JEREMY PAGE

U.S. military officials complained Monday that a Chinese warship harassed a U.S. Navy vessel as it sailed through the South China Sea in a challenge to Beijing's maritime claims, adding to a growing roster of disputes between the two countries in a sudden escalation of tensions.

The ship complaint comes as the latest episode between Washington and Beijing after a yearlong trade and tariff war has spilled over into political conflict and military strains between the rival powers.

Rhetoric has risen markedly in the past week, with President Trump charging at the United Nations in New York last week that China had meddled in U.S. elections by pur-

chasing misleading newspaper ads designed to look like news articles that criticize Trump administration policies.

Over the weekend, Beijing canceled a tentatively planned security dialogue between the U.S. and China, in which Secretary of Defense Jim Mattis was due to take part.

Vice President Mike Pence is expected this week to deliver a speech laying out in more specific detail about what the administration sees as China's malign influence activities, U.S. officials said.

Mr. Mattis, on a trip to Paris, acknowledged heightened tensions, but told reporters Monday that he doesn't think the acrimony is becoming worse.

"There's tension points in the relationship, but based on discussions coming out of New

York last week and other things that we have coming up, we do not see it getting worse," Mr. Mattis said.

"We're just going to have to learn how to manage this relationship....We'll sort this out."

The latest dispute came about when a U.S. Navy guided-missile destroyer sailed near at least two Chinese-held outposts in the disputed Spratly island chain in the South China Sea on Sunday, challenging Beijing's maritime claims.

The guided-missile destroyer USS Decatur sailed within 12 nautical miles of both Gaven and Johnson reefs over the course of a 10-hour patrol, U.S. officials said.

On Monday, the Pentagon said that a Chinese destroyer had approached the Decatur during its voyage in an "unsafe and unprofessional maneuver"

as the American warship navigated near Gaven Reef.

Chinese Defense Ministry spokesman Wu Qian said in a statement Tuesday that a Chinese navy ship had promptly identified the Decatur and warned it to leave the area.

The statement said Beijing had indisputable sovereignty over all South China Sea islands and their adjacent waters, and the U.S. had threatened China's security and undermined bilateral relations by repeatedly sending warships into waters around islands and reefs in the area.

The U.S. and some of its allies regularly conduct such "freedom of navigation" operations near islands and outposts where China has built heavily fortified artificial islands since 2013, raising fears among Asian neighbors.

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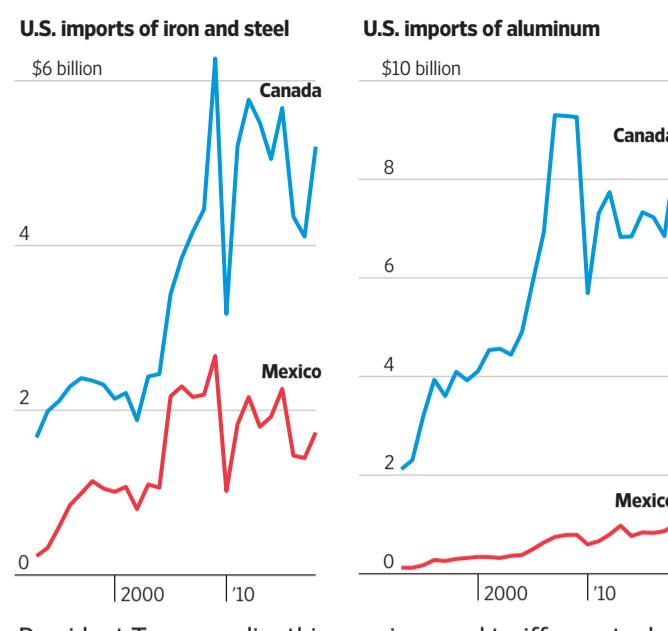
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The New Nafta's Impact

From farmers to factories, the new U.S.-Mexico-Canada Agreement will have an impact on a number of different American industries.



President Trump earlier this year imposed tariffs on steel and aluminum imports from both Canada and Mexico in the name of national security. He refused their pleas to lift the tariffs as part of a new free-trade deal.

Wood



U.S. timber interests wanted to kill a Nafta provision giving Canadian competitors a special dispute-settlement process to challenge American tariffs. But Canada fought the demand, and the Trump administration backed down.

Dairy and eggs



Canada has agreed to open its market to more U.S. milk, cream, butter, and cheese, while curbing subsidies for dairy exports.

Trudeau Now Looks to Sell Pact at Home

Prime minister touts new stability on trade, but his political rivals say he capitulated

BY PAUL VIEIRA AND KIM MACKRAEL

OTTAWA—Canadian Prime Minister Justin Trudeau began selling the merits of the country's 11th-hour trade pact with the U.S. on a revised North American Free Trade Agreement, arguing Monday that the deal removes a layer of uncertainty that has stunted growth.

Completion of the deal comes at a pivotal moment for the Canadian leader, who faces a re-election test in just over a year and must persuade voters—already obsessed with Canada's relationship with the U.S.—that Ottawa didn't simply cave in to President Trump's demands. Indeed, Mr. Trudeau's main political rivals on Monday said the Liberal government capitulated to the U.S. in its quest to get a deal.

Mr. Trudeau defended the deal at a press conference and in the Canadian legislature, saying the trade-dependent economy—in which three-quarters of its exports are U.S.-bound—is on more solid footing. "Free and fair trade in North America...is in a much more stable place than it was yesterday," he said. "We now have a path forward."



Canadian Prime Minister Justin Trudeau and Foreign Affairs Minister Chrystia Freeland discussing the trade pact in Ottawa on Monday.

the deal grants access to an additional 3.6% of the country's dairy market to the Americans, or beyond what the U.S. was initially granted in the Trans-Pacific Partnership before Mr. Trump withdrew the U.S. from it after he became president.

Also, Canada agreed to drop its complex "Class 7" pricing system, which made it hard for some U.S. dairy products to compete in Canada and was a major demand of U.S. farmers in Nafta talks.

The trade deal was reached on the eve of a provincial election in Quebec, where the Liberal Party is fighting a close race for re-election. Quebec Premier Philippe Couillard said on Twitter on Monday that he told Mr. Trudeau the new trade deal is bad for Quebec and will hurt the province's dairy producers. "The federal government has opened a big door to the United States," Mr. Couillard wrote.

Mr. Trudeau pledged Monday to fully compensate Canada's dairy farmers for any loss of market share related to the revised Nafta. He added at his press conference that the dairy concessions "were not ideal."

David Wiens, a Manitoba-based farmer and vice president of the Dairy Farmers of Canada, called the concessions "devastating" and said Canada has already given up significant market access in previous trade deals. "We're looking at death by a thousand cuts here," he said.

New Pact Soothes Investors

Continued from Page One
duced in the region and 40% of their content produced by \$16-an-hour labor. Those provisions could lead to more auto production and jobs in the U.S. and Canada.

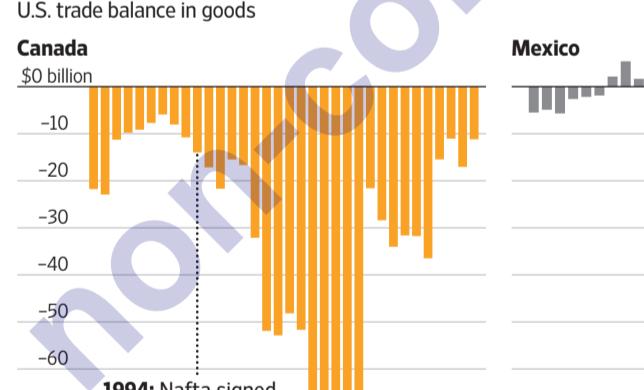
U.S. dairy farmers also got what they wanted when Canada agreed to drop its complex "Class 7" system, which limited imports of certain dairy products from the U.S. It was a tough concession by Canadians that led to the weekend breakthrough after sometime bitter talks between the U.S. and its northern neighbor in the months leading up to the agreement.

"We had to make compromises," Prime Minister Justin Trudeau of Canada said Monday. "And some were more difficult than others. We never believed it would be easy, and it wasn't."

The Dow Jones Industrial Average rose 0.7%, extending advances after posting its biggest one-quarter gain of the year. The S&P 500 climbed 0.4%, just short of its record. The Nasdaq dipped.

The North American pact allows Mr. Trump to turn his attention to China, where trade disagreements are even thornier, and may free up U.S. negotiators to devote more attention to their nascent talks with the European Union and Japan.

The tensions are highest with Beijing. The Trump administration has imposed tariffs on \$250 billion of imported goods from China and threatened more if steps aren't taken to close a more than \$300 billion trade surplus with the U.S., block al-



Source: Commerce Department

to immediately lift national security tariffs on Canadian-made steel and aluminum. The U.S. and Canada will now negotiate their removal, with the U.S. pushing for quotas on future steel and aluminum exports, according to a person familiar with the process.

And rules requiring auto makers to build a greater portion of a car in North America and with higher-wage workers to avoid duties is also seen a triumph for Canada, as it too has lost manufacturing jobs over two decades to Mexico.

However, Ottawa was unsuccessful in getting Washington

to put U.S. expansion plans on hold and turned down business. "It's been a stressful year for the whole management team," said Mr. Sleegers, prior to Sunday's Nafta deal. A resolution, he said, would likely revive investment plans.

In the deal, Canada got the U.S. to preserve an independent dispute-resolution system, which allows Ottawa and Washington to resolve disagreements over the use of tariffs through an independent panel. This was

a priority for the Canadian team. Further, the U.S. has removed the imminent threat of tariffs on Canadian-made motor vehicles and auto parts.

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makers to build a greater portion of a car in North America and with higher-wage workers to avoid duties is also seen a triumph for Canada, as it too has lost manufacturing jobs over two decades to Mexico.

Easily the most contentious element of the revised Nafta in Canada involves concessions on dairy. The Dairy Farmers of Canada, a lobby group representing 10,500 producers, said

they wanted to kill a Nafta provision giving Canadian competitors a special dispute-settlement process to challenge American tariffs. But Canada fought the demand, and the Trump administration backed down.

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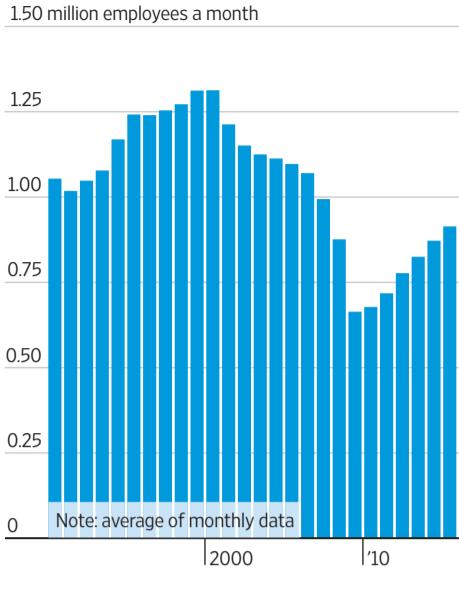
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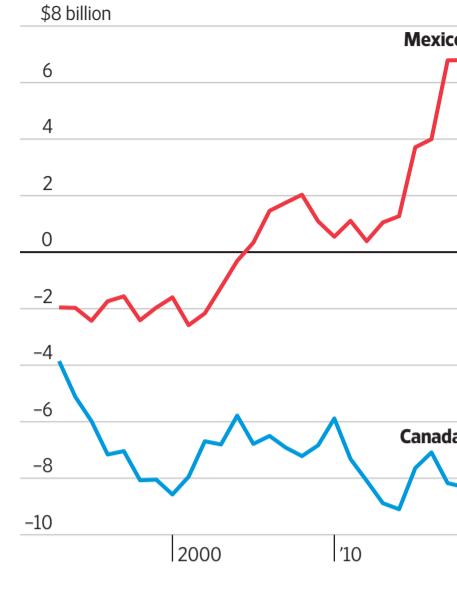
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THE NORTH AMERICAN TRADE DEAL

U.S. motor vehicle and parts employment



U.S. trade balance in auto parts



U.S. trade balance with Mexico for corn



Pharmaceuticals



The new Nafta makes significant changes to rules governing automotive production, with the goal of increasing vehicle manufacturing in North America—and shifting more of that production from low-wage Mexico to higher-wage U.S. and Canada.

Foreign Car Makers Sweat Details

BY SEAN MCCLAIN
AND WILLIAM BOSTON

A last-minute deal to revise the North American Free Trade Agreement offers assurances to foreign auto makers with plants in Canada and Mexico, but provisions about local components and export limits could complicate operations.

Foreign car makers have invested heavily in plants in Canada and Mexico and produce some of their best-selling vehicles there.

German manufacturers have built several factories in Mexico and the U.S. over the past decade. Volkswagen also operates a huge plant in Puebla, Mexico, which exports Beetles and sedans to the U.S. Audi AG, VW's luxury unit, opened a plant near Puebla in 2015 to build SUVs. Nearly half the plant's production is exported to the U.S.

Toyota Motor Corp. relies on Canadian plants for nearly half its U.S. sales of the RAV4 crossover sport-utility vehicle. That dependence is set to increase after Toyota this year announced plans to spend nearly a billion dollars to double RAV4 production in Canada. Toyota also plans to open a new plant for Tacoma trucks in Mexico next year.

A Toyota spokesman declined to comment on the draft agreement.

Detroit Wins Big as Rules Shift

BY CHESTER DAWSON
AND ADRIENNE ROBERTS

DETROIT—The new trade agreement struck Sunday night between the U.S. and Canada eases uncertainty in the U.S. auto industry about the Trump administration's trade policy, helping car manufacturers to move forward on factory investments with greater clarity.

The tentative pact, which Congress must approve, spares auto makers from costly tariffs on cars imported from Canada and Mexico, a major relief for an industry that has for more than two decades relied on duty-free trade to expand operations in North America.

But the new rules could also force car companies and their parts makers to alter their supply chains, potentially increasing costs when profit is under pressure from slowing new-car sales in the U.S., industry officials and consultants say.

The deal reached with Canada moves President Trump a step closer to cementing a new trade deal that will replace the North American Free Trade Agreement established more than two decades ago.

The new deal is a big win for Detroit's Big Three auto makers, which rely heavily on their factories in Canada and Mexico to build cars and trucks for the U.S. market and are less exposed to the new rules than foreign-based rivals because many of their vehicles already meet the stiffer requirements, some industry analysts say.

The new tricountry pact overhauls the rules for auto trade in the region, requiring auto makers to build a greater

Border Crossings

Number of U.S. vehicles sold in 2017 by auto maker and share that were imported from Mexico and Canada.



Source: LMC Automotive

portion of a car in North America and with higher-wage workers to avoid duties when crossing borders in the region.

The accord will also exempt as many as 2.6 million vehicles imported annually from Canada and another 2.6 million made in Mexico from a proposed 25% tariff now under consideration by the Trump administration on foreign-built cars sold in the U.S., according to drafts posted to the website of the U.S. Trade Representative.

General Motors Co. applauded the accord, saying it has long supported efforts to modernize the existing free-trade pact among the three countries. "This agreement is vital to the success of the North American auto industry," the auto maker said. **Ford Motor** Co. also said it supported the deal, while **Fiat Chrysler Automobiles** NV didn't return requests to comment.

Detroit-based auto makers applauded the deal and the Alliance of Automobile Manufacturers, a trade group representing 12 of the largest American and foreign-brand auto makers, called the pact an "encouraging development."

Stock prices of those companies rallied in trading on Monday in New York, with GM rising 1.6% to \$34.20, Ford gaining 0.8% to \$9.32, and Fiat Chrysler surging 2.7% to \$17.99.

Lobbyists for all three of the

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But representatives for

Manufacturing experts say.

"The specifics on the new agreement will put uncertainty to bed and the industry will know the rules and how to play by them," said Jeff Schuster, president of global forecasting at research firm LMC Automotive.

About 4.1 million cars and trucks were imported from Canada and Mexico last year, representing nearly a quarter of all new vehicles sold in the U.S. in 2017, according to LMC Automotive. That falls well short of the 5.2 million vehicles exempted under the new trade deal, a cap that doesn't include light trucks such as most pickups.

It is unlikely Canada will exceed its 2.6 million vehicle-export threshold soon, said Flavio Volpe, head of the Canadian Auto Parts Manufacturers' Association.

The tentative deal would require at least 75% of a car's value be produced from parts and material made in the region, up from 62.5%. Car companies would also have to ensure 40% to 45% of the vehicle is made by workers earning at least \$16 an hour, a provision aimed at steering more work to the U.S. to generate manufacturing jobs. Vehicles that don't meet the new rules will be subject to a 2.5% tariff.

Some industry analysts don't anticipate the new accord will result in a windfall of new U.S. auto-factory jobs because a 2.5% tariff is still too low to compel car companies to relocate assembly-line work.

—Mike Colias and Paul Vieira contributed to this article.

Farm Industry, Hard Hit by Tariffs, Breathes a Bit Easier

BY JACOB BUNGE

Dairy Farmers Win Greater Access In Big Concession

U.S. dairy farmers got what they asked for in a new version of the North American trade agreement. Canada conceded to drop its complex "Class 7" quota and pricing system, which limited imports of certain dairy products from the U.S.

Congressional supporters said the deal was particularly significant for dairy. "They are absolutely the biggest winner as far as agriculture goes," said Rep. Roger Marshall (R., Kan.).

Industry officials, however, remain cautious about how far Canada will go in revoking all aspects of the Class 7 system and how much of a boost U.S. producers will get.

Canada last year raised ten-

sions in talks to renegotiate the North American Free Trade Agreement by raising tariffs on a class of ingredients known as ultrafiltered milk, used to make cheese and other dairy products. The new rules sapped American exports of ultrafiltered milk and milk protein isolate to Canada—which had reached \$102 million in 2016, according to the U.S. Department of Commerce.

Preliminary details of the pact reached on Sunday indicate that U.S. producers will be allowed to supply up to 3.6% of Canada's dairy market, similar to the access European Union dairy producers have been granted in Canada. That is slightly higher than the level Canada had agreed to under the 12-nation Trans-Pacific Partnership pact, which the Trump administration abandoned last year.

—Heather Haddon

meat processor by sales, urged "approval of a new deal and the removal of retaliatory tariffs and other trade barriers so that U.S. farmers and companies like ours can continue to expand in these important markets," a spokesman said.

The agriculture industry fought to defend the North American Free Trade Agreement, which Mr. Trump had blamed for U.S. job losses and threatened to terminate. Industry groups flew farmers to Capitol Hill, hosted town-hall meetings and spent millions of dollars on cautionary television ads.

"It's only a natural fit for the three of our countries to have

[a trade deal] figured out," said Larry Mussack, who raises corn and soybeans on 2,100 acres near Decatur, Ill. Striking a new trade pact with Canada and Mexico, Mr. Mussack said, gives him more confidence the Trump administration will resolve disputes with China and the European Union, too.

Mexico and Canada have become critical pillars of demand and supply for the U.S. food and agriculture industry since Nafta took effect in 1994. Agricultural exports from the U.S. to Canada and Mexico have more than quadrupled in that time to \$39 billion, according to the USDA. The pact has allowed companies to buy Canadian



Nafta facilitates the sale of one-third of U.S. pork exports, according to the USDA. Above, pigs in Iowa.

crops to process in U.S. plants, and encouraged U.S. farmers to expand crops and livestock production as Mexico's growing consumer class spends more on meat and processed foods.

Beyond preserving existing food sales, the new trade pact between the U.S., Mexico and Canada includes a new "science-based" framework for food safety standards, the Farm Bureau's Mr. Salmons said. Reviews of new genetically engineered seeds, including those created with new gene-editing technologies, would become more standardized, he said.

Some environmental activists criticized the deal for loosening oversight of genetically

engineered organisms, or GMOs, and synthetic chemical pesticides. The agreement "has given away to the agrochemical industry," said Wenonah Hauter, executive director for Food & Water Watch.

Concerns will linger in the Farm Belt that the Trump administration's tough rhetoric and negotiating style may have dealt long-term damage to the reputation of U.S. farmers as reliable suppliers, some farmers said. U.S. agricultural products including soybeans, pork, corn and kidney beans still face tariffs in China, the European Union and other countries, which levied duties in response to Mr. Trump's

tariffs on foreign-produced steel and aluminum.

Farmers' pocketbooks are taking a hit as a result. U.S. net farm income this year will drop 13% to \$66 billion, the USDA has projected, near 2016's 14-year low.

Farmer Lavern Potuzak said tariffs have reduced prices for the soybeans and grain he raises near Agawam, Ill. U.S. tariffs on foreign-made steel have made parts for his harvester more expensive. That could help drive consumer prices for food higher, he said.

"The farmers are at the brunt of it, but the consumers are going to pay at the end of the day," Mr. Potuzak said.

WORLD NEWS

Panic in Tsunami Zone: 'We Just Ran'

Survivors in Sulawesi describe havoc, with little time between earthquake and wave

By BEN OTTO

PALU, Indonesia—Nurdiyah Rasid was performing evening prayers near the beach here when she felt the earthquake hit at dusk on Friday. She stumbled out of the mosque to see water from an adjacent canal being sucked out to sea.

Minutes later it surged back, she said—part of a powerful tsunami that pounded the shore and surged inland.

"We just ran," Mrs. Rasid said. "There were no sirens, no warning. Just the shaking and the panic."

Officials said they may find thousands more than the 844 people so far confirmed to have been killed by the 7.5 magnitude earthquake and the tsunami that followed. The waters swelled to 20 feet in places, growing in size and speed as they rolled up a narrow bay before crashing down on the city of 380,000 people.

Rescue workers on Monday raced to pull any survivors from the rubble. Workers had already begun the task of placing bodies side-by-side in a mass grave.

Along the coast, debris was strewn across beaches; in some inland areas, buildings appeared to be swallowed up when violent shaking turned the soil into something like quicksand.

The ground in the Patobo neighborhood of Palu turned to mud and sank 740 houses, said Sutopo Purwo Nugroho, spokesman for Indonesia's national disaster agency. "It happened on a huge scale," he said.

In the Balorao neighborhood, where 1,147 houses collapsed, the land sank as much as 5 meters in some places while the quake pushed up other areas by 2 meters or more, he said.

Newly homeless people recounted stories of sudden devastation. A man in one seaside neighborhood said there were just minutes to react. "What I remember is the ground finally stopping shaking...and then you could see surf breaking in the distance," he said. "It was the color of ash, almost black."

As of Monday, authorities had received little word of what happened in the hard-hit Donggala area near the epicenter of the quake, where nearly 300,000 people live.

Telephone links closer to the epicenter remained sporadic at best on Monday and roads to some badly affected areas were impassable.

As the scale of the disaster unfolded, the relief effort kicked into a higher gear.

Throughout the day, relief planes made their way from nearby cities along with a handful of commercial flights.



A woman walked through an area of Palu, Indonesia, on Monday, in the aftermath of the disaster. Survivors, below, looked for goods in a warehouse in the city of 380,000.



The United Nations relief agency estimated that 191,000 people on Sulawesi island, where the disaster occurred, were in dire need of humanitarian assistance.

President Joko Widodo authorized the acceptance of international help as neighboring nations such as Malaysia and Australia stood ready to send rescue teams and other aid. The U.S. has offered to send whatever help is needed, as has China.

The government is flying in food and water, and fuel for generators and lifting equipment to help free survivors who was on the way, Thomas Lem-

bong, head of Indonesia's Investment Coordinating Board in Jakarta, said Monday.

Rescuers believed there could be scores of people still holding out among the rubble of collapsed buildings. As many as 50 could be trapped in the remains of the Hotel Roa Roa, where a 25-year-old woman was found alive on Sunday evening, officials said.

Others were being pulled from the rubble elsewhere, including a 15-year-old girl who was trapped when her family home collapsed.

In other parts of the city, a mosque was partially submerged; an 820-foot bridge

with bright yellow arches lay in ruins where it had once spanned the Palu River.

Residents looted supermarkets and other stores for supplies. At least 50 motorbikes were lined up at one damaged gas station where their owners waited to fill up the tanks.

"They're stealing it," a bystander said.

In some areas, police stood guard at banks.

At the city's airport, hundreds of families camped out, hoping for a chance to leave on one of the planes that were bringing aid.

Basrin Hamsar said his home was almost entirely

gone and his wife was hit by falling debris. Her wound was beginning to smell; he brought his family to the airport in the hope of getting a flight out.

"It's totally dark at night and we're too scared to stay at home," he said.

Other Indonesians were flying back to Palu to search for loved ones or find out what happened to their homes.

Indonesia sits on the Ring of Fire, a series of fault lines and volcanoes straddling the Pacific and Indian oceans, and regularly suffers earthquakes and other national disasters.

Indonesia's current tsunami warning system, which in-

volves a series of buoys deployed in the open ocean, hasn't been operational since 2012. Some cables have been snapped by passing ships or taken by fisherman for scrap.

A recent project to install new censors that provide more warning time stalled this summer when the falling value of Indonesia's currency put it beyond the reach of the allocated budget, according to Louise Comfort at the University of Pittsburgh, who was part of the initiative.

Even this system might not have provided enough warning for the residents of Palu. The epicenter of the quake was just 50 miles north of Palu, giving little time to prepare for the resulting tsunami.

Officials said they sent a tsunami warning through SMS and social media five minutes after the quake struck. In many places it appeared to have been too late—or simply didn't reach people. Telecommunications links in many areas had been knocked out by the earthquake, said Mr. Nugroho, the disaster agency spokesman.

In some areas, he said, people didn't seem to realize that they need to get away from the coast and seek higher ground when a quake strikes.

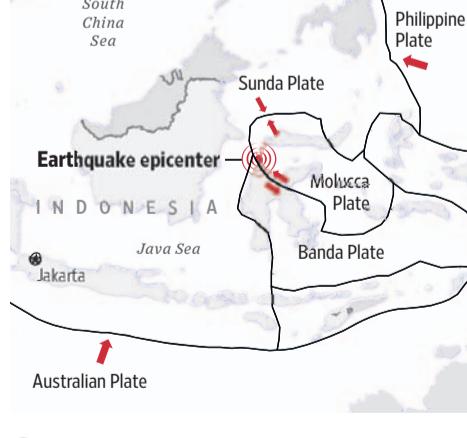
Many survivors have begun to congregate around government buildings in a part of Palu that appeared to be less badly affected. By Monday, a tent city was taking shape on the lawn of the governor's residence.

As the numbers swelled, those already there offered newcomers hot bowls of chicken soup.

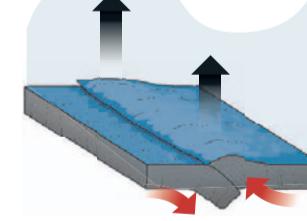
—I-Made Sentana in Jakarta contributed to this article.

The Science of an Unusual Tsunami

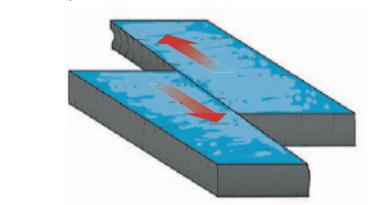
1 The quake hit a region riven by tectonic forces. The Philippine Plate pushes west, while the Australian plate pushes north. Smaller plates, caught in between, strain against each other.



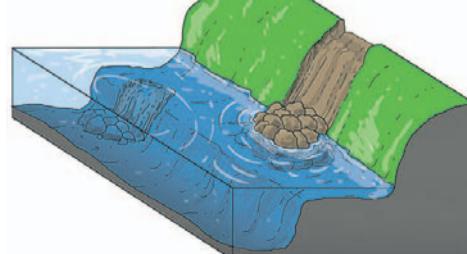
2 Tsunamis are often caused when two undersea plates slam into each other. One plate dives under the other, forcing the second one up, displacing water that generates waves.



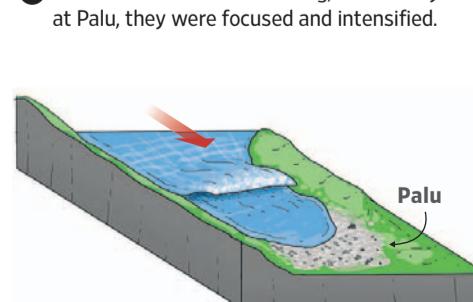
This tsunami was different. The quake was caused by two plates moving horizontally and the epicenter was on land.



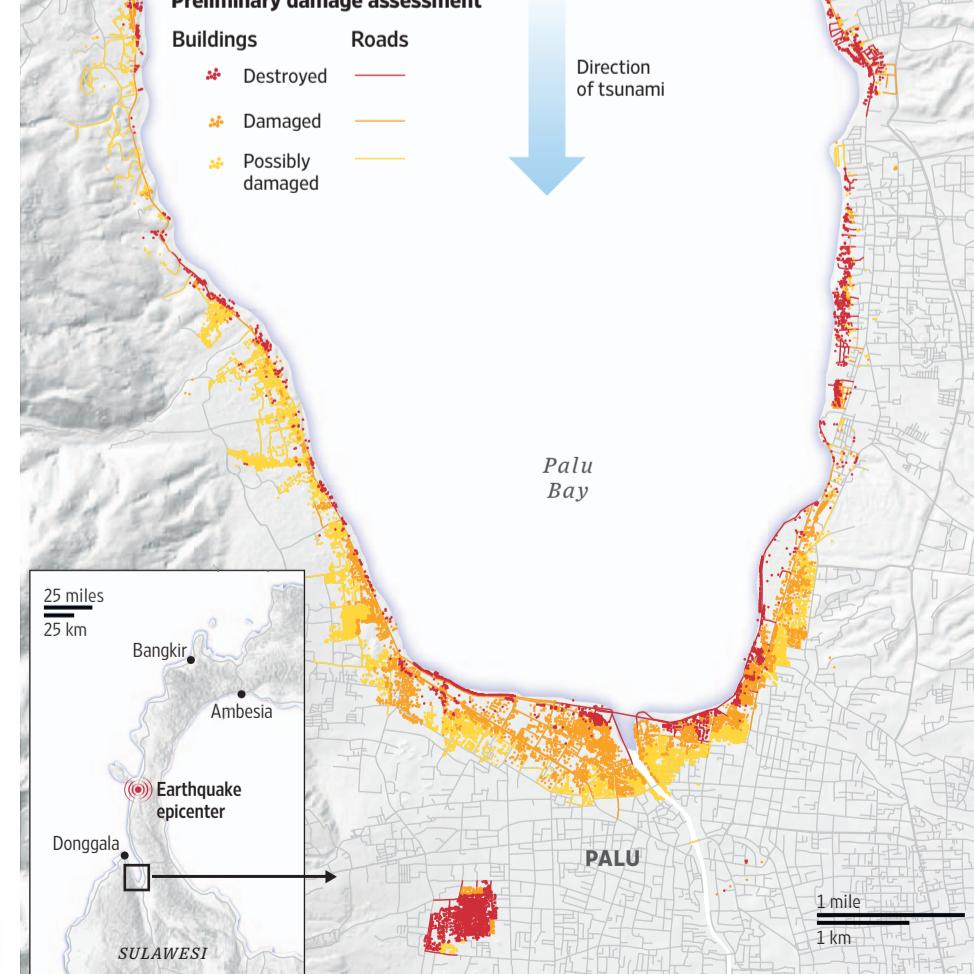
3 Some scientists speculate that the quake may have set loose landslides near the coast, either above or below the sea's surface. These would have displaced water, generating waves.



4 When waves reached the long, narrow bay at Palu, they were focused and intensified.



Sources: USGS (epicenter); Ben van der Pluijm, University of Michigan (tectonics/tsunami dynamics); Copernicus Emergency Management Service (Preliminary data represent known damage as of Monday morning Eastern time)



Renée Rigdon, Dylan Moriarty and Josh Ulick/THE WALL STREET JOURNAL

WORLD NEWS

German Raids Nab Far-Right Suspects

BY BOJAN PANCEVSKI

BERLIN—German police said they arrested six men suspected of planning an attack on immigrants and politicians, as the country struggles with a backlash from far-right groups that has followed an influx of migrants.

The suspects, all of whom were between 20 and 30 years old, were part of skinhead and neo-Nazi groups, the federal prosecutor said Monday. The attack was allegedly planned to take place Wednesday, the Day of German Unity, which commemorates the anniversary of German reunification.

Police arrested the suspects after a series of coordinated raids in the states of Saxony and Bavaria. During the raids, police found bats, tasers, an air gun and Nazi propaganda, including portraits of Adolf Hitler and Nazi flags, which are banned in Germany.

The group called itself Revolution Chemnitz, after the eastern German city that saw mass protests following a murder allegedly committed by asylum seekers last month. Neo-Nazis openly protested in Chemnitz, as well as at several other similar events that were since organized in other German cities.

Crime linked to far-right groups and motivated by racism has increased after the mi-

gration crisis of 2015, when hundreds of thousands of asylum seekers poured into the country. While the number of assaults has started to drop, authorities and human-rights activists have said racist attacks are becoming more brutal.

"Far-Right terror is posing a real and great danger and we take it very seriously," German Justice Minister Katarina Barley tweeted on Monday in reference to the arrests.

At the same time, an anti-immigration backlash has fueled social polarization and fragmentation of the political landscape.

Surveillance of the suspects' electronic communication showed that they were attempting to obtain semiautomatic weapons. Prosecutors believe that the group performed a trial run on Sept. 14, when they attacked immigrants with bats, tasers and glass bottles in a park in Chemnitz.

Following that attack, in which one person was injured, the presumed leader of the group, named only as Christian K., was arrested.

"This is putting into effect our policy of zero tolerance toward far-right radicals and right-wing extremists. We will prosecute any form of extremism, from the left and the right," said Horst Seehofer, Germany's minister of the interior.



Police escorted a suspect on Monday in an alleged planned attack.

Party's Brexit Rift Takes the Stage

BY JASON DOUGLAS
AND MAX COLCHESTER

BIRMINGHAM, England—The annual conference of the U.K.'s ruling Conservative Party, usually a highly choreographed display of almost slavish loyalty of the party faithful to its leaders, is this year deeply split.

The cause of the division is the biggest issue facing the country: Prime Minister Theresa May's Brexit plan to keep the country's economy closely tied to the European Union after the U.K. leaves the bloc.

Inside a cavernous hall in Birmingham on Monday, senior lawmakers took to the stage to give polite endorsements to Mrs. May's plan. Outside, Peter Cullen, a longtime party member, standing under a poster declaring "Best Brexit Deal for Britain," said he wasn't sure about it.

"I think she will be gone in six months," he said, adding he favored a leader who advocates a decisive break from the EU.

Conservative conferences aren't supposed to be like this. The annual get-together of the U.K.'s oldest political party has often rescued the Conservatives from the deepest of political troughs.

For years, the party has managed to contain simmering disagreements over the U.K.'s relationship with the EU. Now, with six months to go until the U.K. is set to quit the bloc, those divisions are boiling over.

The Conservatives' internecine struggle is on show in everything from the buttons sported by delegates to the dozens of events dedicated to alternative withdrawal plans on the conference's fringes.

Mrs. May is due to address the conference on Wednesday, a day after her former foreign secretary Boris Johnson, will outline his alternative withdrawal vision. He and other "euroskeptics" advocate much looser economic ties to the EU after the U.K. leaves.

Opinion polls show Mrs. May's approach to Brexit commands majority support



Treasury chief Philip Hammond, left, urged party members to unite behind Theresa May, right.

among Conservative voters.

A September poll of 1,447 adults by research firm GQR Research found 58% of Conservative voters back her so-called Chequers plan. Among Conservative members, however, the plan has less support.

Some feel the plan, with its proposals on customs cooperation and uniform product regulations, would leave the U.K. too closely tied to the EU after withdrawal. "We've got to focus on getting the right Brexit and frankly Chequers is not it," David Davis, who quit as Brexit secretary in July in protest of Mrs. May's strategy, said in a television interview.

In a Birmingham concert hall, however, delegates on Sunday and Monday clapped warmly as a succession of Mrs. May's top lieutenants urged renegade lawmakers to drop their opposition to her Brexit plan and rally behind her to wring a deal from Brussels.

Brexit Secretary Dominic

Raab told anti-European Union lawmakers that Mrs. May's blueprint for quitting the EU isn't perfect but would deliver on the Brexit they want.

"Do I think the deal we are pursuing is perfect? Of course not. Is it everything I wanted? No it isn't. This is a negotiation," Mr. Raab said. "But our proposals would deliver a his-

toric agreement that provides a road map out of the EU and a final deal that will be good for the whole country."

Yet at sometimes raucous events elsewhere in the convention center and at nearby hotels, party activists cheered

Some members wore buttons with the euroskeptics' rallying cry—"Chuck Chequers."

as figureheads of the anti-EU wing exhorted Mrs. May to change course. Some wore buttons displaying the euroskeptics' emerging rallying cry—"Chuck Chequers."

European leaders at a summit last month broadly rejected it, too, leaving exit talks at an impasse.

Treasury chief Philip Hammond urged his fractious party to unite behind Mrs. May. He also criticized the EU, another theme running through conference speeches. Foreign Secretary Jeremy Hunt on Sunday likened the EU to the Soviet Union. Mr. Raab said Britain is prepared to walk away from the EU without a deal if it can't reach a satisfactory agreement.

London and Brussels are

hoping to complete a withdrawal agreement and agree on an outline for future economic ties by November.

◆ Heard on the Street: Brexit is a buy for the bravest B1

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WORLD NEWS

Iran Hits Back as Groups Seek Sway

While Kurds and others try to pressure Tehran, regime crosses border with deadly force

BY ISABEL COLES
AND ALI NABHAN

SAQAR, Iraq—The artillery-scorched mountainside of this border area bears evidence of Iran's effort to combat Kurdish rebels—just one of several groups who are now more vigorously fighting for greater autonomy within the Islamic Republic.

The Kurdish group operating here fled Iran more than two decades ago, but like other militant groups is now seeking to use international pressure on Tehran, particularly from the U.S. and its Gulf allies, to advance its struggle.

With minorities including Kurds, Arabs and Baluchis accounting for at least 30% of Iran's population, their grievances make for tinder that Iran is worried its enemies will try to ignite.

Such challenges create another pressure point on Tehran alongside antigovernment protests focused on economic troubles renewed with the Trump administration's withdrawal from a nuclear deal that gave Iran a reprieve from sanctions.

As minority groups seek influence, some with insurgency and others with grass-roots campaigns, Tehran is lashing out. On Sept. 8, Iran hanged three Kurds after convicting them of armed rebellion; hours later, it fired seven ballistic missiles at Kurdish bases more than 40 miles inside Iraq.

Missiles struck a room where the leadership of a Kurdish opposition group was discussing how to capitalize on international pressures on Tehran, according to a person who was dialed in to the meeting. The strikes killed 16 people and were cast by Iran as an indication that it is prepared to punish rebels beyond its borders.

Tehran will strike again, warned armed forces chief of staff Mohammed Baqeri, unless action is taken to stop "separat-



Peshmerga of the Democratic Party of Iranian Kurdistan near the Iran-Iraq border. The party has challenged successive Iranian governments.

ist terrorists" he claimed were spurred by the U.S. and regional powers.

Within Iran, the unrest has continued.

Kurdish groups have been clashing with Iranian forces with increasing frequency in the northwest, where most of Iran's roughly eight million Kurds live.

To the south, Arab separatists hailed a Sept. 22 attack on a military parade in Iran's main oil hub as a victory for their struggle; Iran blamed the U.S. and Saudi Arabia for the attack, which killed 25 people. Riyadh rebutted the accusation. In Washington, Defense Secretary Jim Mattis last week dismissed suggestions that the U.S. or Saudi Arabia were behind the attack, telling reporters at the Pentagon that he hoped "cooler heads would prevail."

And to the east, insurgents fighting for greater autonomy or independence for the Baluchi people of Iran have hit military posts in an area bordering Paki-

stan.

Here in the scrub-covered mountains across the Iraqi border, rebels sense an opportunity. "The current state of the Islamic Republic spurs us to conduct more operations inside Iran," said Diyako Masoudi, a lo-

Minority groups account for at least 30% of the country's population.

cal deputy commander of the Democratic Party of Iranian Kurdistan, or PDKI, which has challenged successive Iranian governments for more than seven decades.

Iran has repeatedly warned authorities in Iraq's Kurdish region, with which it shares a 217-mile border, that it won't tolerate its neighbor's territory

being used for hostile activities.

At home, Iranian authorities have executed dozens of Kurds accused of links with opposition groups.

Baghdad, which has limited control over its northern Kurdish region, condemned the Sept. 8 missile attack as a violation of sovereignty, but also condemned the rebels' use of its territory to threaten neighboring countries.

Vice President Mike Pence condemned the attack as an attempt to destabilize Iraq's Kurdish region, whose leadership has close ties to the U.S.

In 2017, John Bolton—not yet national security adviser—recommended in a memo to President Trump that the U.S. support "internal resistance" and minorities inside Iran. Mr. Bolton has been an advocate of regime change in Iran in the past, but has said that it is not the policy of the Trump administration.

For Iran's Kurds, recent his-

tory offers an encouraging precedent for gaining favor with the U.S. Kurds in Syria emerged from obscurity to become a key partner in the war against Islamic State and are now in control of their own affairs and territory.

The Trump administration's aggressive posture toward Tehran has been welcomed by the Kurds and other minorities in Iran. But so far, they have little to show for the U.S. policy shift.

PDKI leader Mustafa Hijri returned empty-handed from a visit to Washington in June to gauge interest in supporting his group, according to a senior member of the party.

On the ground, there is little sign the PDKI has received meaningful material support from abroad. Its fighters, known as Peshmerga—both men and women—wield old AK-47s and are volunteers, receiving a modest monthly stipend to buy basics like cigarettes and shampoo.

WORLD WATCH

IMF

Lagarde: Economic Outlook Is Dimming

International Monetary Fund Managing Director Christine Lagarde is raising alarm bells about the health of the global economy, saying international growth may have plateaued.

"For most countries, it has become more difficult to deliver on the promise of greater prosperity, because the global economic weather is beginning to change," Ms. Lagarde said in a speech Monday in Washington.

Ms. Lagarde said the IMF's official economic forecasts, which will be released next week, have "become less bright" and that factors identified as merely risks earlier in the year have begun to materialize.

—Josh Zumbrun

Gopinath Is Named Chief Economist

The IMF appointed Harvard University's Gita Gopinath as its new chief economist.

Ms. Gopinath, one of the leading scholars in exchange rates, sovereign debt and capital flows, will be the first woman to lead the fund's economic research department. She will take over from Maurice Obstfeld, who previously announced his retirement.

Ms. Gopinath, 46, was born in India. She received her B.A. from the University of Delhi and her Ph.D. from Princeton University.

—Josh Zumbrun

ROMANIA

Ambassador Warns On Judicial System

The U.S. ambassador to Romania issued a stark warning to the country, claiming its justice system is being "dismantled" by lawmakers with "vested interests."

Hans G. Klemm told law students on Monday that magistrates were being intimidated and "increasingly targeted politically, and in the media for court decisions and public opinions that political leaders see as endangering their private interests."

There was no immediate government reaction to Mr. Klemm's comments.

—Associated Press

Iraqi Lawmakers Delay Presidential Vote

BY GHASSAN ADNAN
AND ISABEL COLES

BAGHDAD—A parliamentary vote to elect Iraq's new president was postponed by a day on Monday after rival political factions failed to agree on a candidate nearly five months after a parliamentary election that heightened rivalry between the U.S. and Iran.

The presidency is a largely ceremonial position, but the vote begins a two-week countdown until the constitutional deadline, by which time a prime minister must be chosen to form the next government.

Under the political system that took shape after 2003, Iraq's presidency is reserved for the Kurds, while the speaker is Sunni and the prime minister is from the Shiite majority. Those positions are typically decided by quid-pro-quo deals among Sunnis, Shiites and Kurds, but unprecedented division within each of those groups has complicated the process.

In the past, the Kurds agreed on a candidate among themselves, but this time they have fielded multiple candidates. The two front-runners are Barham Salih, a former



Front-runners Barham Salih, left, and Fuad Hussein. Rival factions on Monday failed to agree on a candidate.

prime minister of the semi-autonomous Kurdistan region, and Fuad Hussein, chief of staff to former President Masoud Barzani. Both have held meetings with Shiite political leaders in Baghdad in recent days to win support for their candidacies and met with the Iranian ambassador, highlighting Tehran's important role in forming Iraq's govern-

ment.

Monday's parliament session, at which the president was due to be elected, was rescheduled for Tuesday after a quorum was broken by lawmakers to give the Kurds a last chance to agree on a single candidate.

"If the vote for president divides the Arab members—Shiite and Sunni—that division

could extend to the premiership," said Bilal Wahab, Wagner fellow at the Washington Institute. "That is why Iraqi parties insist Kurds field a single candidate, which would in turn make it easy for Shiite parties to agree on one candidate for PM."

Shiite political parties that would typically have come together to nominate a prime minister following previous elections have split into two camps, one of which is favored by the U.S. and the other by Iran. That competition has raised tensions between the two foreign powers.

It isn't yet clear who the prime minister will be. Incumbent Haider al-Abadi's chances of a second term have been all but extinguished after Iraq's most influential cleric ruled him out following the unrest in Basra. Former oil minister and Vice President Adel Abdul Mahdi has emerged as a possible candidate.

Meanwhile, the Kurds, who held a referendum on independence one year ago, are now instead competing for primacy in Baghdad.

Ayman al-Shimmar, a member of the Sairun coalition that won the most seats in the May 12 election said Mr. Salih was the preferred candidate because his Patriotic Union of Kurdistan (PUK) party has traditionally been more flexible and willing to compromise with Baghdad.

The Kurdistan Democratic Party (KDP), to which Mr. Hussein belongs, was the main driver behind an independence referendum last year that brought Iraq to the brink of civil war.

The U.S. has begun training Turkish troops, marking the final step before the two countries begin conducting joint patrols likely this month around the strategic northern Syrian city of Manbij, Defense Secretary Jim Mattis said Monday.

Mr. Mattis said that initial instruction for Turkey's military trainers started and will soon be followed by U.S. training of the broader Turkish force that will conduct the patrols. The forces are being trained in Turkey.

Ibrahim Kalin, Turkey's presidential spokesman, said last week the patrols would begin soon. Mr. Mattis wouldn't commit to a timeline, but acknowledged progress in the training steps needed for the patrols to start.

The Manbij patrols are part of a "road map" that Ankara and Washington agreed on in June to defuse tensions amid Turkish demands for the withdrawal of a U.S.-backed Kurdish militia that freed the town of Manbij from Islamic State in 2016.

Mr. Mattis said the Turkish military has "been very helpful."

—Associated Press

Indian Government Takes Over Struggling Shadow Lender

BY DEBIPRASAD NAYAK

The Indian government is taking over and investigating a struggling shadow lender, Infrastructure Leasing & Financial Services Ltd., to try to keep its debt problems from destabilizing the country's financial system.

In what some are calling a "Lehman moment"—referring to how the failure of Lehman Brothers in 2008 signaled the shocking realization of spreading debt problems in the U.S.—India has decided to save the infrastructure lender.

One of the biggest backers of infrastructure projects in

Asia's third-largest economy with a top credit rating until this summer, IL&FS suddenly started missing debt payments and has been downgraded to junk in recent months.

Over the weekend, it unveiled plans to raise more money by taking additional loans while selling shares and assets to restart payments on its more than \$12 billion in debt.

But New Delhi decided to take matters into its own hands. On Monday, the Indian government won its petition to take over the company's board in the National Company Law Tribunal. Indian cor-

porate law allows the government to take over companies when it is judged to be in the national interest.

"The restoration of confidence of the money, debt and capital markets, the banks and financial institutions in the credibility and financial solvency of the IL&FS Group is of utmost importance for the financial stability of capital and financial markets," the government said in a press release.

It said the company's consolidated financial statements show IL&FS had been bleeding

money for years and was hiding its condition by questionable classification of its future

revenue as well as money it had stuck in court cases and other disputes. The government said there would be an investigation of the management of the company by the Serious Fraud Investigation office.

Delays in revenue from its long-term infrastructure projects, including roads, power plants and townships, have starved it of cash to pay off short-term debt at a time when rising interest rates and risk aversion have made it difficult to roll over loans.

The government takeover is aimed at arresting the spreading uncertainty about the extent of IL&FS's debt problems,

its abilities to resolve them and whether other lenders are having similar problems.

The shares of companies associated with the company and other nonbanking financial companies—financial firms that give loans but don't take deposits—have been plunging. Meanwhile, the mutual-fund industry has also been hurt as investors and funds dump bondholdings to reflect the sudden shift in risk.

"There would be collateral damage across the financial system," if IL&FS goes out of business, said Nirmal Gangwal, founder of turnaround advisory firm Brescon. "It's a crisis situation. It needs to be contained."

The crisis at IL&FS has again raised concerns over the issues with bad loans in the Indian banking sector. Total nonperforming assets at Indian banks were at close to \$150 billion, or 11.6% of their loan book in the year through March. As banks have struggled with their bad loans, nonbanking lenders have been picking up the slack.

The treatment of the company has already become a political hot potato. The company is one of the biggest beneficiaries of Prime Minister Narendra Modi's infrastructure building binge.

GREATER NEW YORK

Mass Jail Bailout Is Launched

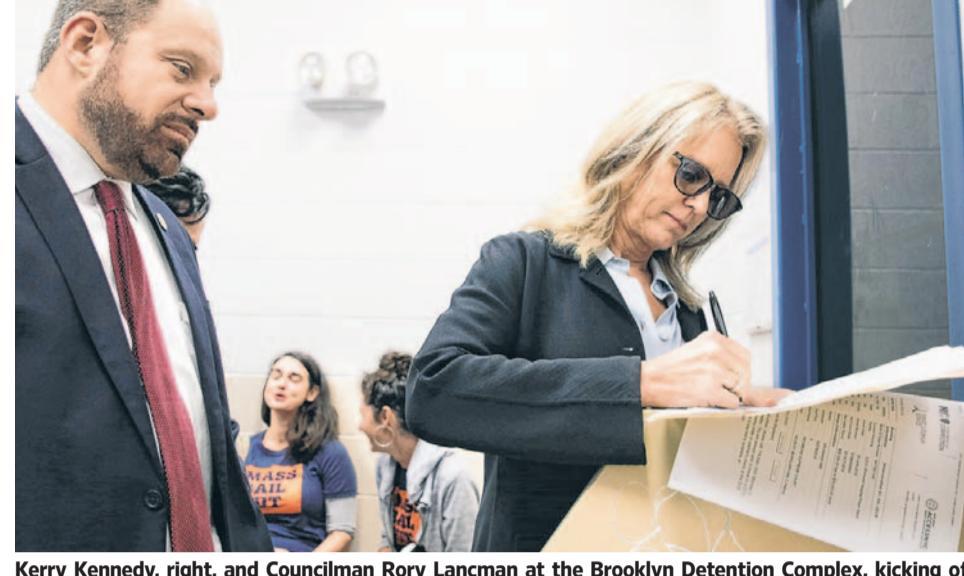
Advocacy group says it would spend up to \$5 million to shine a light on unfair system

BY CORINNE RAMEY

Kerry Kennedy walked into the Brooklyn Detention Complex on Monday morning ready with a \$25,000 check to bail out a defendant at a Rikers Island jail, part of an organized effort that seeks to spend up to \$5 million to draw attention to the city's bail system.

"We're going to bail out as many people as we can who are bail eligible," said Ms. Kennedy, president of advocacy group Robert F. Kennedy Human Rights and daughter of Robert F. Kennedy. The group predicts the effort will be the largest mass bailout in U.S. history.

In New York City, about 2,900 people who have been accused of a crime are in jail and have had bail set, data show. Bail is used as a deposit to ensure that someone accused of a crime shows up to court. Some critics say it unfairly penalizes poor people who don't pose a threat and allows dangerous defendants



Kerry Kennedy, right, and Councilman Rory Lancman at the Brooklyn Detention Complex, kicking off a mass jail bailout. She said the woman she paid \$25,000 to free has a serious health condition.

with means to go free.

Several U.S. cities and states have in recent years reduced their reliance on bail, arguing the system creates overcrowded jails and extra costs for taxpayers.

In New York City, the administration of Mayor Bill de Blasio, a Democrat, has created alternatives to jail for some people waiting for trial. A spokeswoman for the mayor said City

Hall supports "any effort that focuses on bail assistance for low-level offenders who don't pose a public safety risk." But the mass bailout has created controversy in the city among some law-enforcement officials, who have raised concerns about public safety. "What about the victims? What about witness intimidation? What about retaliation?" New York Police Department Commissioner James

O'Neill has said.

Unlike other bailouts, the Kennedy nonprofit isn't limiting its efforts to people accused of nonviolent offenses and plans to pay high bail amounts. Typically, judges assign heavier bail to people accused of more serious crimes. Wade McMullen Jr., the group's managing attorney, said social workers were helping people who had been released. He said that when

people express concerns about women and teens being freed from jail, "what they are really saying is that they are afraid of poor people, black and brown people, being freed."

Bailing out hundreds of people is logically complicated. Under state law, a charity can post bail for up to \$2,000 for misdemeanors. A person also can only post bail for two people each month. To get around these rules, the nonprofit has recruited hundreds of volunteers to post bail.

On Monday morning, staffers and volunteers, wearing "Mass Bail Out" T-shirts, took the subway to the Brooklyn Detention Complex, a city jail.

At the jail earlier that day, Ms. Kennedy had filled out paperwork. A staffer told her she would fax that information to a jail on Rikers Island. Then, the staffer said, she called the jail to make sure it had received the fax. The staffer told Ms. Kennedy to return in two hours.

Around 10:30 a.m., Ms. Kennedy came back and handed over the check. She said the woman she bailed out has a serious health condition. "How often in life do you do something and have someone's life be changed?" Ms. Kennedy said.

Cuomo Leads, but Likability Is Sinking

BY KATIE HONAN

Gov. Andrew Cuomo has a commanding lead over his Republican challenger in the New York gubernatorial race ahead of November's general election, even though his unfavorability rating is at an all-time high, according to a poll released Monday.

Mr. Cuomo, who defeated Cynthia Nixon in September's Democratic primary by a 30-point margin, leads his GOP opponent, Marc Molinaro, by 22 percentage points in a Siena Research Institute poll of likely voters.

The governor's bigger lead is in New York City, where 61% of likely voters said they would give him a third term, compared with his thinner margin upstate, where Mr. Cuomo has the support of 38% of voters. Mr. Molinaro, the Dutchess County executive, is close behind with the backing of 36% of upstate voters.

Mr. Cuomo's lead comes despite a record number of polled voters perceiving him negatively. Half of likely voters view him favorably, while 46% view him unfavorably—Mr. Cuomo's highest unfavorable rating since becoming governor in 2011, the poll found.

Among voters polled upstate, 58% disliked the governor, according to Siena. When asked to rate the governor's job performance, 29% of all polled voters rated it "poor," the poll found. That number was 15% in January, and 25% in June.

Half of likely voters view him favorably, while 46% view him unfavorably, poll says.

NYPD Harbor Unit Beef Up Its Patrols

BY ZOLAN KANNO-YOUNGS

New York City's waterways are brimming with traffic these days. Just ask the New York Police Department's top skippers.

On a sunny morning last month, Deputy Inspector Anthony Russo sipped a 7-Eleven coffee as he leaned on the deck railing of a 70-foot NYPD Harbor Unit vessel next to Officer Andrzej Bigus. Their boat cruised to a slow stop near Pier 12 in the Red Hook section of Brooklyn to let two New York City ferries pass. Nearby, a hulking commercial cargo ship prepared to set off.

"When I started out, there was no ferry traffic coming down here," Officer Bigus recalled. "There was nobody out here."

A lot has changed for law enforcement in the past year since Mayor Bill de Blasio launched a new passenger-ferry service, which now has 19 vessels carrying an average of 18,000 riders each weekday. That is in addition to the thousands of passengers who use the Staten Island ferry; New York Water Taxi, which provides ferry service between Brooklyn and Manhattan; and NY Waterway, which transports passengers between New Jersey and Manhattan.

Meanwhile, the amount of commercial vessels in New York City rivers is on the upswing.

The Port Authority of New York and New Jersey, which operates four New Jersey marine terminals and two New York marine terminals, had 753 ship calls—when a ship unloads or loads cargo—through July of this year compared with 691 calls during the same period last year, according to the authority's data.

In 2017, the authority handled the loading and unloading of more than 6.7 million 20-foot-long ship cargo containers, a 5.3% increase from the year before.

The additional traffic has kept the NYPD's Harbor Unit busy, responding to everything



An increase in traffic on the city's waterways is keeping the NYPD Harbor Unit busy. A boat recently patrolled the East River.

from speed demons to drunken ferry passengers to helicopter crashes. At the same time, it has increased its patrols and inspections of

the unit's 35 vessels escort about 100 of the new NYC ferries each month as a counter-terrorism measure. One or two NYPD boats, ranging in length from 25 feet to 70 feet, occasionally will shadow a ferry as it cruises the waterways.

"We try to keep it random," Mr. Russo said. "We want to keep them guessing, the bad guys."

The police department's ships are equipped with divers as well as infrared, night vision and radiation-detection technology to combat potential terrorism or active-shooter threat.

When a serious incident occurs—such as when a ferry struck a pylon in November 2017 or when a helicopter crashed in the East River in March—both the NYPD and the U.S. Coast Guard re-



NYPD Harbor Unit Deputy Inspector Anthony Russo, right, recently greeted a member of the Coast Guard last month.

sponded.

Capt. Jason Tama, commander of the Coast Guard's New York sector, said his team also has been handling more ship traffic.

"I hear time and time again from them that the harbor is busier than they've seen it," Capt. Tama said, referring to the Coast Guard.

The police and the Coast

Guard launched a massive response earlier this year when two men jumped off a Rockaway, Queens-bound ferry. The NYPD called in at least one helicopter and sent several ships searching for the men in case they were missing. Officials later learned the men swam to shore.

"Jumping off a ferry for any reason, we take that very seri-

ously," Capt. Tama said. "And obviously we strongly discourage anybody from ever doing that."

The city ferry service sells beer and wine on board, which has caused a few hiccups, so to speak.

"We had one disorderly passenger that threatened to blow up the ferry, but he was more of a intoxicated guy," Mr. Russo said, recalling an incident this summer.

Most of the drunken incidents don't end in an arrest, Mr. Russo said. Instead, his officers try to de-escalate the situation and escort the passenger off the ferry after it docks.

Mr. Russo said he doesn't expect the growth in overall waterway traffic to result in a substantial increase in alcohol-related incidents on the rivers surrounding New York City though. The ferry trips between Manhattan and Brooklyn are too short to consume too many drinks, he noted.

When asked their opinions of Mr. Molinaro, 56% of polled voters said they didn't know him or refused to answer. That percentage was higher for polled voters in New York City, at 63%.

Ms. Nixon, who is still running on the Working Families Party line despite losing the Democratic primary, received 10% of support from likely voters, according to the poll. The other minor-party candidates—Larry Sharpe, Howie Hawkins and Stephanie Miner—had a combined support of 4% of voters.

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Teen Hit Musical Hopes To Age Well on Broadway

BY CHARLES PASSY

Even before it landed on off-Broadway this summer, the science-fiction musical "Be More Chill" had the makings of a hit, fueled by young fans' fervor on social media.

But with the show having concluded a sold-out, two-month run at the Pershing Square Signature Center last weekend and now preparing for a February arrival on Broadway, the question is whether the breakout sensation can maintain the momentum.

It is a question that even lead producer Gerald Goehring can't easily answer.

"We are the surprise show coming in," he said.

The production, with music and lyrics by off-Broadway and cabaret veteran Joe Iconis, began life with a 2015 regional theater production in New Jersey. Based on Ned Vizzini's novel of the same name, it tells the story of high-school misfits who achieve instant popularity by swallowing a pill—more like a mini super-computer—that guides their thoughts and actions.

"Be More Chill" might have been easily forgotten after that Garden State run had not a cast recording become a viral sensation. The songs, such as "Michael in the Bathroom," an ode to social isolation, resonated with the very audience the show is about: teens.

That paved the way for the \$1.5 million off-Broadway production. Despite the sold-out engagement, Mr. Goehring

said the show fell short of recouping because of the limited run. But the goal was to give "Be More Chill" exposure and set the stage for its future elsewhere, he added.

Now, producers are making the quick leap to Broadway in a staging that is expected to cost roughly \$9 million.

Producers are clearly counting on the show's core teen audience as the journey continues. Many young fans attended the off-Broadway production dressed as characters from the musical and waited for cast members in a meet-and-greet that often extended for an hour afterward, according to Mr. Goehring and others connected with the show.

Carly Heitner, a 19-year-old college student from Roslyn, N.Y., counts herself among the "Be More Chill" boosters. She saw the off-Broadway production twice and has bought tickets to the Broadway show.

She also has listened to the cast recording "too many times to count."

"You can relate to all the messages in the show," she said.

Still, "Be More Chill" could face challenges making the leap from off-Broadway to Broadway, theater professionals warn. Critics haven't universally embraced the show. And the musical may be too quirky for some Broadway theatergoers, professionals say.

But Mr. Goehring says he noticed older, more traditional patrons respond positively to the off-Broadway production, leading him to believe that the musical will resonate with a wider audience.

Mr. Goehring said his team is going to "step up the physical production" for the Broadway staging, including by adding more video projections and improving the lighting. "It's going to be the same show. It's just going to look better."



'Be More Chill' is gearing up for a February arrival on Broadway.

Fired Teacher Gets Job Back

BY LESLIE BRODY

A high-school teacher who was fired last spring for saying "Heil Hitler" while his arm seemed raised in a Nazi salute in class has gotten his job back at a private Quaker school in Manhattan after an arbitrator ruled his misconduct didn't warrant termination.

The dismissal of Benjamin Frisch, a math teacher who taught at Friends Seminary for 34 years, tore its community apart for months. Critics called his comment inexcusably offensive, but many students rallied to his defense and said he deserved another chance, with "Bring Ben Back" buttons, a petition and a sit-in at a park.

An arbitrator ruled Friday that the period after Mr. Frisch's removal in March through the end of the last school year should be treated as a suspension without pay, and he should be reinstated.

Melissa Woods, a lawyer for the teachers union represent-

ing Mr. Frisch, called the ruling a victory, even though he didn't get back pay. He couldn't be reached for comment Monday.

In a letter to the Friends community, Principal Robert "Bo" Lauder said the school respects the arbitrator's decision and would welcome Mr. Frisch back. "We all now need to focus on the future," he wrote.

Both sides agree Mr. Frisch, a Quaker, was teaching calculus on Feb. 14 when he demonstrated an angle of inclination with his arm, which looked like a Nazi salute. The arbitrator said that in an attempt at humor, Mr. Frisch said "Heil Hitler," and then immediately tried to remedy his mistake, saying that in his childhood, television shows such as "Hogan's Heroes" made fun of Nazis, but such jokes aren't acceptable.

Mr. Frisch's father survived the Holocaust, but his great-grandparents were killed. "While I do not believe there is a scintilla of evidence Frisch is a Nazi sympathizer, or is in any

way anti-Semitic, the fact remains Frisch's behavior was inappropriate," said the ruling by arbitrator Martin Scheinman.

The school administration said two other concerns surfaced during an investigation that factored into firing Mr. Frisch. Regarding one accusation, the arbitrator wasn't convinced that the teacher actually said what would have been an outrageous comment to a student, and Mr. Frisch's denial was persuasive.

The arbitrator ruled the other allegation, which involved a student saying he sat too close to her in a private meeting and at an earlier time stroked her arm with his finger, was a "boundary issue" that didn't rise to the level of sexual misconduct. Mr. Frisch had no recollection of such incidents and said he wouldn't engage in such behavior, the arbitrator said. Some students said in interviews that he sometimes leaned close to them because he had problems hearing.

Bus Driver Guilty in Bike Death

BY KATIE HONAN

A former charter bus driver was found guilty Monday of a criminal charge for fatally hitting a Citi Bike rider in Manhattan last year.

After a bench trial, a Manhattan judge convicted Dave Lewis of a misdemeanor for breaking New York City's Right of Way law, which is meant to protect pedestrians and cyclists.

Judge Heidi Cesare also convicted Mr. Lewis of a traffic violation for failing to use due care when he ran over cyclist Dan Hanegby, who became the first fatality in the city's bike-share program.

Mr. Hanegby was riding in the Chelsea neighborhood when he was knocked off his bike and run over by the rear tires of Mr. Lewis's bus in June 2017, the New York Police Department said. Mr. Lewis worked for Coach USA on the Hudson Transit Lines and is no longer an employee, a company spokesman said.

Mr. Lewis is scheduled to be sentenced on Oct. 22, and prosecutors are seeking jail time, said a spokeswoman for the district attorney's office.

Jeremy Saland, a lawyer for Mr. Lewis, didn't return a request for comment.

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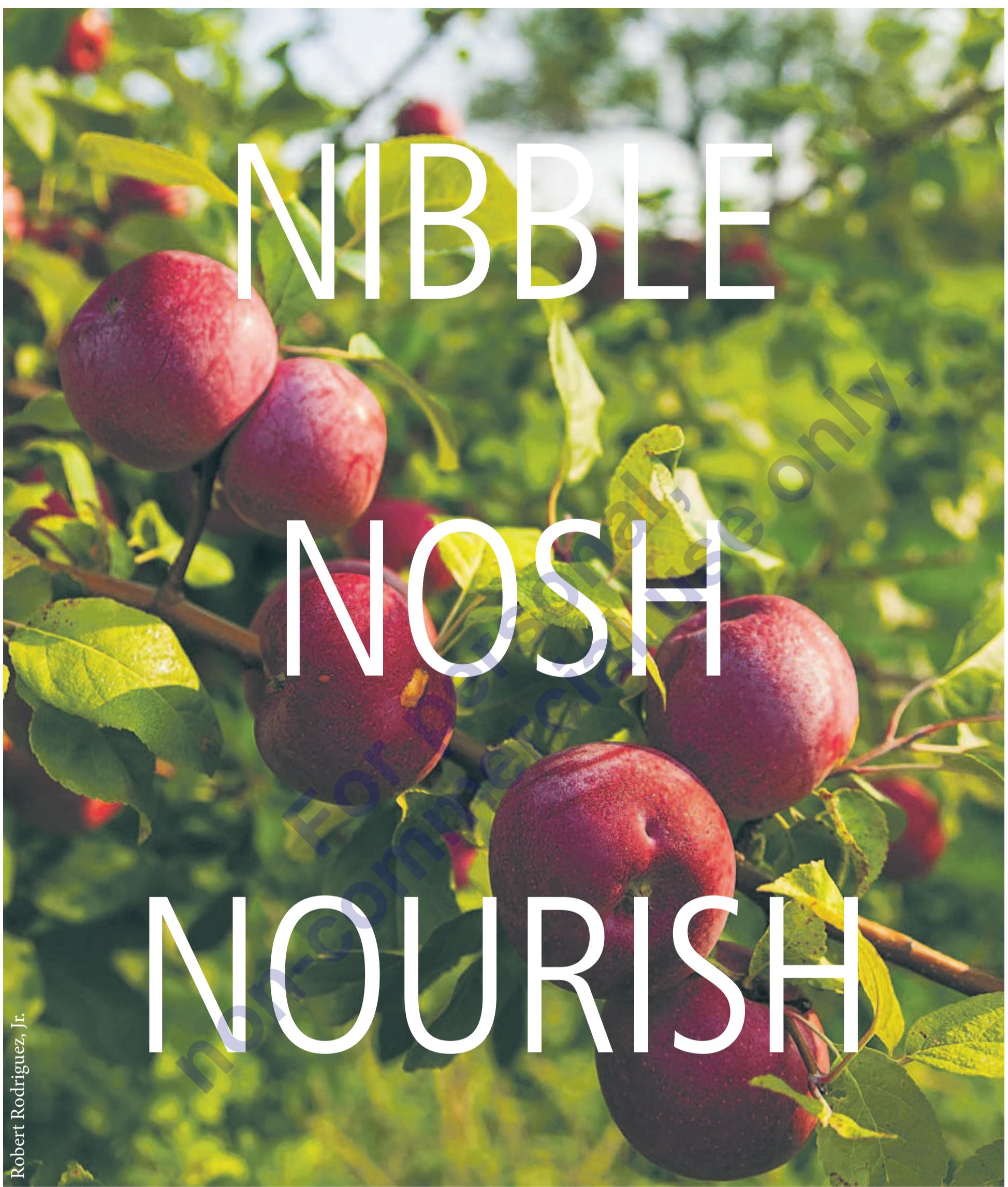
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A close-up photograph of several ripe red apples hanging from green branches with leaves. The apples are in various stages of ripeness, with some showing a darker red hue. The background is a soft-focus view of more trees and foliage.

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LIFE & ARTS

TURNING POINTS | By Clare Ansberry

The Bond Between a Caregiver and Patient

Immigrants take on a growing role amid a shortage of eldercare workers

Ama Serwaa left her home in Ghana seven years ago and now lives in a small apartment in northern New Jersey, caring for a woman she calls Mum.

In the morning, Ms. Serwaa, 61, wakes and helps June Gilbert, the 88-year-old "Mum," shower and dress. After breakfast, they take a one-mile walk, Mrs. Gilbert using her walker and Ms. Serwaa at her side pausing often to let her rest. Mrs. Gilbert talks about her children and tells stories about growing up in a small town in Massachusetts. Ms. Serwaa teaches her words and phrases from her African homeland.

The two of them, though from different worlds and backgrounds, have formed a bond that might seem unlikely but has become increasingly common.

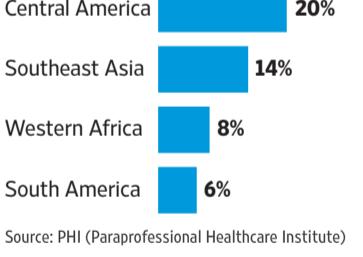
Of the 4.3 million "direct care" workers in the U.S.—those who help older people and those with disabilities with daily tasks such as dressing and bathing—around one in four were immigrants as of 2016, according to a September report from PHI, an organization that works with the long-term care and home-care industry. These include home-health aides, personal-care aides and nursing assistants, in settings from nursing-care facilities to private homes.

Some 933,278 immigrants worked for direct-care companies and another 106,560 provided services independently, bringing the total to more than 1 million, according to the report. Over the past decade, the number of immigrants working for direct-care providers increased by 52%, outpacing

Helping Hands

More than a million immigrants worked as home-health aides, personal-care aides and nursing assistants in the U.S. in 2016. Around a quarter of those came from the Caribbean region.

Top regions of origin for immigrants working in direct care



Source: PHI (Paraprofessional Healthcare Institute)
THE WALL STREET JOURNAL.



a 34% rise in U.S.-born workers, it said.

Some U.S. providers rely on immigrants for up to 90% of their personal-care work force, says Natasha Bryant, a researcher with LeadingAge, an association representing non-profit companies that provide services for the aging. "Several providers said they would have to close their doors if not for foreign-born workers," she says. "They are not seeing enough native-born folks take the jobs."

It's not clear what impact federal policies, including a lower cap on refugees, stepped up deportations and calls to reduce visas based on family ties, will have on caregiving. "The effects of recent policy changes may take time to manifest," says Robert Espinoza, vice president of policy at PHI. For example, Haitians and El Salvadorans with temporary protection against deportation won't be required to leave until 2019. But he is concerned. "It's impossible to imagine that the long-term care system would survive without immigrants," he says.

At Fellowship Senior Living, where Ms. Serwaa works, 90% of the 200 home health-care workers are immigrants, says Elizabeth Fandel, who oversees the rapidly growing at-home care at Fellowship, based in Basking Ridge, N.J.

"They are the ones applying for the jobs," she says. Fellowship's hourly wages for home-care workers are \$13 to \$16 an hour. That compares to a median \$11 hourly wage earned by immigrants in direct care nationwide, according to the PHI report.

The work can be demanding. "It's not easy dealing with someone who is incontinent or nearing the end of their life or who has dementia," she says. Finding the right match can also be daunting, especially when people are from such different backgrounds. But many of the immigrant caregivers



come from cultures where elders are respected and taking care of them is a natural part of family life.

Ms. Serwaa says she was inspired by her grandmother, who taught her to love, respect and empathize with older people. "That love that I gave her I can give to others," Ms. Serwaa says.

A divorced mother of three, Ms. Serwaa left Africa and moved to New Jersey to be close to her daughter, Annette Poku. Mrs. Poku came to the U.S. in 2002 to study social work, received her citizenship and petitioned for a visa for her mother. At the time, Mrs. Poku was working at Fellowship part-time. Her mother, who had been a beautician, followed her daughter into the caregiving field. Ms. Serwaa took classes and received her state certification as a home-health aide.

She has been a live-in caregiver for several people, most recently Mrs. Gilbert. Five years ago, Mrs. Gilbert, a widow with four children, sold the family house and moved to a small apartment in Basking Ridge.

"I was on my own until I got sick," says Mrs. Gilbert. In January she contracted an infection, spent 12 weeks in skilled-nursing care, lost 38 pounds and couldn't walk



Ama Serwaa, a certified home-health aide from Ghana, provides live-in care for June Gilbert, 88. Mrs. Gilbert had been living on her own until she got sick in January. 'I don't know what I would do if I didn't have Ama,' says Mrs. Gilbert.

on her own. Doctors told her she couldn't go back to her apartment unless she had 24-hour care.

That's where Ms. Serwaa came in. They clashed at first. "I was always independent and wanted to do things on my own," says Mrs. Gilbert. She didn't like being dependent and told to use her walker. "She was mad at me," says Ms. Serwaa.

"Now I don't know what I would do if I didn't have Ama," says Mrs. Gilbert.

Ms. Serwaa calls her "Mum" because "I have taken her as my own," she says. When her sons call from Ghana, they ask to say hello to Mrs. Gilbert.

Likewise, Mrs. Gilbert considers Ms. Serwaa family. She accompanied Mrs. Gilbert to a grandson's wedding. When visiting, Mrs. Gilbert's great-grandchildren run to Ama, who gives them cookies.

The two women have settled into a comfortable routine. Ms. Serwaa wakes at 6 a.m., gets Mrs. Gilbert ready for the day and prepares her breakfast. She straightens the bedrooms and bath before taking Mrs. Gilbert to any morning doctors or dental appointments. After lunch, she helps Mrs. Gilbert into her recliner, lifting her legs so they don't swell. Mrs. Gilbert might hem a pair of pants or read

a favorite history book, before deciding to "rest her eyes."

At night, she reminds Mum to take her medicine, which Mrs. Gilbert's daughter, who visits often, organizes into separate containers. By 11:15 p.m., she checks in to make sure Mrs. Gilbert is sleeping and goes to bed.

Ms. Serwaa sleeps on a daybed in the small den. Photos of Mrs. Gilbert's children and grandchildren line the shelves. Ms. Serwaa keeps her own things out of the way, her shoes neatly lined up under a corner end table.

She has an apartment about 30 miles away and has been back three times since April 13, the day she began working for Mrs. Gilbert, including one 10-day stretch when Ms. Serwaa's daughter married.

Ms. Serwaa doesn't mind not going home each evening. Live-in care works better for her, she says. When she worked a regular day shift, she would have to get up at 5 a.m. and take a bus or Uber to get to work by 7 a.m. "When you get live-in you don't have to rush," she says.

The hours are steady and she can send money home to her two sons and her widowed baby sister, who is 49. Ms. Serwaa's dream is to become a citizen and bring her two grown sons to the U.S.

BOOKS

NEW LITERARY PRIZE STEPS IN FOR THE NOBEL

BY BRENDA CRONIN

IN A YEAR when the Swedish Academy won't name a Nobel laureate in literature, a pop-up non-profit called the New Academy is aiming to fill the gap.

On Oct. 12 in Stockholm, on the heels of the various Nobel announcements, the New Academy's jury, led by publishing veteran Ann Pålsson, will name the winner of the New Prize in Literature.

The New Academy stuck to the Nobel calendar, in which winners are named in October and receive their awards in December, but it departed from tradition by opening up much of its decision-making. Early in the summer, librarians across Sweden nominated 47 authors, including Don DeLillo and Elena Ferrante.

Then the public joined in and after more than 30,000 online votes, the list was winnowed to four finalists: Maryse Condé, Neil Gaiman, Haruki Murakami and Kim Thúy. Ms. Pålsson and three fellow jurors will choose the winner.

Mr. Murakami, the Japanese novelist known for books such as "Kafka on the Shore" and "Norwegian Wood," withdrew his name from consideration.

Ms. Condé, an 81-year-old academic and author born on Guadeloupe, in the Caribbean, broke out as a novelist in the 1980s with "Segu," a saga that sweeps through African history. On hearing the news, "I was so happy and extremely proud," Ms. Condé said. "I have never really been in the limelight."

Ms. Thúy, 50, was born in Vietnam and as a young girl fled the strife-torn country for Canada. That journey has informed her three novels, including her debut "Ru," published in 2009.

"My knees got weak," said Ms. Thúy when she learned she was a finalist, though she plans to be sound asleep when the winner is announced. "It would be very wrong for me to win," she said, adding that her three books aren't equivalent to "one book of anyone else on that list."

Mr. Gaiman, 57, a Briton, is known for his graphic novels (the "Sandman" series) as well as books for children ("Coraline") and adults ("The Ocean at the End of the Lane"). "It's a hugely nice thing to be placed in company of 47 fantastic writers from around the world," he said.

The Swedish Academy canceled this year's Nobel in literature as it

attempts to recover from a scandal over allegations of sexual assault, saying it would award two prizes next year. The man at the center of the scandal, Jean-Claude Arnault, was found guilty of rape on Monday and sentenced to two years in prison.

This isn't the first year without a Nobel Prize in literature. The Swedish Academy has awarded them since 1901, but none during seven years around the first and second World Wars.

News of this year's cancellation dismayed many in Sweden's publishing and artistic circles. "We love the Nobel Prize, and we were so sad when they said it wasn't to be awarded," Ms. Pålsson said.

Alexandra Pascalidou, a journalist and writer in Sweden, marshaled dozens of volunteers in forming the New Academy.

"I thought we have to do something new," Ms. Pascalidou said.

"So, I called the do-ers I know." In June, she enlisted Ms. Pålsson,

who had edited Ms. Pascalidou's most recent book, to head the jury.

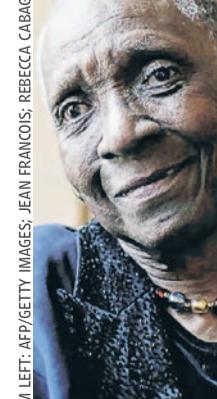
To cover expenses and raise a monetary prize (the literature Nobel laureate receives more than \$1 million), the New Academy has enlisted sponsors, crowdfunding, and is selling T-shirts, hoodies and iPhone cases. It plans to shut down after the award ceremony and celebrations in December.

Whether the prize will generate the buzz that the Nobel does is an open question.

"I don't know that I would expect that we will see the jump in sales that we would expect to see from a Nobel win," said Rachel Cass, buying and inventory manager at the Harvard Book Store in Cambridge, Mass.

The New Academy prize is unlikely to exert the same heft as the Nobel, said Jake Reiss, founder of the Alabama Booksman in Homewood, Ala. He has some signed Gaimans on hand but nothing by Ms. Condé or Ms. Thúy, he said.

Still, he applauded the New Academy's effort as better than nothing. "Heaven forbid, if there were no Super Bowl or the World Series, if the players went on strike or whatever," he said, "it wouldn't be the same—but that's all you got."



New Academy's finalists, from left: Maryse Condé, Kim Thúy and Neil Gaiman.

FROM LEFT: AFP/GTY IMAGES; JEAN FRANCOIS; REBECCA CABAGE/AP

LIFE & ARTS

PARENTING

The Competitive World of School Lunches

Parents think outside the lunchbox and create elaborate meals for their kids—and social media

BY ANNE MARIE CHAKER

AVIVA WITTENBERG packs two school lunches every morning, one vegetarian and the other dairy-free. Her children take them to separate Toronto schools with nut-free restrictions.

That might send most parents weeping into their thermoses. Ms. Wittenberg, a 43-year-old information-technology consultant and mother to daughters Talia, 10, and Noa, 13, embraces the challenge, posting her lunchbox creations on Instagram each day before noon.

One recent Tuesday, it was veggie and tofu samosas, surrounded by an assortment of eight fruits and vegetables, including broccoli, grapes and lupini beans. By 3 p.m., the image had 111 likes. "Beautiful," wrote Christina Diep, a 38-year-old stay-at-home mom in West Hollywood, Calif. "I wish my six-year-old would eat this lunch."

Welcome to the world of competitive school lunches. People's obsession with posting pictures of food on social media has moved to the lunchbox crowd. Posts on Instagram about lunchboxes rose 90% in the first eight months of 2018, according to Socialbakers, a social-media analytics firm that analyzed high-traffic accounts with more than 1,000 followers. Lunchbox makers report record back-to-school sales: Boolabox says revenues for its Yumboxes rose 35% this summer, says co-founder Daniela Devitt.

Japanese-inspired multi-compartment boxes have helped fuel lunchbox one-upsmanship. Preschool teachers sometimes encourage parents to buy into stylish all-

in-one Bento-box brands such as Yumbox, PlanetBox and OmieBox.

A lunchtime with fewer containers and plastic bags means less mess and confusion. Parents like that it eliminates cupboards overflowing with mismatched lids.

The lunchbox craze has helped fuel a cottage industry that includes specialized utensils, pre-written parental love notes and lunchbox-planning apps.

In the months before San Francisco stay-at-home mom Nancy Yen launched her \$39.50 OmieBox, she interviewed dozens of lunchpacking mothers nationwide.

"We got deep into the psychology of lunchmaking," says Ms. Yen. A big theme that emerged in her consumer research was the guilt-ridden working mom. "It was, 'I can't be there for everything, so I am going to make you the most kick-ass lunch. I'm going to make sure you know I love you. And I'm going to do it at night when the kid's asleep and it's going to be amazing,'" she says.

Lunchbox support groups, including Think Inside the Lunchbox and My Lunches for My Girl, are lighting up Facebook.

Parents say that when they post their creations, it creates a bit of healthy competition. "It's motivation," says Daniela Oltean, a 46-year-old scientist in San Marcos, Calif., and mother to 12-year-old Sabrina and 10-year-old Conrad.

Some days are more ambitious than others, and she says all parents aim high in the first few weeks of school.

"Tried to copy one of the Starbucks protein boxes," Ms. Oltean wrote on Sept. 14, including a picture of a hard-boiled egg, salami



Aviva Wittenberg, a working mother in Toronto, combines colorful foods into nut-free, dairy-free and vegetarian lunches, above, for her daughters. Kelly Pfeiffer, right, a food blogger and mom, photographs a lunch for her Instagram account.

sticks and sliced fruit. On Sept. 22, she wrote "Baked croissants for breakfast and made tuna salad for lunch. They can have cat food for dinner." The daily slog of combining sliced fruit, sandwich bread and goldfish crackers can be hard, she says. "Some days it feels like I'm done, I can't do this anymore." But then you see someone else post a picture and say 'the kids like it,' she says. That fuels more ideas for new meals.

Melissa Wheeler, a stay-at-home mother of three in Newcastle, Ontario, posts a diary of her lunchbox creations on Facebook. The idea started four years ago, when she and a friend would send images of their kindergartners' lunches to one another.

"We would joke around, and sometimes it was a little competitive," she recalls. "Then our friends would make comments, and follow us, and then my phone got full of lunchbox photos."

In September, she started a new page, called My Lunches for My Girl, detailing her lunchbox-planning process, which usually begins on Sunday with some preparatory slicing and dicing.

"Ok veggies prep done," says a Sept. 23 post with a picture of nine plastic containers of vegetables diced and julienne. The following day, she posted one of a lunchbox for her 7-year-old daughter, Lily, that included cheese tortellini and an egg frittata.

Some parents save one day a week for their best effort. Beau Coffron, a 40-year-old director for a nonprofit in Oklahoma City, packs a themed lunch every Monday for his two oldest children, Abigail, 12, and Zachary, 8. In recent weeks, lunchbox themes have

included Princess Bride, Legos and Star Wars. He started making specialized lunchboxes when Abigail started kindergarten, inspired by images on social media.

"I saw moms doing stuff online and I was like, 'Why can't I do this?'" he recalls.

Today, he says his children don't react to his creative efforts in quite the same way.

"My daughter loves to show it to as many people as possible," he says. Zachary, on the other hand, "doesn't like all the attention."

As with many things on social media, it helps to brace for criticism. Ms. Wheeler says her feelings have been hurt after posting a lunchbox picture. "Once, someone said I put too much fruit," she recalls. "I cried over it."

Some parents like the stepped-up challenge to what is often seen as a thankless task.

Kelly Pfeiffer, a 38-year-old food blogger in Denver, says she is on a self-imposed mission to create one letter-themed lunch each week for her daughter, Kaela, 8.

Last week, Kaela received an O-themed lunchbox that included an orzo salad, an orange and an Oreo cookie. (Ms. Pfeiffer, who has written two cookbooks and blogs



CLOCKWISE FROM TOP: AVIVA WITTENBERG; JENNA SPARKS PHOTOGRAPHY; BEAU COFFRON/LUNCHBOXDAD

about food regularly, says she sometimes gets paid to show branded products in her Instagram photos.)

The idea for letter-themed lunches inspired Mabby Howard, a business operation manager in Los Angeles and the mother of 4-year-old twins.

She recently tried a P-themed lunchbox that included popcorn, pretzels and pineapple, and posted a photo of the meal on her Instagram account.

"I'm not a Pinterest mom, I'm not super creative, and I'm not particularly social-media active," Ms. Howard, 34 years old, says. "But this is so fun."



Beau Coffron packs an elaborate themed lunch for his kids each week, such as Willy Wonka & the Chocolate Factory.

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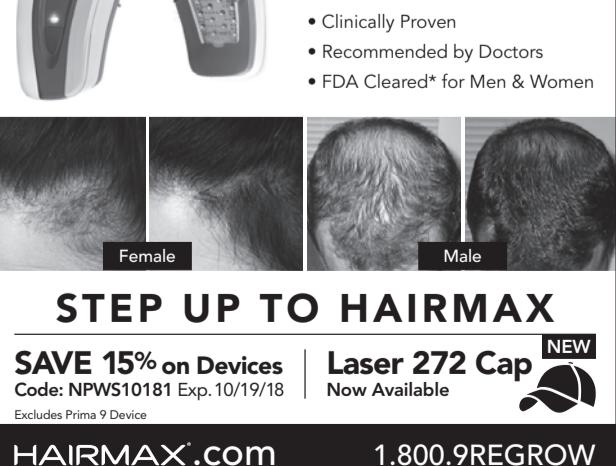
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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

'Born' Again, Brilliantly

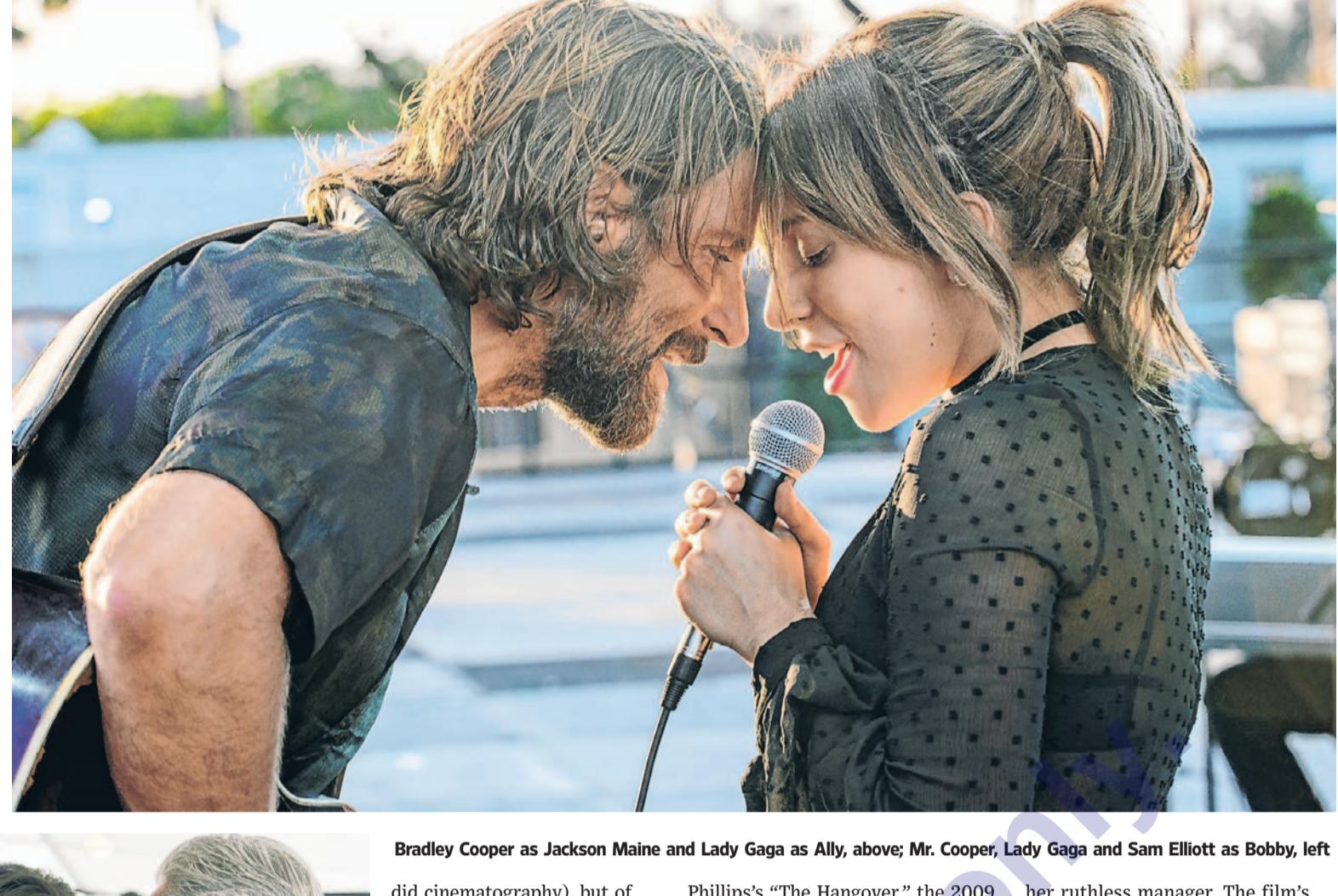
Bradley Cooper and Lady Gaga star in the latest remake of the film—one that hits all the right notes

THE SIMPLEST thing to say about "A Star Is Born" is that it's all right. Not all right as in OK with a shrug, but thrillingly, almost miraculously right in all respects. The venerable formula has finally found its not-so-manifest destiny after three earlier iterations—four, if you count "What Price Hollywood?," the 1932 drama that established the dynamics of the plot. This time the lovers—one soaring up toward fulfillment and fame, the other hurtling down from celebrity toward incipient calamity—are played to dramatic and musical perfection by Lady Gaga and Bradley Cooper. (Mr. Cooper directed, in a phenomenal feature debut.) It's as if none concerned knew they were shooting a remake. The film feels fresh from thunderous start to exquisite finish.

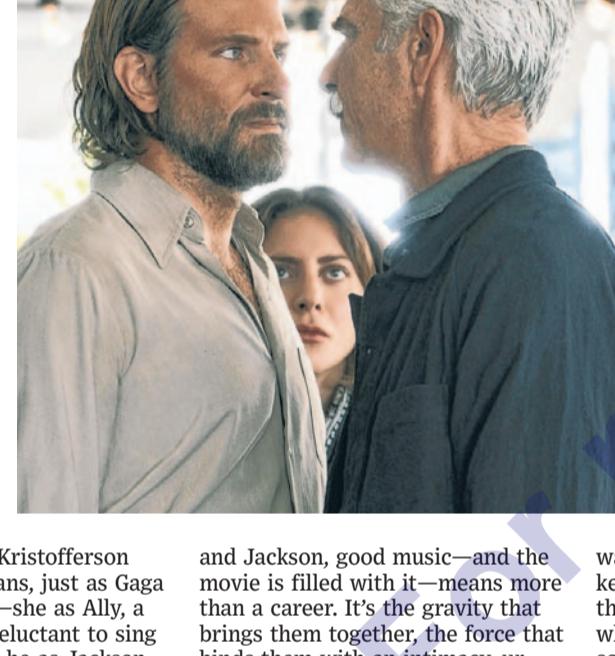
In a sense that comes as no surprise, Anticipation of something special started building in June with the release of the trailer, one of the most effective pieces of movie marketing in memory. Trailers are only promissory notes; this one might have been another instance of bedazzlement destined to disappoint. In retrospect, though, it was a 2 1/2-minute distillation of what sustains the movie's soul—yes, a mainstream Hollywood production with a rich soul—over the course of 2 1/4 hours: dazzling and flash aplenty, but also fondness, generosity, quietude, passionate love and, before and after everything else, music.

That's the new film's secret sauce. Music didn't figure at all in the 1937 "A Star Is Born," with Janet Gaynor starring opposite Fredric March, who plays the alcoholic leading man Norman Maine. But in the 1954 version, where Maine was played by James Mason, the heart of Judy Garland's startling performance was song. And in the 1976 version Barbra

Streisand and Kris Kristofferson both played musicians, just as Gaga and Mr. Cooper do—she as Ally, a singer-songwriter reluctant to sing her own songs, and he as Jackson Maine (a hat-tip to Norman), a rock star with a gift for tender ballads and boozy self-destruction. The difference this time is an intricate musical collaboration that confers complex feelings on the schematic plot. Garland's was a solo act; the Streisand and Kristofferson characters were essentially parallel acts with music in common. For Ally



WARNER BROS. PICTURES (2)



Bradley Cooper as Jackson Maine and Lady Gaga as Ally, above; Mr. Cooper, Lady Gaga and Sam Elliott as Bobby, left

did cinematography), but of the emotional resonance of the screenplay (written by Eric Roth, Mr. Cooper and Will Fetters) and the spellbinding power of the performances.

Lady Gaga's virtuosity may not constitute breaking news; what's remarkable is her dramatic range. At the start, when Ally is tender and thwarted, singing standards in a drag bar where she recently worked as a server, Gaga's approach to the part isn't self-effacing, since no self seems in need of effacement; actor and character are indivisible, then and throughout. Ally and Jackson meet accidentally after one of his concerts—the first of many conventions honored once again—but accident paves the

way for inspiration in a supermarket parking lot at night. The two of them fool around musically for a while, then she lets loose with a song of show-stopping gorgeousness, except that there's no show, only the incandescent conjunction of two kindred spirits. (All of the songs in the film were performed live; the effect is electrifying.)

Mr. Cooper has been brilliant before—in David O. Russell's "Silver Linings Playbook" and "American Hustle," in Clint Eastwood's "American Sniper" and, of course, in Tod

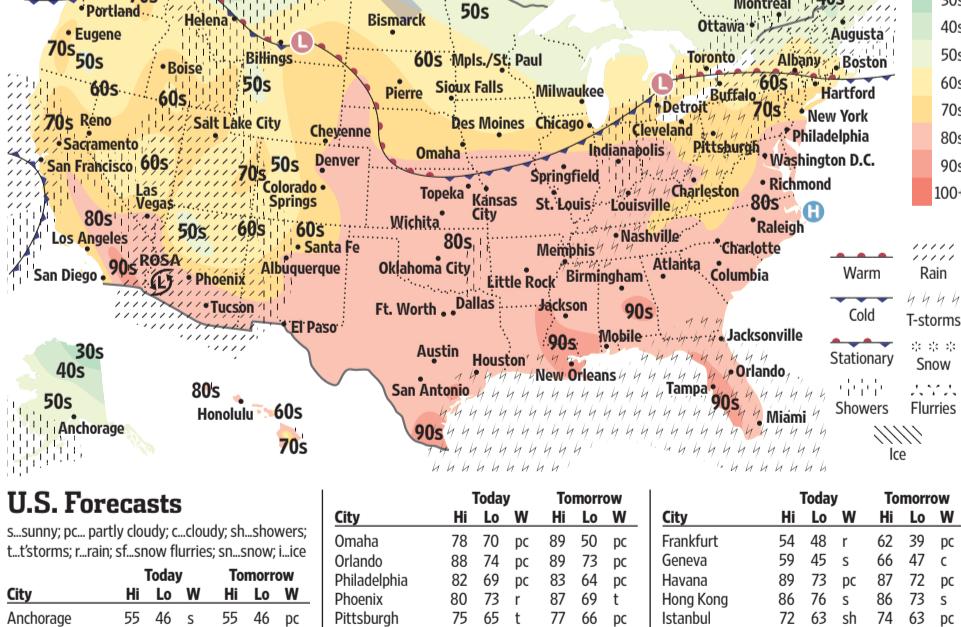
Phillips's "The Hangover," the 2009 comedy that put him on the map. Still, none of that has prepared us for the fullness of what he does here—and does under his own unselfish direction. Previous versions of his character were obviously doomed by booze and drugs. Jackson is doomed, too, but far less obviously. He's in love with Ally, heart and soul—jealousy has wisely been removed from the conventional equation—and strives to help her, though he can't help himself. Much more than a collection of addictions, he sings in a beautifully deep baritone (partly the result, we are told, of Mr. Cooper's intensive vocal training); has a hearing impairment that's accelerating his decline (which, inevitably, is less interesting than the narrative's rising notes); and betrays a poignant melancholy that can turn, in a shocking instant, to volcanic vitriol.

The supporting cast is brilliant as well. Sam Elliott is Bobby, Jackson's brother and fractious manager; they share the subterranean register of their voices and the anguish of their childhood. Dave Chappelle is Noodles, Jackson's old friend and unsparing truth-teller; Andrew Dice Clay is Lorenzo, Ally's father, who puts her down subtly while adoring her. Anthony Ramos is Ramon, Ally's good-hearted friend. Rafi Gavron is Rez,

her ruthless manager. The film's only banal note comes when Rez presents himself after she makes a sensational appearance on stage with Jackson. It isn't the actor's fault; the manager is the movie's Iago, the familiar but indispensable instrument of the music business, which tries its best to turn her gift into a commodity.

The best-known line from earlier versions of "A Star Is Born" is the heroine's "This is Mrs. Norman Maine." But the most haunting line is what the hero says near the end: "I just want to take another look at you." In this version there's a sense that the filmmakers wanted to take another look at the basic material to see what remained to be revealed. That's the director's strategy in shot after shot, scene after scene, and the film's distinctive vitality lies in what he finds: occasions for silence that speak more eloquently than words; how she watches him in ardent wonderment; how he glances at her in unguarded moments; how he loves seeing her face displayed on a giant billboard on Sunset Boulevard; how he romps with his dog, Charlie; how his face looks—really looks beneath the camera's steady gaze—as he's about to do what he does at the end. From a multitude of discoveries, small and large, a marvelous movie is born.

Weather



U.S. Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	55	46	s	55	46	pc
Atlanta	86	68	pc	87	69	s
Austin	89	73	pc	89	73	pc
Baltimore	82	67	pc	83	64	pc
Boise	70	51	c	69	46	pc
Boston	63	60	r	69	58	pc
Burlington	59	50	r	62	53	c
Charlotte	84	66	pc	87	67	s
Chicago	70	62	sh	85	66	pc
Cleveland	77	62	t	82	71	t
Dallas	86	72	pc	88	74	pc
Denver	81	56	c	83	44	s
Detroit	74	56	r	79	70	c
Honolulu	87	75	s	88	75	pc
Houston	88	74	pc	88	75	pc
Indiansapolis	83	68	pc	85	71	pc
Kansas City	86	72	pc	89	62	pc
Las Vegas	84	71	sh	84	66	t
Little Rock	86	68	pc	89	70	s
Los Angeles	79	64	pc	73	62	r
Miami	88	78	pc	89	78	pc
Milwaukee	65	58	c	80	58	t
Minneapolis	61	58	c	78	39	t
Nashville	83	68	pc	87	68	pc
New Orleans	90	77	pc	89	74	s
New York City	79	67	pc	78	63	pc
Oklahoma City	84	71	pc	85	71	pc

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	61	51	r	59	51	pc
Athens	76	65	pc	75	64	pc
Baghdad	106	78	pc	105	75	pc
Bangkok	90	77	sh	92	77	t
Beijing	77	47	s	79	49	s
Berlin	51	45	c	57	43	pc
Brussels	60	48	r	60	47	pc
Buenos Aires	63	43	s	65	43	s
Dubai	98	73	s	99	84	s
Dublin	62	50	c	62	51	c
Edinburgh	55	41	pc	58	52	sh

The WSJ Daily Crossword | Edited by Mike Shenk



COUNTRY FAIR | By Sam Buchbinder

Across		
1	Bachelor no more	27 Miller beer option
8	Capt.'s subordinate	58 Marx who was silent on many issues
11	Little terror	61 Full-groan wordplay
14	Front tooth	62 Event hosted in honor of a visiting dignitary
15	Org. headed by Gina Haspel	64 Stir
16	Negative conjunction	65 CD—
17	Mid-Atlantic contribution to the 62-Across	66 On the nose
19	Carte start	67 Satori-seeking discipline
20	On the nose	68 “ tree falls...”
21	Va-va—!	69 Block separators
22	Win over	70 Honeycomb locale
23	New England contribution to the 62-Across	71 Operating system developed by Bell Labs
26	JFK checkers	72 Shorthand pro

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

- 3 "Get out!"
- 4 Lion or tiger
- 5 "Given the situation..."
- 6 Oui's opposite
- 7 Shot from the tee
- 8 Brit's alma mater indicator
- 9 2000 American League MVP Jason
- 10 Scottish cap
- 11 Seriously impressed
- 12 Back tooth
- 13 Joins the service, maybe
- 18 Verizon acquisition of 2015
- 22 Shorthand pro
- 24 Defense gp. since 1949
- 25 Converse symbol
- 28 Statute
- 29 Long-nosed fish
- 30 Pamplona cry
- 32 Film novelty that competed with Smell-O-Vision
- 33 "The Situation Room With Wolf Blitzer" network

- 35 2018 recipient of MTV's Video Vanguard award, familiarly
- 36 Outdated
- 37 Application
- 39 It holds the solution for many hospital patients?
- 40 Many Christmas trees
- 41 Winner of the first ATP Player of the Year award
- 46 Some
- 48 More sore
- 49 Subtle distinction
- 50 Birthstone following opal
- 51 Slip away from
- 52 Noble gas discovered in 1898
- 53 Snitch
- 54 Microwave signals
- 55 "Rubber Duckie" singer
- 59 Orkin target
- 60 Mine finds
- 62 ____ Lanka
- 63 "____ & the Women" (2000 Richard Gere movie)

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Previous Puzzle's Solution

ALI	BLAB	TRITE
DIM	IRATE	SIREN
ONS	MADEAR	RACKET
COMA	IDA	ASTI
SLAMSON	RENOIR	
INDO	LENO	ISSEE
	SCAMALERT	
CIAO	AWAY	REVVS
SAN	SUN	CROATIA
WREATH	BEESTING	
ERRS	UMA	TACT
DO	THEHUSTLE	KAL
ELIOT		

SPORTS

COLLEGE FOOTBALL | By Jason Gay

It's Time to Wake Up the Echoes

Notre Dame—beloved, not-so-beloved, wildly obsessed-upon—is 5-0 with a legit shot at the College Football Playoff



Here's a college football update: Alabama is still very, very good, blah, blah, blah; Georgia's undefeated and very good, blah, blah, blah; Ohio State is also undefeated and good; as is Oklahoma; Clemson managed to wiggle out of a second consecutive loss to Syracuse; LSU is 5-0 and rattling Baton Rouge with Coach O, Ed Orgeron.

How's that for excitement? Solid and basically professional college football schools remain solid and basically professional! SEC fans are crowing about how they have the greatest conference of all time—everyone loves when they do that, right? (So humble!) Meanwhile, West Virginia is undefeated. So is Central Florida (Again! I love UCF). My Wisconsin Badgers are 3-1 because of a mid-September clunker to BYU; I still don't want to talk about it. Michigan exists somewhere at 4-1.

Folks, it's the first week of October. There's really no point in getting carried away with the rankings because it's still so early. Yelling at each other over college football on Oct. 1 is like having a fight during February vacation over what you're going to grill on the Fourth of July.

There's lot of meaningful football left. Playoffs? That's, like, 20 years from now. I don't even want to think about cold weather up north.

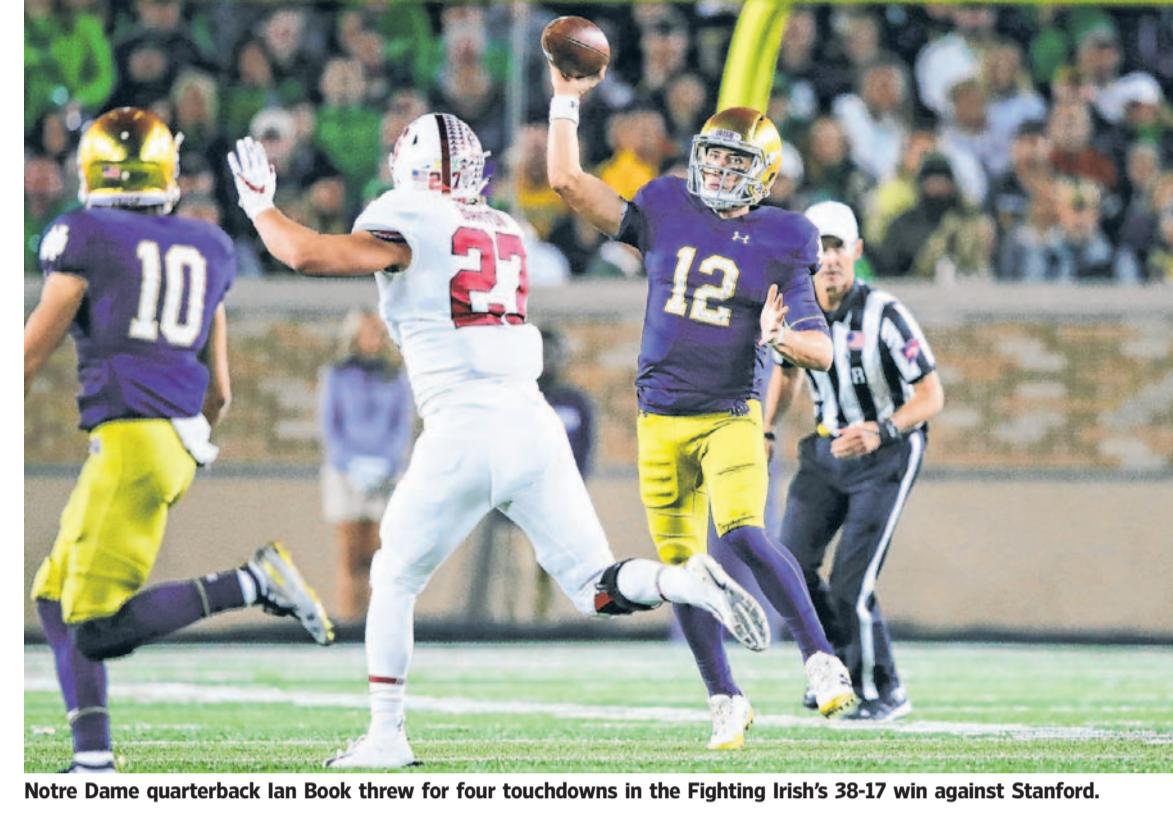
But we probably need to figure out what we're going to do with Notre Dame.

Yeah, I know. They're back.

For the past few days, I've been getting upbeat emails from ND partisans that read something like this:

Hey, buddy, guess who's undefeated?

It's true. After Saturday's win over previously-No. 7 Stanford—a rival that's really had Notre



ROBIN ALAN/CONSMI/ZUMA PRESS

Notre Dame quarterback Ian Book threw for four touchdowns in the Fighting Irish's 38-17 win against Stanford.

Dame's number in recent years—the Fighting Irish are 5-0, and their fans are starting to entertain golden-helmet fantasies of a play-off run.

It's entirely possible. The Irish have quality wins over Stanford and Mr. Khapikants' Wolverines and the rest of their schedule is—to borrow a college football insider term—"manageable." They play a decent Virginia Tech team on Saturday and that's it for the currently ranked opponents for the rest of the season. (Pesky Syracuse and Southern California are on there, so don't bet anyone's mortgage.)

Is it doable? Could the Irish run the table? Sure. Is it possible Notre Dame does what Notre

Dame sometimes does, which is to lose a game nobody expects them to lose, and make their fans scream out windows for a week? Yep, that could happen, too—an other reason it's silly to write a college football playoff prediction right now. (Except Alabama. I'll bet your mortgage, plus your car and dog, that the Tide and Grouchyman Nick Saban are in the playoff.)

But there's confidence rising from South Bend. You can feel it in the ions. The Irish appear to have settled on a quarterback in junior Ian Book, who started the season on the bench, but threw for 278 yards and four touchdowns against Stanford (this, after a 325-yard passing performance against Wake

Forest). The defense was stellar on Saturday. It seems 100 years ago that head coach Brian Kelly was on the Talk Radio Hot Seat List (remember that? The heat was intense!).

There are scenarios in which an undefeated Notre Dame could be denied a playoff shot—they don't play in a conference, so they're not going to play a conference championship game, and the playoff committee loves conference championships more than they love sitting in those easy chairs on the final weekend of the regular season. But that sort of stiff arm is unlikely. Bama made the playoff last season without playing in a conference championship, and they won the whole thing.

Besides, come on. It's Notre Dame, people. A 12-0 Notre Dame team is going to be awfully tough for a committee to lay off of. They're catnip for attention and ratings and everyone associated with college football knows it. Even I know it. Stories about successful Notre Dame football teams are bigger clickbait than stories about kittens who befriend baby turtles. They're bigger clickbait than slideshows of obnoxious vacation homes. They're bigger clickbait than stories about millennials ruining stuff.

What I am trying to say is that I'm shameless like that. Plus I did not see a kitten befriend a turtle this weekend.

And while you may detest them, Notre Dame fans are everywhere, lurking. Even people who don't like Notre Dame secretly watch Notre Dame.

The Journal's Rachel Bachman called the season opener between Michigan and Notre Dame "the college football matchup fans love to hate," and I see no untruths there. But the Wolverine-Irish game was the highest-rated college football game on NBC since 2005.

So you'll forgive college football for a little Notre Dame over-excitement in early October. Yes: I do realize Notre Dame was in a not-to-totally-dissimilar position last year. They were 8-1 and ranked No. 5 when Miami chased them off the field in South Florida. But that was last year. (Miami isn't on the schedule, either.)

This feels different.

This feels noisier, earlier.

The Fighting Irish are humming and their fans are getting excited and the haters are revving up the hate machine.

Notre Dame may not make it all the way to the College Football Playoff, but you know how it is.

At least you clicked.

TENNIS

PUSH FOR ON-COURT COACHING AT SLAMPS

BY TOM PERROTTA

THE CONTROVERSIAL U.S. Open final between Naomi Osaka and Serena Williams fell apart because of a rule that is the most contentious in tennis: a ban on coaching from the stands. Now the Women's Tennis Association supports new rules that would allow coaches to give tips in matches as they sit in their players' boxes or on the sidelines of smaller courts.

"I believe that we all viewed and would agree that what transpired during the women's final at the U.S. Open was very unfortunate," wrote Steve Simon, the WTA's chief executive, in an email to leaders of the Grand Slams, the ATP World Tour and the International Tennis Federation. The email was obtained by the Journal.

Simon was referring to the dramatic firefight between Williams and umpire Carlos Ramos, which derailed the Open final. Patrick Mouratoglou, who coaches Williams, had given her a few signals early in the second set. Williams said she didn't see them, but Ramos issued a warning.

What followed—first a point penalty against Williams for a smashed racket and then a game penalty for remarks that Ramos deemed abusive—created chaos, including an emotional on-court confrontation between Williams and tournament officials. Spectators booed loudly and the drama eventually left both Williams and Osaka in tears as the trophies were presented.

Simon will ask for support from the rest of the sport's governing bodies so that every event—including the Grand Slams—would drop penalties for on-court coaching, for both women or men. Since 2009, the WTA's tournaments have allowed coaches to visit players on court once per set, a rule, Simon said, that makes penalties for coaching from the stands hypocritical. Simon wrote that if the other



tennis leaders could not agree to changes, then the WTA would likely seek to make them at its own tournaments.

"The WTA will move forward and put forth an amendment for the consideration of our members," Simon wrote, "to allow for coaching from the Player Box in an approach similar to what has been tested the past two years at the U.S. Open qualifying which has received positive feedback from the players and coaches."

In an interview, Simon said the possible changes to all events would be discussed in late October in Singapore, during the WTA Finals. A subsequent meeting could take place in November, during the ATP Finals in London.

"Coaching, I feel, is a part of sport," Simon said. "And we should be providing coaching within our sport, and I'd love to see it consistent across the entire sport."

But the chances of all the parties agreeing to allow coaching are, at best, minuscule. In order to change the Grand Slam rules, all four tournaments must agree, and right now the Slams are split in half. The U.S. Open and Australian Open, which have both been experimenting with coaching, support the change. Wimbledon and the French Open oppose it. Richard Lewis, Wimbledon's chief executive, said Wimbledon's leaders are willing to discuss the matter, but are unlikely to change their views.

"We see it as an integral part of

the sport, part of the DNA," Lewis said. "We firmly believe one of the great things about tennis is its individual nature and its gladiatorial contest."

In its end-of-the-season tournament for top-ranked young men, which made its debut last fall in Milan, the ATP has allowed players to talk to coaches through headsets between sets. But the ATP said it is not yet in favor of changing coaching rules altogether.

"There has not been a consensus on the men's tour to move away from the current practice," said Simon Higson, an ATP spokesman. "We do not expect that to change on the ATP World Tour in 2019."

The no-coaching rule is inconsistently enforced and sometimes ignored. Most players say it happens quite often, and is only sometimes penalized. Tennis could tackle the problem by more strictly enforcing the rule with extra cameras and referees to spot infractions. After the U.S. Open final, Mouratoglou said coaching was done by "100% of the coaches in 100% of the matches, so we have to suffer this hypocrite thing."

Pam Shriver, a former pro and now an ESPN commentator, said illegal coaching has been part of the sport for decades and it's now time to change the rules. "For the establishment to say that it's a tradition, that we don't have coaching, they need to get over that," Shriver said. "Because for decades it has been happening."

MLB

WILD CARD IS CONSOLATION PRIZE

BY JARED DIAMOND

the NL playoffs with a 3-1 win over the Chicago Cubs at Wrigley Field.

Chicago

The calendar said October, and the buzz in the crowd felt like October, but something about the games played in Chicago and Los Angeles on Monday seemed a bit strange.

The 14 previous tiebreakers in baseball history all ended with one team moving on to the postseason and the other going home. These tiebreakers came with the extra wrinkle of the losers avoiding elimination for at least one more day and transitioning to the do-or-die wild-card game.

It put the managers in a bizarre situation: trying to do everything in their power to win Monday and clinch the division—without completely blowing up their chances in a wild-card game on Tuesday.

"There has never been this game before in Major League Baseball ever," Milwaukee Brewers manager Craig Counsell said. "We were going to make some decisions that people probably would have found strange, but I think you had to, because you had to worry about tomorrow while managing today."

He never needed to. The Brewers locked up the National League Central title and the No. 1 seed in

the NL playoffs with a 3-1 win over the Chicago Cubs at Wrigley Field.

Meanwhile, the Los Angeles Dodgers earned their sixth consecutive NL West crown with a 5-2 win over the Colorado Rockies. The Brewers' and Dodgers' respective victories afford them the chance to rest for a couple of days and set up their pitching for the division series, which starts Thursday. Los Angeles will take on the Atlanta Braves, while Milwaukee awaits the winner of Tuesday's wild card game.

The scene inside the Cubs' clubhouse Monday afternoon reflected the unusual position they find themselves in. On Tuesday, they will host a playoff game, yet an aura of disappointment hovered in the room, with the players realizing that they failed to capitalize on an opportunity.

Like Counsell, Chicago manager Joe Maddon acknowledged that he managed differently with an eye on possibly playing Tuesday. He used his best reliever, Steve Cishek, for just one batter, for instance, so he could deploy him for longer in the wild-card game.

The Cubs will send Jon Lester to the mound Tuesday and Maddon said pitcher Cole Hamels will be available out of the bullpen. Because if they lose again, they can no longer rely on a safety net.



MATT MARTON/ASSOCIATED PRESS

OPINION

REVIEW & OUTLOOK

A New Nafta Relief

Canada joined the U.S. and Mexico Monday in a revised trade agreement to replace the North American Free Trade Agreement, and stocks rallied in relief. The new deal's main virtue is that it stows one of Donald Trump's main protectionist wrecking balls, even if the new Nafta is worse for trade and economic growth than the status quo.

Oh, and please don't call it Nafta 2.0. Mr. Trump is calling it the U.S.-Mexico-Canada Agreement to showcase that he has fulfilled one of his main campaign promises. And in that sense we're happy to avoid the great harm that would have come from a unilateral U.S. withdrawal.

But the new deal is more relief than vindication, as the nearby chart shows. Stocks are only now reaching their heights from January before Mr. Trump began picking trade fights willy-nilly around the world. Markets have fallen and risen over the last nine months depending in part on how bloody-minded Mr. Trump seemed on trade. They began to rise more consistently after Mr. Trump declared a truce with Europe and ordered his trade ne-

Trade and the Market



Source: WSJ Market Data Group

The new deal strips protections against predatory government behavior for most foreign investors. In Mexico only oil and gas, electricity, telecommunications, transportation and public works will have access to multilateral dispute panels. The rest will have to go through local courts unless their property is directly confiscated. This is worse than the status quo.

The new deal also takes a giant step toward politically managed trade by imposing new rules of origin and labor regulations. Passenger vehicles will no longer enjoy duty-free access across borders unless they meet higher North-American-made content requirements in both finished products and parts. This will add costs and complexity to building cars on the continent, and make the final products less competitive worldwide.

Worse, the deal opens the door for using trade deals to dictate a minimum wage and labor policy in Mexico. Car companies in Mexico will have to pay well above market wages on 40% of their output to qualify for duty-free treatment. Ford and GM have resigned themselves to this and may be able to finesse it, but

some people we respect think the net result will drive car production at the margin away from North America.

Mexico and Canada also bought some insurance against possible U.S. Section 232 "national security" tariffs on autos. Mexico will be allowed to export to the U.S. 2.6 million cars duty-free if those tariffs are imposed. After exporting 1.7 million passenger vehicles last year, Mexico has some room to grow. But if the tariff is punitive, the new rule will act as a cap.

By the way, the punitive Trump tariffs of 25% on steel and 10% on aluminum imports remain in effect for Canada despite the new deal.

* * *

Whether this can pass Congress will have to await a careful reading of the fine print. Passage this year might be possible if Mr. Trump is willing to give up the trade-promotion-authority protection of a simple majority vote in the Senate. More likely the vote will have to come next year when Democrats might control Congress.

Trade Rep Robert Lighthizer has been telling Mr. Trump he has roped in Democrats by co-opting Big Labor with the new wage and union mandates. But note that even the United Auto Workers said Monday they are withholding judgment. Only a handful of House Democrats voted to give Barack Obama trade-promotion authority. Would Nancy Pelosi really give Mr. Trump a political trade victory?

Meanwhile, U.S. business is likely to be ambivalent about a pact that is worse than Nafta. GOP free-traders will also prefer the status quo, and Republicans always provide the bulk of the votes for trade deals. The new trade deal could have been worse given Mr. Trump's protectionist beliefs, but that's about the best we can say for it.

A New Cost-Benefit Regulation Test

The Obama Environmental Protection Agency forced dozens of coal plants into premature retirement with its mercury rule that was belatedly struck down by the Supreme Court. While those plants can't be restored, the Trump EPA is at long last reinstating more rigorous cost-benefit analysis to its rule-making.

As is its wont, the Obama EPA bent the law to its political agenda by mandating in 2012 that coal plants apply stringent mercury emissions controls. Section 112 of the Clean Air Act provides that the EPA may regulate "hazardous air pollutants" such as mercury from power plants "if the Administrator finds such a regulation is appropriate and necessary."

But EPA failed to consider the cost of regulating mercury to determine whether doing so would be appropriate. EPA estimated that its mercury rule would cost consumers and the electric industry \$9.6 billion annually—among the most expensive rules in the Federal Register—only after finalizing regulations.

The agency also calculated that the mercury rule would yield only \$4 million to \$6 million annually in direct benefits. But the agency puffed up the figures to \$37 billion to \$90 billion by claiming "co-benefits" from cutting emissions of particulate matter and sulfur dioxide, which are not regulated under Section 112's "hazardous air pollutants" program.

In *Michigan v. EPA* (2015), Justice Antonin Scalia concluded that it is not "even rational, never mind 'appropriate,' to impose billions of dollars in economic costs in return for a few dollars in health or environmental benefits." He added that "even if the Agency could have considered ancillary benefits when deciding whether regulation is appropriate and neces-

The Trump EPA wants to stop the agency's longtime 'co-benefits' trick.

sary—a point we need not address—it plainly did not do so" until later.

The Court's decision was moot since most utilities had already decided to close or spend hundreds of millions of dollars to refurbish coal plants to comply. Amid plunging natural gas prices, the cost of emissions controls has rendered coal less competitive. Loath to admit legal defeat, the Obama EPA in 2016 reaffirmed the rule with some modest technical changes and asserted that regulating mercury was "appropriate" based on its rigged cost-benefit analysis.

Enter the Trump EPA, which is now redoing the mercury rule and reviewing how the agency calculates co-benefits. Utilities have told the agency not to bother since \$18 billion has already been spent to comply with the rule, and it's too late to restore decommissioned plants. They appear worried that state regulators will forbid them from billing customers for the "compliance costs" if the rule is rolled back.

But as utilities noted in a letter this summer to EPA, public utility commissions "still are in the process of reviewing the cost of these controls for inclusion in rates." This means utilities could plead their case to regulators. And EPA's cost-benefit shenanigans deserve to be exposed and corrected in any case.

During both the Bush and Obama Administrations, the EPA used "co-benefits" to justify costly rules, many of which otherwise wouldn't pass a basic cost-benefit test. This has appeared to cause co-benefits to be double- or even triple-counted in rule-makings.

Cost-benefit analyses are intended to help agencies prioritize and rationalize regulation, but including puffed up co-benefits negates this purpose and is neither rational nor appropriate.

The new deal is worse than the status quo, but disaster was avoided.

LETTERS TO THE EDITOR

Pole Taxes: FCC's 5G Plan Ends Local Say

Regarding your editorial "Throttling the 5G Internet" (Sept. 26): American taxpayers have been betrayed by the Federal Communications Commission (FCC), which has undermined its feverish claims about leading the 5G revolution by adopting an order that will do precisely nothing to compel a nationwide expansion of 5G technology.

Instead, by forcing cities to automatically grant permits to any company, the FCC has encouraged a future in which taxpayer-owned property is essentially controlled by telecom corporations, where competition is decimated and de facto monopolies in a trillion-dollar industry develop unchecked and where cities and towns are stripped of the tools they need to ensure the safety and aesthetic integrity of their own streets.

And in exchange for this? Nothing. In the words of FCC Commissioner Jessica Rosenworcel, "You will not find a single commitment made to providing more [broadband] service in remote communities."

In New York City and all over the U.S., telecommunications corporations have ignored underserved urban and rural areas where poles are effectively free, and instead continue to saturate commercial districts and dense residential areas in urban cores, upgrading the network already in place and charging the highest rates they can. In New York we have lowered rates to as little as \$12.30 per month in some places to strategically incentivize 4G deployment—an amount 45% less than what the FCC suggests to be a "reasonable rate." Yet it provoked barely any response from the industry. There is no reason to believe that—newly unmoored from even the most reasonable requirements—they will suddenly change course.

Over the past weeks, New York City has joined scores of cities and towns,

from here to Anchorage, Alaska, in opposing this order. New York City continues to protest measures that will damage American towns and cities, large and small.

Laura Anglin
Deputy Mayor for Operations
New York

I am not a "liberal big-city politician" yet I am opposing a proposed 5G project in our suburban neighborhood for a simple reason: Our local cellphone provider is planning to implement those 100-plus 5G cellphone sites as cheap and ugly as possible. We live in a "no exposed wires" neighborhood, where decades ago we paid to have all electrical wires placed underground. Yet now the electric company, in conjunction with the cellphone company, plans to install new telephone poles with new exposed electrical wiring to implement 5G. Their claim is that they are allowed to do this if they simply call these new telephone poles "street-lights" instead.

Installation of 5G doesn't have to be ugly and intrusive with exposed wiring. In fact, enclosed wiring and tasteful lamp-post integration is common in Europe. Let's do American 5G, but in a way that is compatible with our neighborhoods, not just the cheapest and ugliest "cut and run."

JAMES ADCOCK
Bellevue, Wash.

Your estimate that "hundreds of thousands more cell sites will be needed" may be low. The four major cellular companies each build their own network (imagine if Ford, GM and Chrysler each had built a road system only for use of their own cars). Figure at least four "backpack"-sized cell sites per street pole.

LAWRENCE DIETZ
Pasadena, Calif.

How Did Terrible Forfeiture Law Get So Far?

I was absolutely aghast at the abuses described in your editorial "Philadelphia's Forfeiture Landmark" (Sept. 19). I found myself asking why, under Pennsylvania law, "police can seize property they believe may be connected to a crime—even if they can't charge or convict its owner." What was the Pennsylvania legislature thinking or smoking when it passed this law?

The settlement agreement, while a step in the right direction, hardly compensates the victims who may have lost their homes, cars or bank accounts. The \$3 million compensation fund is less than 5% of the \$72.6 million you cite as having been

collected between 2002 and 2014. The use of the police power of the state to deprive citizens of property, who are later not charged or convicted, is so abhorrent to the fundamentals of democracy and the rule of law that there should be no cap or limitation on compensation for these abuses.

The state legislature in Harrisburg that passed the forfeiture law failed the citizens of Philadelphia in the first instance. Now, the federal district court that approved the paltry settlement has failed its citizens once more.

BOHDAN SHANDOR
Bonita Springs, Fla.

Hate and Anger Work Well for the Hard Left

Regarding Shelby Steele's "Why the Left Is Consumed With Hate" (op-ed, Sept. 24): The hate mantra works for Democrats. Republicans have been better champions for civil rights, equality and fair-minded rule of law. Republicans are remarkably inept in promoting their virtues, accomplishments and better angels.

MYRON D. MARTIN
Okatie, S.C.

There is a small statue on the Capitol grounds here in Boston, back among the rhododendrons, of a plain woman seated in a simple chair. The engraved inscription reads "Mary Dyer, Quaker . . . Hanged on Boston Common 1660." Mary thought differently. This was the unforgivable sin that brought her to this place. The

good people of Boston were convinced of their righteousness, and because Mary didn't believe as they did, she had to be evil. And when you are righteous, evil cannot be tolerated.

For me there is no more powerful symbol in this city of symbols than this simple statue. While intolerance is everywhere, the intolerance of the political left has become the new Puritanism in our country. Those who value personal freedom above the statist dogma of the righteous left must not be permitted to speak in the public square. After all, they are evil.

As Mr. Steele remarks: "Hatred is a transformative power. It can make the innocuous into the menacing."

Mary Dyer would have understood.

TOM LAUER
Boston

Reproducibility Should Precede Publicity

Regarding David Randall's "A Cornell Scientist's Downfall" (op-ed, Sept. 26): Cornell's firm response to Brian Wansink's apparent misdeeds is encouraging. The public often equates peer review with the scientific method, when it is not. Review is a form of quality control, ensuring that a paper conforms to established processes and methods, contains no obvious errors of interpretation and that the author's conclusions don't stretch beyond the data presented. It is important and relevant, but quality control isn't the sole realm of science nor the essence of the scientific method.

Science rests instead on the principle of independent reproduction. If a theory is true, then researchers with no connection to its proponent should be able to make observations yielding the same data and confirming the finding. The more consistently a finding is reproduced, the more confidence we can have in its truth.

Reality exists independent of any observer, and while any individual hu-

man being may err or succumb to fraud, the likelihood of many doing so is low.

Here's a suggestion for the public, the media and the scientific community: Apply the rule that until a discovery is independently reproduced twice, we accord it little interest. Ask the question whenever a new theory is promoted. Let's see how many results make it through the gauntlet.

JIM McKEON
Danville, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Kavanaugh's Foes Politicize the FBI

By David B. Rivkin Jr.

And Kristi Remington

The bipartisan bonhomie occasioned by the reopening of Judge Brett Kavanaugh's background investigation dissipated quickly. By the weekend, Senate Democrats—who had demanded the investigation by the Federal Bureau of Investigation—were challenging its credibility, objecting to its scope and focus, and lamenting that the White House had any involvement in shaping the process.

The reopened investigation, according to Sen. Lindsey Graham—reflecting the White House's view—potentially entailed interviewing Deborah Ramirez, who claims that Judge Kavanaugh committed lewd conduct while a freshman at Yale,

Their demands amount to a criminal probe. That would destroy the judicial confirmation process.

and the three purported witnesses named by first accuser Christine Blasey Ford—Mark Judge, P.J. Smyth and Leland Keyser—all of whom have attested they have no memory that would corroborate her accusation. Julie Swetnick's sordid and implausible claims were to be left out, and if any new allegations against Judge Kavanaugh were to emerge, these also wouldn't be investigated.

President Trump told reporters Monday: "The FBI should interview anybody that they want within reason, but you have to say within reason." That qualification is crucial. It is clear that Judge Kavanaugh's opponents are clamoring for an open-ended fishing expedition that, probably by design, would go on much longer than a week. They are insisting that the FBI investigate Judge Kavanaugh's drinking while in high school and college and interview

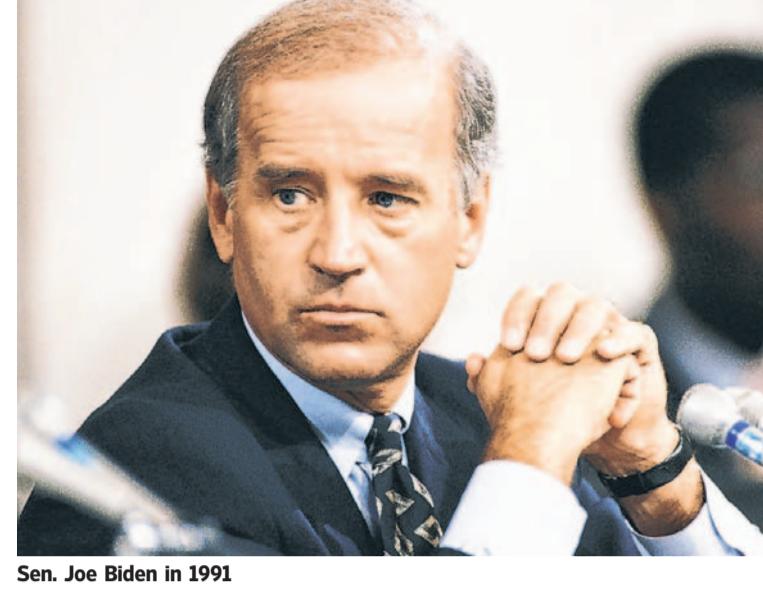
anyone who might know about it. Two such people have already come forward, and there are no disincentives for new claimants, possibly driven by partisan or personal animus, to emerge.

Sen. Patrick Leahy (D., Vt.) tried to justify his demand to broaden the FBI investigation by claiming that heavy drinking was "directly relevant" to the sexual-assault allegations. If this approach were adopted, the FBI would have to interview a very large pool of witnesses about Judge Kavanaugh's alcohol intake, and possibly many other personal traits, over many years. Never mind that alcohol use is a standard FBI question, certainly asked in the course of Judge Kavanaugh's previous six background investigations.

Kavanaugh foes also want the FBI to interview people who might challenge the credibility of pro-Kavanaugh witnesses. Mr. Judge is a prominent target here. His former girlfriend Elizabeth Rasor has stated publicly that he has disclosed to her facts relating to his past sexual activities that have nothing to do with Judge Kavanaugh, but cast Mr. Judge in a negative light. This approach could also open up a never-ending investigation, in which the FBI inquires into the credibility of all witnesses, whether pro- or anti-Kavanaugh, including witnesses interviewed to test other witnesses' credibility.

The demands get even more absurd. "For its investigation to be comprehensive, the FBI must also get to the bottom of what 'boofing' means," wrote Brian Fallon, who worked as press secretary for Hillary Clinton's 2016 campaign, in Politico on Monday. That's a reference to a joke in Mr. Kavanaugh's high-school yearbook entry. As Mr. Fallon notes, "Kavanaugh said it referred to 'flatulence.'"

The entire debate is complicated by confusion about what the FBI does in a background investigation. Even former Director James Comey is mixed up. He penned a vastly misleading New York Times op-ed Sun-



Sen. Joe Biden in 1991

© WALLY McNAMEE/CORBIS/CORBIS VIA GETTY IMAGES

day, in which he seemed to conflate background checks with criminal probes. "It is one thing to have your lawyer submit a statement on your behalf," Mr. Comey wrote. "It is a very different thing to sit across from two F.B.I. special agents and answer their relentless questions."

The FBI is primarily a law-enforcement agency. Its criminal investigations are often wide-ranging, can be potentially expanded into new areas, and have no preset time limits.

Although the president has authority under the Constitution to direct the exercise of all federal law-enforcement activities, in practice the FBI enjoys great autonomy when conducting criminal investigations. Agents seek both to uncover the facts and to assess the credibility of everybody they interview. Their questioning is often aggressive and repetitive. Interviewees are warned they will face criminal penalties if they lie to the FBI.

FBI background investigations are fundamentally different affair. They are not based on any explicit statutory authorization but are founded on regulations authorizing investigations of persons who seek federal government employment.

The bureau's authority to conduct investigations of nominees dates to at least President Eisenhower's Executive Order 10450 of 1953, though some scholars credit the beginning of the process to President Hoover and his request of Attorney General William Mitchell to investigate the qualification of applicants for judicial positions.

FBI background investigations are carried out by a special team within the bureau called Special Inquiry and General Background Investigations Unit. SIGBIU functions as a gatherer of facts. It doesn't cajole or challenge witnesses and routinely offers them anonymity. It never proffers any credibility assessments or speculates about the motives of witnesses.

SIGBIU operates on tight deadlines and usually moves faster with Supreme Court nominations. The process begins and is completed well before the nominee's Senate Judiciary Committee hearing takes place. Occasionally, SIGBIU is directed to conduct further interviews. Throughout the whole process, it operates under instructions from both the Justice Department and the White House Counsel's Office.

Significantly, there is a firewall between SIGBIU and FBI's criminal-investigative divisions. SIGBIU's goal is to have witnesses be open and forthcoming. Agents routinely assure witnesses that nothing that they say during the interview will be referred for criminal investigation. Even more fundamental, the FBI's velvet-glove approach to background investigations reflects its recognition that people they interview are not suspected of any crimes and cannot be coerced into cooperating or threatened with a grand jury subpoena.

Running a background investigation as if it were a criminal one would destroy the FBI's ability to conduct the former. It would cause many Americans to refuse to cooperate. It would cause the bureau to exceed its constitutionally proper remit. And having the FBI proffer credibility determinations in the context of a judicial appointment would politicize the bureau—and, as then-Sen. Joe Biden correctly asserted during Justice Clarence Thomas's 1991 confirmation hearings, it would usurp a function that properly belongs to the president and the Senate.

The demands by anti-Kavanaugh Democrats are blatantly partisan and unfair. What they seek has never been done with any judicial nominee in American history. They also run afoul of important legal and practical realities of FBI-conducted background investigations. If countenanced, they would politicize the FBI and destroy the judicial confirmation process.

Mr. Rivkin practices appellate and constitutional law in Washington. He served in the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush administrations. Ms. Remington served in the Justice Department during George W. Bush administration. She was responsible for overseeing the judicial nomination and confirmation process, including for Chief Justice John Roberts and Justice Samuel Alito.

How Seoul Tacitly Endorses Pyongyang's Brutality

By Greg Scarlatoiu

Since President Trump and Kim Jong Un's summit in June, the two leaders have issued a series of statements in English. South Korean President Moon Jae-in has weighed in too, with vague words promoting hope for denuclearization and a better life for the North Korean people. Yet Mr. Moon tells a different story in Korean.

Consider the speeches the South Korean president delivered in North Korea last month. At a dinner on Sept. 18, he declared he was "truly astonished by Pyongyang's development." He didn't say how this "development" has had any positive effect on the North Korean people. Outside Pyongyang, North Koreans suffer. One third of North Korea's children are malnourished while the regime focuses resources on nuclear warheads, missiles and luxuries to keep the elites content.

In his speech, Mr. Moon expressed hope that inter-Korean collaboration could "span across the continent to reach Russia and Europe, and across the sea to reach ASEAN and India." He made no mention of the U.S. He also told Mr. Kim that if they "put their heads and hearts together," they will find ways to develop the "military, economy, society and culture of South and North Korea." Yet some 80% of North Korea's military, 1.2 million strong, remains forward-deployed, poised to attack. North Korea's long-range artillery stands ready to strike from the Kaesong Heights.

Mr. Moon also recalled that during his first in-person meeting with Mr. Kim, the two crossed the military demarcation line "hand in hand, like two affectionate lovers." That's nice, but since then Mr. Kim has done nothing to reduce the

threat his country poses to its neighbor. And he continues to abuse more than 100,000 men, women and children in his notorious political prison camps.

The day after the dinner, Mr. Moon spoke before thousands of North Korea's "core class," gathered for a gymnastic and artistic festival. He used Mr. Kim's exact locution in averring a joint commitment to a Korean Peninsula "without nuclear weapons and nuclear threats." The truth is that the South has been nuclear-free since 1991. It's the North that needs to give up its weapons. To Mr. Kim, denuclearization of the "entire Korean Peninsula" means removing South Korea from the safety of the U.S. nuclear umbrella. Mr. Moon effectively announced support for Mr. Kim's goal of ending the U.S.-South Korea alliance.

Mr. Moon also said his heart was "warmed and throbbing" at the sight of the country his North Ko-

rean brethren were building. He expressed admiration for North Koreans who maintained "the nation's pride" even in tough times, possibly a reference to the famine of the 1990s. The truth is that when life-supporting aid to North Korea from allied communist countries stopped

Moon Jae-in's English statements sound nice, but his Korean speeches are akin to surrender.

flowing in the '90s, the regime failed to reform. Whatever precious resources it could obtain were given only to military and political elites. Those ranking lower in North Korea's *songbun* system of social classification were condemned to starvation, their access to food, medicine and other aid severed.

Bush's 1988 speech accepting the Republican presidential nomination. Mr. Bush was praising America's volunteer organizations—"a brilliant diversity spread like stars, like a thousand points of light in a broad and peaceful sky." Even though Mr. Bush would later tell the New York Times, "I can't do poetry," he returned to this lyrical phrase again and again during the '88 campaign and his presidency.

The press scolded Mr. Trump for making fun of Mr. Bush. But the 45th president was far from the first to ridicule the 41st. In "Destiny and Power: The American Odyssey of George Herbert Walker Bush," historian Jon Meacham quotes Barack Obama: "Although President Bush was sometimes mocked for talking about 'a thousand points of light,' . . . there was a genuine conservative compassion there that manifested itself in working with Republicans and Democrats on the Hill to get some big things done."

Yet Mr. Obama seems just as confused as his successor about the phrase's meaning. He equates "a thousand points of light" with compassion and bipartisanship, entirely missing the crucial component: volunteerism as a better alternative to big government.

Mr. Trump's question deserves an answer: What does "a thousand points of light" really mean? Mr. Bush used the phrase in nearly 200 presidential speeches. They reveal an often-overlooked conviction of his—that there are limits to what government can do, but no limits to

The regime blamed the U.S. and told its subjects that, despite the suffering, they maintained the nation's pride throughout that "arduous march." Mr. Moon's words lent support to this fallacious tale.

The South Korean president stated that the two leaders had agreed to the principle of *jaju-won-chik*, or unification through self-determination. This principle is derived from North Korea's *juche* ideology of self-reliance. A quick Korean-language internet search of the term will bring up North Korean propaganda websites such as Uriminzokkiri and the Korean Central News Agency. "Unification through self-determination" also excludes outsiders, especially the U.S.

Mr. Moon's speeches may read like peace-building. But to those familiar with North Korean ideology, a speech tacitly endorsing *juche* only validates Mr. Kim's brand of totalitarianism. It's a statement of sup-

port for North Korean ideology and all that goes along with it, including nuclear weapons. Mr. Moon's speech gave legitimacy to Mr. Kim's corrupt and horrific rule.

Opposing the Pyongyang regime's repression of the North Korean people and its threats to the South has become increasingly difficult with Mr. Moon in office. His government has reduced funding for organizations that promote human rights in the North by more than 90%, stopped balloon launches and loudspeaker broadcasting across the Demilitarized Zone and has been censoring the content of USB thumb drives smuggled by activists into North Korea. It is hard to imagine how Mr. Moon will ever move from warm praise of Mr. Kim to addressing the dire human-rights situation of North Koreans.

Mr. Scarlatoiu is executive director of the Committee for Human Rights in North Korea.

Here's the Point of 'Points of Light'

By C. Boyden Gray
And Elise Passamani

Donald Trump made fun of George H.W. Bush's signature phrase, "a thousand points of light," at a West Virginia rally Saturday, saying it was something that "nobody has really figured out." This wasn't the first time. In Montana this summer he asked:

"What the hell is that? Has anyone ever figured that one out?" This observation is not unfair, and has more to do with the press's misrepresentation of the phrase than with either Mr. Bush or Mr. Trump.

The reference is to Vice President

Bush's 1988 speech accepting the Republican presidential nomination. Mr. Bush was praising America's volunteer organizations—"a brilliant diversity spread like stars, like a thousand points of light in a broad and peaceful sky." Even though Mr. Bush would later tell the New York Times, "I can't do poetry," he returned to this lyrical phrase again and again during the '88 campaign and his presidency.

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Mr. Trump's question deserves an answer: What does "a thousand points of light" really mean? Mr. Bush used the phrase in nearly 200 presidential speeches. They reveal an often-overlooked conviction of his—that there are limits to what government can do, but no limits to

what volunteers can do. "A thousand points of light" is shorthand for a philosophy of limited government. Peggy Noonan, who drafted Mr. Bush's convention speech (and is now a columnist for this newspaper), has written that the "thousand points of light" portion is where he expressed "his personal sense of conservatism."

Trump hasn't figured out George Bush's signature phrase. That's completely understandable.

For this line of thinking, Mr. Bush seems to have drawn inspiration from Alexis de Tocqueville. On numerous occasions as president, Mr. Bush invoked the Frenchman when explaining that service and freedom are inextricable in American life.

On April 26, 1990, Mr. Bush exhorted his audience to "reject the hand of big government in favor of a thousand points of light, joining hands and linking hearts." To his detractors, he added: "When we started talking about a thousand points of light, there was a few snickers out there. I had to keep defining what I meant. But I think people understand this. I think Americans—well, since de Tocqueville took a look at America—understand it. It's real: one American wanting to help another. So I'm going to continue to say that any def-

inition of a successful life must be the involvement in lives of others—one American helping another."

In April 1991, a short item in the Economist acknowledged Mr. Bush's debt to Tocqueville, citing the latter's admiration for "the extreme skill with which the inhabitants of the United States succeed in proposing a common object for the exertions of a great many men and inducing them voluntarily to pursue it." The magazine added that to American liberals, "the glow from a thousand points of light seems less reliable than that from the lightbulbs of a well-financed bureaucracy."

COLUMNIST Jeff Greenfield wrote later that year of "the astonishing web of thousands and thousands of voluntary associations and societies that has startled every European visitor from Tocqueville on: that web that George Bush inelegantly but accurately dubbed 'a thousand points of light.'

That was a bit unfair. Mr. Bush's (and Ms. Noonan's) phrase is elegant—though elusive, as poetry often is. Yet the more important thing is its intellectual heft. George Bush's vision of volunteerism as a check on big government and as a crucial element of liberty is worth remembering.

Mr. Gray served as White House counsel under President George H.W. Bush and as U.S. ambassador to the European Union under President George W. Bush. Ms. Passamani is Mr. Gray's director of research.

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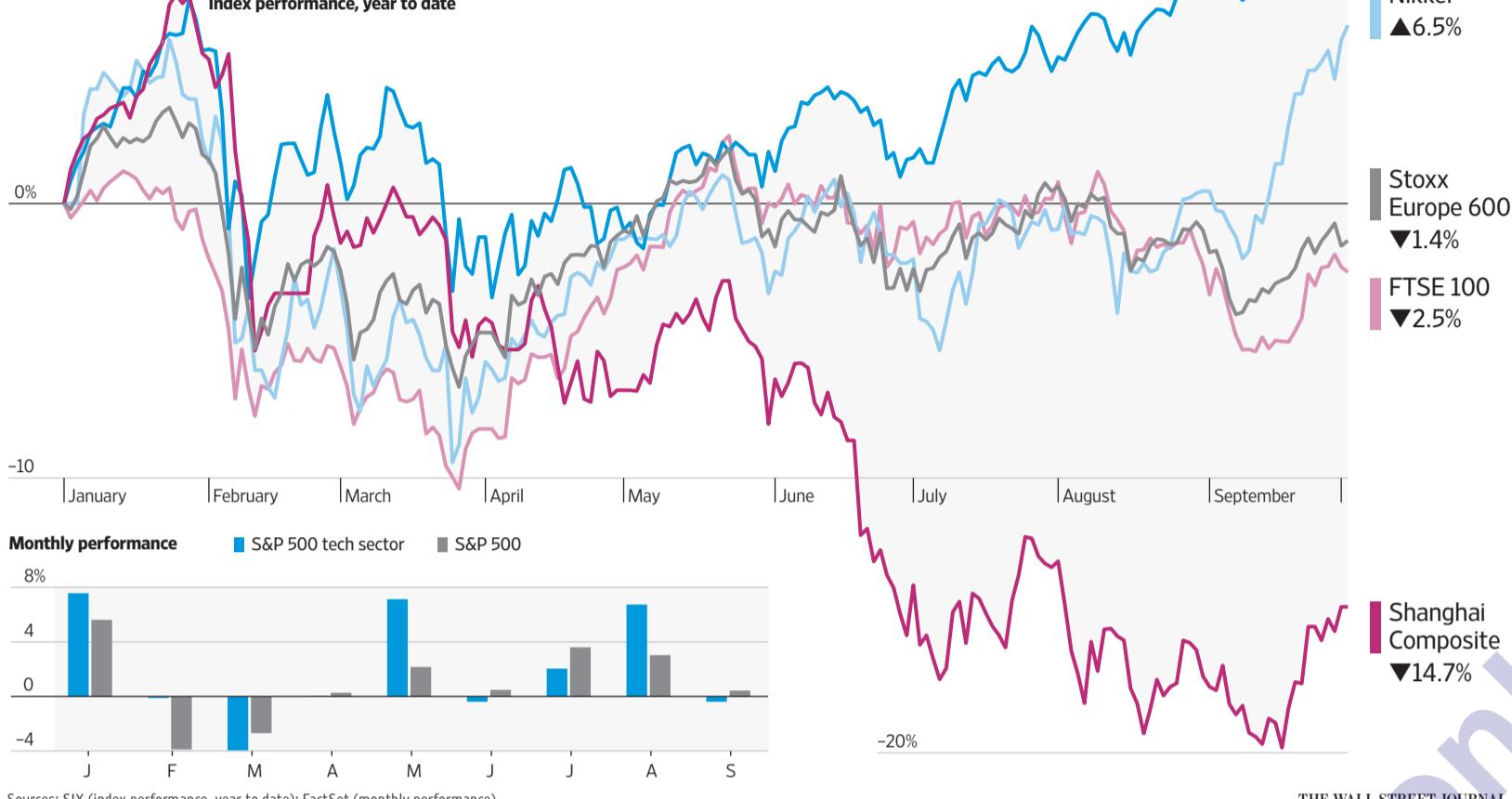
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U.S. Stocks Widen Global Lead

Domestic shares outperform international indexes; rally prompts warnings on valuations



Sources: SIX (index performance, year to date); FactSet (monthly performance)

BY AKANE OTANI

U.S. stocks are trading at their highest premiums to international shares in years, reflecting bets among investors that the domestic economy will keep powering past its peers around the world.

After a tepid first half of the year, the S&P 500 surged 7.2% in the third quarter, post-

ing its biggest gain since the end of 2013.

Investors credit the latest leg of the rally to faith in the U.S. economy, which has shown fresh vigor this year even as growth has cooled in the eurozone and emerging markets.

But the rally has come at a cost: U.S. stocks have become increasingly expensive compared with major indexes else-

where, something that some analysts worry could leave the market vulnerable to a snapback heading into the final months of the year.

On a price/earnings basis, U.S. stocks are trading at a 12% premium to an MSCI index of 22 developed markets and 24 emerging markets. That is the biggest gap since 2009, according to Bank of America Merrill

Lynch. For the year, the S&P 500 is up 9.4%, while the Stoxx Europe 600 is down 1.4%, the Shanghai Composite has fallen 14.7% and Japan's Nikkei Stock Average rose 6.5%.

"It's hard to imagine that the divergence in valuation is sustainable," said Jack Ablin, chief investment officer of Cresset Wealth Advisors. "Good things are happening in the

emerging world, but global investors are attracted to the U.S. at the moment."

Many investors were less worried about a U.S. stock reversal just a couple months ago. Then, surveys showed the eurozone economy stalling and emerging markets from Indonesia to Turkey to Brazil tumbling as the dollar strengthened. *Please turn to page B10*

Oil Prices At Highest Level Since 2014

BY AMRITH RAMKUMAR AND CHRISTOPHER ALESSI

U.S. crude prices rose to their first multiyear high in more than three months on Monday, the latest sign that optimism is spreading throughout the oil market as investors anticipate supply shortages.

Light, sweet crude for November delivery climbed \$2.05, or 2.8%, to \$75.30 a barrel on the New York Mercantile Exchange, hitting its highest level since November 2014 and posting a multiyear peak for the first time since June 29. Brent crude, the global benchmark, added \$2.25, or 2.7%, to \$84.98 and is also at a nearly four-year high.

October has historically been the worst month for Brent, according to an analysis dating to 1990 by Dow Jones Market Data. October also is the second-worst month for U.S. crude. (See article on B12.)

Both benchmarks have climbed in three consecutive sessions, with traders increasingly betting that U.S. sanctions against Iran and lower output from producers such as Venezuela and Libya will cause supply deficits.

With Iranian crude exports already falling, some analysts expect a further decline ahead of the Nov. 4 deadline for companies to stop buying oil from the Islamic Republic to comply with U.S. sanctions. Bets that large producers such as Saudi Arabia won't be able to easily fill a supply gap have pushed both U.S. and global prices up about 25% for the year.

"There is enough fear out there," said Bill O'Grady, chief market strategist at Confluence Investment Management. "Taking that Iranian oil off the market is a big deal because it isn't obvious where it's going to get taken care of."

While Brent steadily hit fresh multiyear highs last

Texas Hospital Giants Plan to Merge

BY MELANIE EVANS

Two Texas hospital giants said they plan to merge, which would combine dominant hospital systems in two of the nation's largest metropolitan markets, one of the latest signs of the consolidation reshaping the health-care industry.

Baylor Scott & White Health, a nonprofit based in Dallas, and **Memorial Hermann Health System**, a nonprofit based in Houston, announced a letter of intent to create a 68-hospital system spanning from the Gulf of Mexico to the Oklahoma border.

The combination would be among the largest U.S. systems, by number of hospitals, with annual revenue of more than \$14 billion.

With that size comes potential for greater efficiency and savings that can be invested to catch up with market demand for less costly and more convenient care, the hospital systems' executives said in a joint interview.



The Baylor Scott & White-Memorial Hermann combination would be among the largest U.S. systems.

"The means is to create economies" of scale, said Baylor Scott & White Chief Executive Jim Hinton. "The end, the more important end, is to improve care and invest in digital and ambulatory and other modes of care."

Mr. Hinton would be named CEO following the merger, which could close as soon as July.

Around the country, the rise of regional hospital powerhouses is accelerating as hospitals respond to pricing

pressure, and technology moves more medical care outside their walls.

Bon Secours Health System Inc., based in Marriottsville, Md., merged last month with Mercy Health, based in Cincinnati.

Please turn to page B2

INSIDE



ELON MUSK CUTS RISK OF PROSECUTION

AUTOS, B3

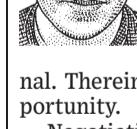


AARP ATTACKS AGEISM IN ADVERTISING

MARKETING, B5

HEARD ON THE STREET | By Jon Sindreu

Brexit Is a Buy for the Bravest Investors



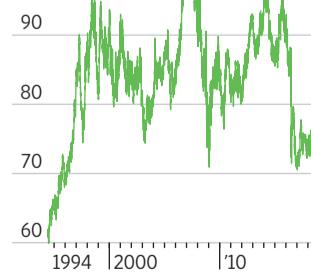
Brexit is the kind of risk stock investors hate: unpredictable, noisy, irrational. Therein may lie the opportunity.

Negotiations over the U.K.'s withdrawal from the European Union reached a new low last month. European Council President Donald Tusk publicly spurned the latest British proposal for trading terms. In response, U.K. Prime Minister Theresa May said she expected "respect."

With the deadline for a Brexit deal now six months away, many international investors have become bored with the impenetrable political back-and-forth, making the U.K. equity market the most unloved in Europe. A net 42% of fund managers expect their holdings to be biased against it over the next year, according to Bank

A New Low

Return of U.K. small and mid-cap stocks as a percentage of the rest of developed-world stocks



Source: MSCI (via FactSet)

THE WALL STREET JOURNAL.

are pricing in a greater chance of sterling falling than rising over the next six months.

Yet this may be an acceptable risk. In 2016, the pound fell at most 14% after the Brexit vote, but U.K. stocks held by dollar-based inves-

tors lost less than one-third of that.

The pound isn't expected to fall that much this time around, options show.

And there is a lot of upside: A last-minute deal, in the true European tradition, remains the most likely scenario.

In the longer term, whatever deal is or isn't struck will have big consequences for U.K. companies, as the European Union and U.K. gradually drift economically apart.

But this will likely play out over decades, not years. Investors don't usually think this far out.

As gambles go, betting on one of the world's richest and best-connected countries as it revises its trade arrangements should seem less risky than betting on the fate of the emerging world, or arguably even Italy's growth potential within the eurozone.

Pfizer Readies Plan for New CEO

BY JONATHAN D. ROCKOFF

Pfizer Inc.'s Ian Read plans to step aside as chief executive after eight years helming one of the world's biggest drugmakers, handing over the reins to deputy Albert Bourla, as the company seeks to boost sales in a tougher pricing and reimbursement climate for the industry.

Effective Jan. 1, Mr. Read will serve as the New York pharmaceutical company's executive chairman indefinitely. Mr. Bourla will become CEO.

The handoff, from one long-running Pfizer executive to another, will provide a measure of continuity at a company that has weathered losing \$23 billion in sales the last several years as cholesterol drug Lipitor and other big-selling products began facing lower-cost generic rivals.

Mr. Bourla will confront one more big U.S. patent loss, on the pain drug Lyrica at the end of this year. Lyrica generated \$3.5 billion in U.S. sales last year.

Pfizer executives say the company is positioned to increase revenue if its pipeline of drugs and vaccines realize their promise. Pfizer says it has 15 products in the late stages of development, each of which could achieve \$1 billion in sales or more.

"The company has come out of the abyss it was in, and is really poised for growth," Mr. Read, 65 years old, said in an interview. "Given my age, it's time for me to move on."

Mr. Read steadied the company amid the patent losses through a combination of deal making, expansion in emerging markets like China and cost cutting, while taking steps to give employees more say in decision making and improve the productivity of its laboratories.

He also focused Pfizer more deeply on prescription drugs and vaccines, shedding animal health and other noncore businesses.

Pfizer reported \$52.5 billion in world-wide sales last year, a 1% decline from the previous year. The company counts more than 90,000 employees.

Among the promising products in development that Pfizer says could lift its sales, if approved, are a vaccine for Staphylococcus aureus bacteria infections; a treatment known as tafamidis for a rare, deadly heart condition and the talazoparib breast-cancer therapy.

"We have a pipeline that is the best we've ever had," Mr. Bourla said in an interview. "It's my responsibility to make sure we maximize the opportunity.

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Hospital Giants To Merge

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nati, to form a seven-state health system with nearly four dozen hospitals. That followed the April combination of Chicago-based Advocate Health Care and Milwaukee-based Aurora Health Care, which created a 27-hospital giant.

"Scale done right is vital," said Bon Secours Mercy Health CEO John Starcher Jr. in an interview last month. "It's not secret to anybody...how far behind the consolidation curve" the hospital sector is compared with others, such as airlines, he said.

That is changing as hospitals come under pressure to curb costs and companies across health care strike deals that aim to steer patients away from hospitals. That is the case with the roughly \$70 billion acquisition of Aetna Inc. by CVS Health Corp. and UnitedHealth Group Inc.'s buy-up of physician practices.

Meantime, hospitals are snapping up one another and physician groups to protect their market position.

Hospitals with market

power can negotiate terms with insurers that stifle competition on price and quality.

The newly formed Texas hospital giant would likely speak with insurers early about "how we can be their best partner," Mr. Hinton said.

"We all understand the problem of price and cost is one of the highest concerns in health care," said Chuck Stokes, president and CEO of Memorial Hermann.

Memorial Hermann's hospitals dominated the Houston-area in recent years, treating one in four residents hospitalized in 2017, it said in investor filings. Houston is a competitive, fast-growing market where hospital rivals are racing to consolidate.

But in the past year, Memorial Hermann's closest competitor has gobbled up a handful of nearby hospitals, challenging Memorial's No. 1 market position. HCA Healthcare Inc., the nation's largest hospital system, acquired four Houston-area hospitals from Tenet Healthcare Corp., and a fifth from Community Health Systems Inc. HCA continued its expansion there with a deal last month to acquire North Cypress Medical Center from a real estate investment trust.

HCA's expansion wasn't a factor in the possible merger with Baylor Scott & White, Mr. Stokes said.

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BUSINESS NEWS

Pentagon Presses Lockheed On Pricing

By DOUG CAMERON

Lockheed Martin Corp. is being challenged to deliver cheaper F-35 combat jets and could face penalties unless it improves delivery times, the military head of the program said Monday.

The defense giant and the Pentagon reached a deal last week that prices the basic version of the next batch of planes at around \$89 million each, and had previously aimed to cut the price to below \$80 million by 2020.

The new target price could hit Lockheed Martin's efforts to improve profit margins on its largest program at a time when the Pentagon is also looking to open up more work to maintain and upgrade the planes to companies other than Lockheed Martin and engine maker Pratt & Whitney.

"We see potential for a less-than-\$80 million jet in LRIP 14," Vice Admiral Mat Winter, the F-35's program executive officer, told reporters. The Pentagon buys the jets in batches, with LRIP 14 expected to be the first at maximum annual production of almost 170 jets in two years' time.

Lockheed has so far delivered 59 of the 91 jets due to be handed over this year, but had to temporarily halt production earlier this year because of parts issues.

Vice Adm. Winter said the new sale agreed last week—for the 11th batch of jets—includes penalties for Lockheed for failing to deliver future planes on time.

He said incentives—and penalties for poor performance—were being targeted at other parts of the F-35 supply chain, including Pratt & Whitney, a unit of **United Technologies** Corp.

Musk Prosecution Looks Unlikely

By DAVE MICHAELS

Elon Musk's decision to pay \$20 million to end a civil investigation into his tweets about taking Tesla Inc. private reduces the chance that criminal prosecutors will go after the executive, according to former prosecutors and other criminal-law experts.

The Justice Department has sought information from Tesla about Mr. Musk's tweets on Aug. 7, which spurred a Securities and Exchange Commission probe that Mr. Musk and his company settled on Saturday. The outcome calls for Mr. Musk to step down as chairman and for Tesla to pay a separate, \$20 million fine.

People close to the matter believe that prosecutors are unlikely to move forward with a case now. A spokesman for the U.S. Attorney's Office for the Northern District of California declined to comment.

A Tesla spokesman also declined to comment.

The Justice Department investigation is still in the early stages, according to a person familiar with the matter.

Basing a criminal case on a tweetstorm was always "a stretch," said Michael Liftik, a former SEC enforcement attorney now at Quinn Emanuel Urquhart & Sullivan LLP. Prosecutors face a higher bar under the law to prove criminal wrongdoing than the SEC does in a civil case. Criminal authorities need to show some kind of a plan or intent to break the law.

"The Justice Department looks for things like a malicious intent to deceive, which I don't think is here even remotely," said Brian Klein, a defense attorney at Baker Marquart LLP who was formerly a federal prosecutor in Los Angeles.

"It's hard to imagine the SEC would have settled this case if they had such evidence, and this settlement appears to confirm they don't."

Mr. Klein added that prosecutors could still bring a case



A Tesla delivery center. The pact calls for the company to preapprove statements from Elon Musk that could affect the share price.

New Tweet Sparks Guessing Game

Elon Musk is already generating controversy on Twitter two days after settling a fraud case by securities regulators who are requiring **Tesla** Inc. to put in place a system to monitor his public communication.

At 1:22 a.m. local time in California on Monday, Mr. Musk sent his first tweet since Saturday's settlement was announced, posting a music video of the hip-hop song "O.P.P." and captioning it with the artist of the song "Naughty by Nature,"

followed by a winking emoji.

A guessing game ensued on Twitter as to what the chief executive meant by his tweet. Was it a cheeky reference to his rebellious style in the wake of angering the Securities and Exchange Commission?

Some people responding to Mr. Musk's tweet had a theory that would be more legally problematic for the CEO: O.P.P. was a veiled reference to "operating profit positive." Tesla, after all, had just completed the third quarter for which Mr. Musk promised the company would deliver a profit after a string of losses stemming from

struggles to produce the Model 3 sedan.

"Sure, could be operating profit positive," James Stephenson, 40 years old, a Tesla shareholder and a financial analyst in Florida, responded on Twitter. "To be clear, OPP is not an abbreviation commonly used to describe profit margin. But Naughty by Nature never had a hit song called Ebitda."

Tesla declined to comment.

The SEC declined to comment. Tesla's stock on Monday surged 17% to \$310.70 bouncing back from a 14% wipeout Friday following news of the SEC's lawsuit.

—Tim Higgins.

if they find evidence that supports criminal allegations. Mr. Musk's agreement with the SEC states that it has no bearing on whether other federal authorities decide to pursue action against him.

But the severity of the punishment obtained by the SEC may be enough to con-

vince prosecutors that justice has been done, Mr. Liftik said.

"That tweet cost the company [and Mr. Musk] \$40 million," Mr. Liftik said. "He loses the chairmanship, and they also add two new independent directors. That is an unusual corporate governance undertaking. You don't see

that in SEC settlements where they are directly expanding the board."

The SEC settlement also calls for Tesla to preapprove any of Mr. Musk's statements that could have an impact on the company's share price.

On Monday, Mr. Musk ap-

peared to tweet something that could be interpreted as minimizing his culpability for the tweet. At 1:22 a.m. local time, Mr. Musk sent his first tweet since Saturday's settlement was announced, posting the words "Naughty by Nature," with a link to a music video by a rap group that performed under that name.

An SEC spokesman declined to comment on that tweet.

The choice for who heads Tesla's board instead of Mr. Musk will help determine how significant the settlement's impact is. The deal requires the company to choose an independent chairman. That person could be a complete outsider or one of several current directors who are deemed independent but who have backed Mr. Musk for years. An outsider likely would have a better chance of damping Mr. Musk's influence.

—Tim Higgins,
Susan Pulliam
and Aruna Viswanatha
contributed to this article.

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receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. Ratings may vary by share class. Ratings based on risk-adjusted returns.

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TECHNOLOGY & MEDIA

Google Has Rare Shake-Up In Ad Unit

By DOUGLAS MACMILLAN

The executive at the helm of Google's juggernaut online advertising business is stepping down, a rare shake-up at the highest echelons of the search giant.

Sridhar Ramaswamy, who has overseen ads at Google for the past five years, is taking a new role at venture-capital firm **Greylock Partners**, the investment firm said in a blog post Monday. In an email, a Google spokeswoman confirmed the move.

Mr. Ramaswamy will be replaced by Prabhakar Raghavan, an internet veteran who has most recently led Google's suite of productivity apps, including Docs, Drive and Gmail.

Google's digital-ad business is the global leader and remains its core business, even as the company, a unit of **Alphabet Inc.**, pursues growth in other areas. The ads and promotional messages it places next to search results, on YouTube videos and across mobile screens still account for more than 85% of Alphabet's revenue.

But ad growth is slowing, and the company is increasingly looking to newer businesses, like cloud-computing services and hardware products like Google Home smart speakers, to boost revenue.

Mr. Ramaswamy joined Google in 2003, when the company had less than \$1.5 billion in ad revenue. He helped build relationships with global marketers and web publishers.

Mr. Raghavan will be charged with reinvigorating an ad business that faces new threats, like growing concerns around how Google and others collect user data to target ads. Distribution deals with **Apple Inc.** and others have made it more costly for Google to show ads to some smartphone users.

Facebook Veteran Leads Instagram

By DEEPA SEETHARAMAN

Longtime Facebook Inc. executive Adam Mosseri is now the head of **Instagram**, the company announced Monday, following the abrupt resignations of the app's co-founders last week.

Mr. Mosseri joined Facebook in 2008 as a designer and went on to oversee Facebook's news feed, the social-media giant's most crucial profit center, until May when he moved to Instagram to run its product division.

"Since we announced our



Adam Mosseri
takes on the
role of 'head
of Instagram.'
He joined
Facebook in
2008.



An Instagram video taken at a Los Angeles expo. The new boss was recruited to Instagram by co-founders Kevin Systrom and Mike Krieger.

PATRICK T. FALLON/BLOOMBERG NEWS

departure, many people have asked us what we hope for the future of Instagram," Instagram's co-founders Kevin Systrom and Mike Krieger said in a joint blog post.

"To us, the most important thing is keeping our community—all of you—front

and center in all that Instagram does," they said. "We believe that Adam will hold true to these values and that Instagram will continue to thrive."

The move comes after Messrs. Systrom and Krieger resigned their posts last

Monday afternoon after clashing with Facebook Chief Executive Mark Zuckerberg over a range of issues, including the extent to which Messrs. Systrom and Krieger could remain independent within the broader organization, according to people familiar with the relationship.

Messrs. Systrom and Krieger eventually stepped down, The Wall Street Journal previously reported.

Mr. Mosseri, 35 years old, started his new role Monday as "head of Instagram." Mr. Systrom was previously called the chief executive of the app.

Viacom Names Chief for Nickelodeon Unit

By JOE FLINT
AND KEACH HAGEY

tive Jim Gianopoulos and Viacom Chief Executive Bob Bakish.

Before joining Paramount, Mr. Robbins founded Awesomeness, a content platform that targeted the Generation Z audience. He was also a co-founder of Tollin/Robbins Productions, whose credits included the long-running CW show "One Tree Hill," and the founder of Varsity Pictures, which produced several shows for Nickelodeon.

Mr. Robbins has been named Nickelodeon group president, a role that has been vacant since June when Cyma Zarghami stepped down after 12 years.

He has close ties to Paramount Pictures Chief Execu-

Since then, Sarah Levy, chief operating officer of Viacom Media Networks, has served as interim head of the Nickelodeon group. Mr. Robbins will

Ratings have declined more than 20% in the key demographic of children 2 to 11.

be based in Los Angeles.

Besides the flagship Nickelodeon channel, the group consists of Nick Jr., which caters

to preschoolers, and Teen-Nick. Nickelodeon has long been the dominant children programmer, but its ratings have declined in recent years while the number of viewing options for children on both cable and digital platforms, particularly at Netflix, has increased.

Nickelodeon has experienced ratings declines of more than 20% compared with a year ago among its key demographic of children 2 to 11 years old, according to Nielsen. It also recently severed ties with producer Dan Schneider, who was a hit factory for the channel over the past three decades. His credits included "Henry Danger" and "iCarly."

Despite its challenges, Nickelodeon is Viacom's most successful cable channel. It is home to the long-running hit "SpongeBob SquarePants" and its top-rated show currently is "Henry Danger."

In 2017, Nickelodeon generated \$2.1 billion in revenue from advertising and distribution fees, and cash flow of more than \$1 billion, according to industry consulting firm Kagan, S&P Global Market Intelligence. Viacom doesn't report the performance of individual media networks.

New Fox Picks Ad-Sales Chief

By ALEXANDRA BRUELL

Marianne Gambelli, president of advertising sales for Fox News, will take on a bigger role at what is known as the new Fox, overseeing ad sales for most of its assets, including sports channels and the Fox broadcast network, according to people familiar with the matter.

The shuffle comes as **21st Century Fox** moves to close its pending sale of entertainment assets to **Walt Disney Co.**, a deal that includes its Hollywood studio and some U.S. cable networks.

A new Fox company will contain the remaining assets that weren't sold, including Fox News, the Fox network, the Fox Sports 1 cable channel and television stations.

Ms. Gambelli will pick up duties handled now by Fox Network Group President Joe Marchese after the deal closes, the people said.

Mr. Marchese will help her transition into the role, but won't stay at the new Fox, the people said.

The appointment is likely to



Marianne Gambelli

be part of a broader leadership shuffle as Fox prepares for the deal to close during the first half of next year.

Ms. Gambelli, a former president of sales and marketing for NBC, has been leading advertising-sales efforts for Fox News Channel and Fox Business Network.

Before joining Fox last May, she was chief investment officer at media-buying firm Horizon Media. She joined Fox News amid the fallout from sexual-harassment scandals that led to the departures of significant figures at the company, including former network boss Roger Ailes and host Bill O'Reilly. Both had denied allegations that they sexually harassed women.

—Suzanne Vranica contributed to this article

Paul Allen Says Cancer Returns

By MICAH MAIDENBERG

Microsoft Corp. co-founder Paul Allen said a cancer he successfully received treatment for several years ago has returned.

In a post on his personal website Monday, Mr. Allen said his doctors have recently started treating him for non-Hodgkin lymphoma, the same type of cancer he was diagnosed with in 2009 and received chemotherapy to treat.

"A lot has happened in medicine since I overcame this disease in 2009. My doctors are optimistic that I will see good results from the latest therapies, as am I," Mr. Allen said in the post.

Mr. Allen and Bill Gates founded Microsoft in 1975. Eight years later, Mr. Allen left the company as its chief technology officer when doctors told him he had Hodgkin lymphoma, from which he recovered. Mr. Allen retained a significant stake in the software company. His net worth is estimated at \$20.5 billion by Forbes.

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Notice of Nomination of Directors

In accordance with Section 4210 of the Insurance Law of the State of New York and Regulation 14-A of the Insurance Regulations of the State of New York, notice is hereby given that the Board of Directors of Mutual of America Life Insurance Company has nominated the following named persons as candidates for election as Directors in the class designated to serve until the election in 2022 or until their respective successors have been duly elected.

Clifford L. Alexander, Jr.
President
Alexander & Associates, Inc.

New York, New York

William S. Conway
Senior Executive Vice President and Chief Operating Officer
Mutual of America Life Insurance Company

New York, New York

Earle H. Harbison, Jr.
Chairman
Harbison Corporation

St. Louis, Missouri

Maurine A. Haver
Founder and Chief Executive Officer
Haver Analytics, Inc.

New York, New York

Ellen Ochoa, Ph.D.
Astronaut and Director (Retired)
NASA Johnson Space Center

Houston, Texas

Roger B. Porter, Ph.D.
IBM Professor of Business and Government
Harvard University

Cambridge, Massachusetts

A certificate of nomination of the above candidates has been duly filed with the New York State Department of Financial Services.

The election of Directors of Mutual of America Life Insurance Company will be held at the Home Office, 320 Park Avenue, New York, New York, on Thursday, April 25, 2019, from 10:00 a.m. to 4:00 p.m. Policyholders whose policies or contracts are in force on the date of the election and have been in force at least one year prior thereto are entitled to vote in person or by mail, by proxy or by ballot.

Diane M. Aramony
Executive Vice President
and Corporate Secretary

October 2, 2018

BUSINESS & FINANCE

Bain, KKR Form Fund For Staff of Toys 'R' Us

By LILLIAN RIZZO

The private-equity owners of Toys "R" Us Inc. are putting together a \$20 million fund to make payments to thousands of former employees left jobless by the retailer's liquidation, said people familiar with the matter.

The fund's creation by **Bain Capital** and **KKR & Co.** is an unusual move by private-equity owners of a bankrupt company. It isn't required under bankruptcy law and has no ties to the bankruptcy process, the people said. The funding will be provided by the buyout firms' general partners, they added.

The two private-equity firms have brought on a third party to help structure the fund and iron out the eligibility requirements, the people said. It is unknown what the median payout will be and the fund will be open to outside contributions, they added.

Bain, KKR and real-estate investment trust **Vornado Realty Trust** took Toys "R" Us private in 2005 in a \$6.6 billion deal that included \$5.3 billion in debt. When Toys "R" Us sought bankruptcy protection last year, much of its debt stemmed from the buyout.

Although the retailer had hoped to survive bankruptcy, it said in March that it was shutting down, a move that resulted in the closure of more than 800 U.S. stores and the loss of 33,000 jobs.

Soon after, Toys "R" Us workers, under the guidance of advocacy groups, banded together to fight for severance pay, taking aim at the retailer's private-equity backers.

Former Toys "R" Us workers trekked to Washington, D.C., protested in New York and lobbied the firms' investors. Nineteen members of Congress sent a letter to the private-equity backers, questioning their role in the retailer's demise.

Toys "R" Us stores in the U.S. officially closed in late June. Former workers have continued their fight for severance since then.

Madelyn Garcia, 50 years old, lost her job at a Toys "R" Us in Florida and has been active in Rise Up Retail, a campaign for retail workers' rights, since it began this spring. "I'm very pleased with Bain and KKR—they had a dialogue with us and they're willing to help," said Ms. Garcia, who is unemployed and taking college courses. "Now we're waiting on Vornado and the other creditors to do the same thing; there's a lot of families in need."

Vornado didn't immediately respond to a request for comment.

Toys "R" Us's financial troubles stemmed from its hefty debt load, the troubled retail environment—specifically the rise of online shopping and **Amazon.com Inc.**—and a disastrous 2017 holiday season.

AARP Takes on Ageism in Ads

Advocacy group hires Madison Ave. veteran to help wage battle against stereotypes

By SUZANNE VRANICA

stereotypes," she added.

Ms. Gallop, who advocates on issues such as gender equality, joined forces with AARP earlier this year to help bring more attention to the issue of ageism. AARP has nearly 40 million members and is best known for its travel discounts and insurance products.

During the 13th annual Advertising Week, which kicked off Monday in New York, Ms. Gallop is expected to speak Thursday on a panel dubbed, "Shaping a New Image on Aging," which will focus on how the ad industry must work harder to accurately portray older Americans.

Ms. Gallop will "challenge outdated beliefs about aging," said Martha Boudreau, AARP's chief marketing officer, in a statement.

Madison Avenue's creative output has come under greater scrutiny in recent years, including criticism of ads that objectify women. Companies such as Unilever PLC, Johnson



ADAM GRAY/BARcroft Media/Getty Images

The ad industry is an extremely ageist industry,' says Cindy Gallop, a former ad executive who has joined forces with AARP.

& Johnson and Mars have pledged to eradicate gender stereotyping from advertising.

"Ageism is a huge business

issue," said Ms. Gallop. "Our economy is failing to benefit from the commitment, experience, skills, creativity and in-

fluence of older workers" because they are dismissed and discriminated against in the workforce, she said.

Still, it won't be easy to turn the tide. Madison Avenue has long been obsessed by youth and its workforce tends to be weighted toward the younger generation.

"The ad industry is an extremely ageist industry," said Ms. Gallop, who added that she plans on pressuring agencies into hiring more older people, similar to how she has pushed for ad agencies to add more women to their ranks.

"When you have older people creating, producing and approving ads, the problem is easily solved," Ms. Gallop added.

AARP was drawn to Ms. Gallop because she runs a startup called MakeLoveNot-Porn at the age of 58.

Ms. Gallop "exemplifies everything we are talking about in terms of living and being vital and smart" at any age, said AARP's Ms. Chong.

Glut of Used Hogs Drags on Harley-Davidson

By BOB TITA

Harley-Davidson Inc. is facing a particularly tough competitor for new riders: its own used motorcycles.

Three used Harleys are sold in the U.S. for every new one. A decade ago, it was the other way around. New motorcycle sales in the U.S. are down by half from a 2006 peak, while used sales are up 13%.

Milwaukee-based Harley in 2018 is heading for its fourth straight year of declining sales as the company's core older customers scale back purchases while younger riders fail to pick up the slack. A glut of used Harleys has emerged after years of strong sales growth and production volume, and offers a variety of choices for those unwilling to splurge on pricey new models.

"It comes down to price, always," said Jim McMahan, co-owner of a Harley dealership in Greensburg, Pa. "There are people who just don't want to spend \$18,000 to \$25,000 on a new motorcycle." Used Harleys in good condition can cost less than \$15,000, dealers say.

Harley wants to reverse its sales slump by drawing new riders with 16 middleweight bikes it plans to roll out by 2022. Among them will be the company's first electric model, which is expected to make its debut next year.

Harley hasn't released prices for the new bikes, but dealers expect many of the models will be cheaper than the big bikes that make up the core of the current lineup. Offering more motorcycle choices at lower prices could lure younger riders to the Harley brand for the first time and help offset slumping sales of traditional models.

Heather Malenshek, Harley's vice president of marketing, said used Hogs—as the brand's motorcycles are affectionately known—aren't the company's biggest problem.

"The greatest challenge is to

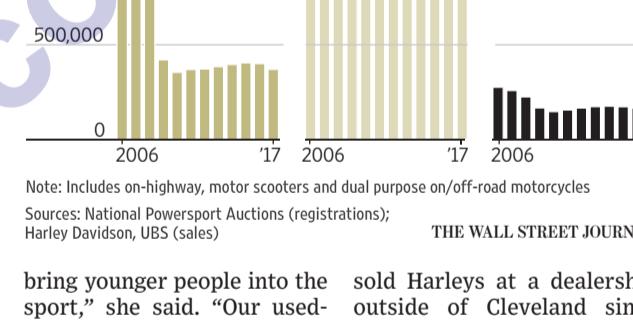


The company wants to reverse its sales slump by drawing new riders with 16 middleweight bikes it plans to introduce by 2022.

Spinning Wheels

Harley's sales have fallen in the U.S., while sales of used motorcycles have climbed in the past decade.

U.S. motorcycle registrations and Harley Davidson sales



got a growing family."

Harley-Davidson motorcycles tend to have long lives. They don't wear out easily and owners tend to take care of them, making the bikes appealing in the used-motorcycle market.

Harley has struggled to lessen its reliance on baby boomers, whose growing discretionary income and passion for hobbies including motorcycle riding brought the company back from the brink of bankruptcy in the early 1980s. Now, those riders are aging and buying motorcycles less frequently. But younger riders often can't afford as many bikes as their parents or don't see themselves living the Harley free-spirit lifestyle.

In response, the company is pursuing younger people. On Monday, Harley said it would start selling its branded apparel through Amazon.com Inc. Currently, Harley apparel is sold through the company's website or at dealerships.

Some dealers said the move

could diminish foot traffic to their businesses. "We generate a lot of revenue from our general merchandise," said Scott Maddux, a Harley dealer near Knoxville, Tenn. "It's an important part of our business."

Two of Harley's new models will be dual-purpose bikes for riding on both paved and unpaved roads, a motorcycle category that is growing in popularity in the U.S. Nine will be sports bikes with racing-style body features and seating to reduce wind drag. Harley doesn't currently compete in either of these categories.

Some dealers said they doubt customers for those kinds of bikes will one day trade up for a new, expensive Hog. Ms. Malenshek acknowledged some might not, but said Harley also needs to accommodate riders who aren't interested in its traditional models. "The point of all of this is bringing new customers into the brand," she said.

—Andrew Tangel contributed to this article.

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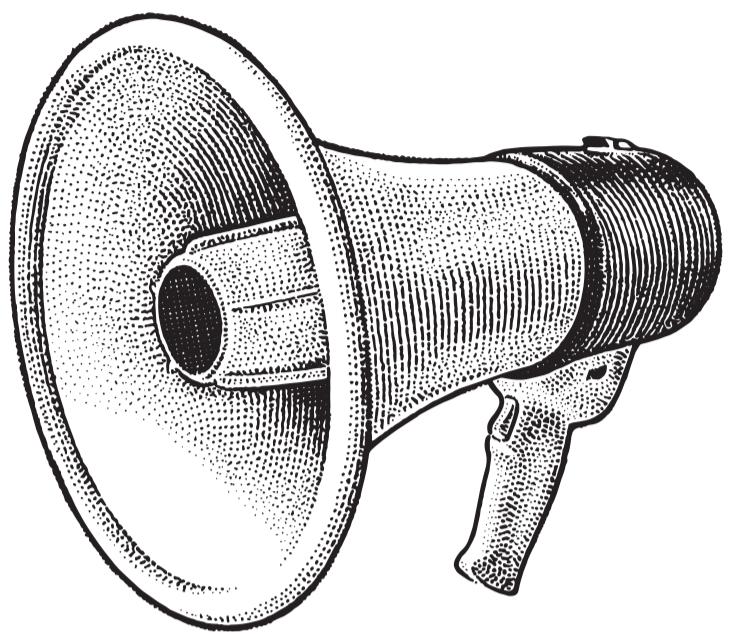


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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26651.21 ▲192.90, or 0.73%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.08 20.66
 P/E estimate * 17.11 18.89
 Dividend yield 2.07 2.27
 All-time high 26743.50, 09/21/18



Bars measure the point change from session's open
 June July Aug. Sept. 23500

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2924.59 ▲10.61, or 0.36%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.40 24.22
 P/E estimate * 18.09 19.19
 Dividend yield 1.80 1.98
 All-time high 2930.75, 09/20/18



June July Aug. Sept. 2600

Bars measure the point change from session's open
 June July Aug. Sept. 2600

Nasdaq Composite Index

8037.30 ▼9.05, or 0.11%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.95 25.69
 P/E estimate * 21.82 21.32
 Dividend yield 0.97 1.10
 All-time high: 8109.69, 08/29/18



June July Aug. Sept. 8250

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	26651.21	192.90	▲0.73	26743.50	22557.60	18.1	7.8	17.9
Transportation Avg	11494.28	11385.03	11409.96	30.60	▲0.27	11570.84	9440.87	15.2	7.5	13.4
Utility Average	719.58	714.86	717.84	-2.76	-0.38	774.47	647.90	-1.1	-0.8	8.0
Total Stock Market	30397.58	30167.20	30234.35	44.75	▲0.15	30390.61	26274.91	15.1	9.3	14.8
Barron's 400	771.10	762.29	763.96	-3.35	-0.44	786.73	676.86	11.6	7.5	14.7

Nasdaq Stock Market

Nasdaq Composite	8107.38	8019.77	8037.30	-9.05	-0.11	8109.69	6516.72	23.3	16.4	20.2
Nasdaq 100	7700.56	7627.47	7645.45	17.80	▲0.23	7660.18	5981.92	27.8	19.5	22.2

S&P

S&P 500 Index	2937.06	2917.91	2924.59	10.61	▲0.36	2930.75	2529.12	15.6	9.4	15.0
MidCap 400	2029.21	1999.73	2004.19	-15.36	-0.76	2050.23	1801.29	10.7	5.5	13.6
SmallCap 600	1066.58	1044.54	1046.64	-15.28	-1.44	1098.36	889.94	14.1	11.8	17.4

Other Indexes

Russell 2000	1703.81	1669.82	1672.99	-23.58	-1.39	1740.75	1463.79	10.8	9.0	15.1
NYSE Composite	13169.80	13099.94	13125.35	42.84	▲0.33	13637.02	12177.70	7.0	2.5	10.2
Value Line	585.37	578.33	579.42	-3.44	-0.59	593.57	533.26	6.6	3.0	9.8
NYSE Arca Biotech	5416.44	5337.87	5346.43	-34.67	-0.64	5400.34	4045.25	24.9	26.6	16.0
NYSE Arca Pharma	597.88	593.43	595.96	2.36	▲0.40	595.96	516.32	8.2	9.4	4.2
KBW Bank	106.07	104.69	104.98	0.11	▲0.11	116.52	97.59	5.2	-1.6	14.6
PHLX® Gold/Silver	65.54	64.82	65.14	-0.04	-0.06	92.08	61.92	-23.4	-23.6	13.0
PHLX® Oil Service	152.47	149.28	151.40	1.92	▲1.29	170.18	127.61	7.9	1.2	-1.0
PHLX® Semiconductor	1382.05	1367.31	1370.44	3.70	▲0.27	1449.90	1178.75	16.3	9.4	32.0
Cboe Volatility	12.40	11.57	12.00	-0.12	-0.99	37.32	9.14	27.0	8.7	-19.0

\$ 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
Garrett Motion	GTX	6,351.5	18.39	...	unch.	18.39	18.00
Pandora Media	P	6,297.8	9.10	-0.05	-0.55	9.26	9.09
SPDR S&P 500	SPY	5,937.7	291.57	-0.16	-0.05	292.05	291.49
Bank of America	BAC	5,741.4	29.64	-0.01	-0.03	29.71	29.58
Altaba	AABA	5,630.4	67.23	-0.01	-0.01	67.63	67.00
Energy Transfer Equity	ETE	4,323.4	18.10	0.01	0.06	18.10	17.50
SPDR Bloomberg HY Bd	JNK	3,780.7	35.99	...	unch.	35.99	35.97
India Global Cap	IGC	3,082.8	11.14	2.12	23.50	11.14	8.99

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Omeros Corp	OMER	86.7	17.95	3.99	28.58	18.00	14.20
India Global Cap	IGC	3,082.8	11.14	2.12	23.50	11.14	8.99
Level Brands	LEVB	205.7	7.09	1.10	18.36	7.12	5.82
DAVIDsTEA	DTEA	427.2	2.93	0.38	14.90	3.00	2.55
SeaWorld Entertainment	SEAS	50.4	32.00	2.00	6.67	32.00	30.00

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Stitch Fix CIA	SFIX	3,004.8	35.49	-9.14			

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi	lo	Low	Settle	Chg	Open	interest
		Open	High	hi	lo	Low	Settle	Chg	interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.										
Oct 2.7830 2.7855 ▲	2.7460	2.7740	-0.0130	2.208						
Dec 2.8010 2.8225	2.7555	2.7875	-0.0175	135.079						
Gold (CMX) -100 troy oz.; \$ per troy oz.										
Oct 1191.60 1191.60	1185.80	1187.10	-4.40	3,997						
Dec 1196.10 1196.50	1188.10	1191.70	-4.50	373,442						
Feb'19 1201.70 1202.10	1193.80	1197.40	-4.50	43,490						
June 1212.90 1212.90	1205.80	1208.90	-4.30	13,054						
Aug 1215.40 1216.30	1212.80	1214.70	-4.30	2,273						
Dec 1225.10 1228.80	1223.80	1227.00	-4.30	4,306						
Palladium (NYM) -50 troy oz.; \$ per troy oz.										
Dec 1065.50 1066.40	1037.00	1056.40	-16.40	21,906						
March'19 1046.90 1050.60	1033.00	1049.50	-16.40	1,367						
Platinum (NYM) -50 troy oz.; \$ per troy oz.										
Oct 812.00 824.00	812.00	824.00	5.30	370						
Jan'19 819.30 828.40	811.40	827.90	5.50	68,758						
Silver (CMX) -5,000 troy oz.; \$ per troy oz.										
Oct 14.350 14.350	14.350	14.422	-0.201	189						
Dec 14.725 14.725	14.395	14.507	-0.205	172,213						
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.										
Nov 73.52 75.77 ▲	72.95	75.30	2.05	408,198						
Dec 73.33 75.58 ▲	72.77	75.14	2.08	310,788						
Jan'19 73.16 75.42 ▲	72.61	75.00	2.11	162,748						
March 72.70 75.05 ▲	72.29	74.68	2.17	154,480						
June 72.03 74.38 ▲	71.68	74.01	2.17	184,430						
Dec 69.94 72.13 ▲	69.60	71.75	2.00	238,771						
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.										
Nov 2.3540 2.4176 ▲	2.3464	2.4079	.0594	145,116						
Dec 2.3590 2.4215 ▲	2.3510	2.4114	.0588	87,636						
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.										
Nov 2.0927 2.1384 ▲	2.0791	2.1275	.0418	178,840						
Dec 2.0820 2.1215 ▲	2.0696	2.1208	.0451	77,125						
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.										
Nov 3.011 3.117 ▲	3.001	3.094	.086	305,787						
Dec 3.093 3.193 ▲	3.085	3.172	.081	170,497						
Jan'19 3.172 3.266 ▲	3.165	3.244	.075	197,566						
Feb 3.088 3.172	3.083	3.155	.070	91,522						

Cash Prices | WSJ.com/commodities

Monday, October 1, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Monday	Monday	Monday
Energy		
Propane,tet,Mont Belvieu-g	1.0877	
Butane,normal,Mont Belvieu-g	1.3110	
Coal,C.Aapl,12500Btu,12S02-r.w	74.300	
Coal,PwdrRvrBsn,8800Btu,08S02-r.w	12.100	
Metals		
Gold, per troy oz		
Engelhard industrial	1190.67	
Engelhard fabricated	1279.97	
Handy & Harman base	1189.35	
Handy & Harman fabricated	1320.17	
LBMA Gold Price AM	*118.50	
LBMA Gold Price PM	*118.25	
Krugerrand,wholesale-e	1235.83	
Maple Leaf-e	1247.72	
American Eagle-e	1247.72	
Mexican peso-e	1440.73	
Austria crown-e	1167.77	
Austria phil-e	1247.72	
Silver, troy oz.		
Engelhard industrial	14,4000	
Engelhard fabricated	17,2800	
Handy & Harman base	14,4750	
Handy & Harman fabricated	18,0940	
LBMA spot price	*10,9700	
(U.S.\$ equivalent)	*14,3050	
Coins,wholesale \$1,000 face-a	10776	
Other metals		
LBMA Platinum Price PM	*815.0	

Monday	Monday	Monday		
Fibers and Textiles				
Burlap,10-oz,40-inch NY yd-n.w	0.5800			
Cotton,11/16 std lw-mdMphs-u	0.7506			
Cottook 'A' Index-t	*87.20			
Kruegerand,wholesale-e	1235.83			
Wool,64s,staple,Terr del-u,w	n.a.			
Grains and Feeds				
Barley,top-quality Mnpls-u	n.a.			
Bran,wheat middlings,KC-u	75			
Corn,No.2 yellow,Cent Lb-p.u	3.1750			
Corn gluten feed,Midwest-u,w	113.0			
Corn gluten meal,Midwest-u,w	435.7			
Cottonseed meal,u,w	250			
Hominy feed,Cent IL-u,w	n.a.			
Meat-bonemeal,50% pro Mnpls-u,w	225			
Oats,No.2 milling,Mnpls-u	3.1225			
Rice,Long Grain Milled, No.2 AR-u,w	24.75			
Sorghum,(Milo) No.2 Gulf-u	7.2450			
Soybean Meal,Cent IL,rail,ton48%-u	320.30			
Soybeans,100% IL-bl,pp,u	7,8900			
Fats and Oils				
Corn oil,cruet wet/dry mill-u,w	26,2500			
Grease,choice white,Chicago-h	0.2350			
Lard,Chicago-u	n.a.			
Soybean oil,crude,Cent IL-u	0.2889			
Tallow,bleach,Chicago-h	0.2375			
Tallow,edible,Chicago-u	n.a.			
Food				
Beef,carcass equiv.index				
choice 1-3,600-900 lbs.-u	179.39			
select 1-3,600-900 lbs.-u	168.68			
Broilers,National comp wghtd-u,w	0.8259			
Butter,AA Chicago	2,975			
Cheddar cheese,bbi,Chicago	142.00			
Cheddar cheese,bk,Chicago	174.75			
Milk,Nonfat dry,Chicago lb.	88.00			
Coffee,Brazilian,Comp	1,0311			
Coffee,Colombian, NY	1,2862			
Eggs,large white,Chicago-u	0.9750			
Flour,hard winter KC	14.95			
Hams,17-20 lbs,Mid-US fab-u	0.65			
Hogs,Iowa-So,Minnesota-u	66.87			
Pork bellies,12-14 lb MidUS-u	1,4032			
Pork loins,13-19 lb MidUs-u	1,1156			
Steers,Tex-Okla,Choice-u	111.00			
Steers,feeder,Okla.City-u,w	165.69			
High Yield Bonds ICE Data Services				
n.a. n.a. High Yield Constrained	n.a. n.a. n.a.			
n.a. n.a. Triple-C-rated	n.a. n.a. n.a.			
n.a. n.a. High Yield 100	n.a. n.a. n.a.			
n.a. n.a. Global High Yield Constrained	n.a. n.a. n.a.			
n.a. n.a. Europe High Yield Constrained	n.a. n.a. n.a.			
U.S. Agency Bloomberg Barclays				
1628.03 -0.6	1.0	U.S. Agency	3,050 1,900 3,050	
1462.74 0.004	10-20 years	2,950 1,720 2,950		
3255.65 -3.9	20-plus years	3,510 2,870 3,550		
2429.34 -1.4	Yankee	3,830 2,750 3,850		
		778.67 -3.6	Emerging Markets ** 6,700 5,398 7,003	

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; M=monthly; N=nominal; n.a.=not quoted or not available; R=S&P Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly; Z=not quoted. *Data as of 9/28

Source: Dow Jones Market Data

Borrowing Bench

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 1, 2018 Net Stock Sym Close Chg Stock Sym Close Chg

A B C Baidu BIDU 227.40 -1.28 Chubb CB 133.17 -0.47

BakerHughes BHGE 32.98 -0.68 ChungHwaTel CHT 36.15 -0.24

Ball BLL 43.88 -0.11 ChurchsWtG CHW 59.55 0.18

BankofMontreal BMO 91.41 -0.36 Cigna CI 210.93 2.68

BankOneBanc BSC 31.40 -0.08 CincinnatiFin CINF 75.37 -1.44

BankSouthland SAN 4.97 -0.03 Cintas CTAS 98.02 0.21

BankColumbia CIB 42.39 -0.67 CiscoSystems CSO 48.87 0.22

BankAmerica CAB 29.65 0.19 Citigroup C 71.93 0.19

BankMontreal BMO 83.41 0.08 CitrixSystems CTXS 111.12 -0.42

BankNatlBanc BN 51.90 0.91 Clorox CLX 150.43 0.02

Barclays BCS 9.02 0.07 Coca-Cola EKE 45.54 0.07

Barclaycard ABX 11.14 0.06 Comerica CMA 90.23 0.08

BarclaysBanc BHC 27.34 1.67 Conexxus CX 16.56 0.86

BarclaysCard BCC 44.25 -0.50 Cognex CG 56.68 0.86

BarclaysCard BCC 27.34 1.67 Cognitec CTA 76.78 0.10

BaxtersIntl BAX 77.80 0.01 CognizantTech CTSH 76.98 -0.31

BaxterInt'l BDX 264.38 3.38 ColgatePalmolive CL 67.07 0.12

BayerBndl BGE 175.15 0.08 ColumbiaPhysitl CO 38.36 -0.21

BayerCardio BGE 175.15 0.08 Comcast A 35.52 0.11

BayerHealth BHC 27.34 1.67 Commerica CMA 90.23 0.08

BayerHealth BHC 27.34 1.67 Comerica CMA 90.23 0.08

BANKING & FINANCE

Suit Targets Volatility Products

Complaint alleges that market players manipulated prices of derivatives tied to VIX

BY GUNJAN BANERJI

A group of investors filed a complaint against **Cboe Global Markets Inc.**, alleging that they experienced losses because its popular volatility products were manipulated.

The complaint filed on Friday alleges that market players consistently manipulated prices of derivatives tied to the VIX—a widely watched volatility measure that is also known as the Cboe Volatility Index. The investors claim that Cboe, which operates the largest options exchange in the U.S., knew about the activity,

according to the complaint filed in the Northern District of Illinois.

The proposed class-action lawsuit, consolidating several prior claims, needs a judge's ruling to proceed.

"Cboe designed, then regularly administered for profit, a fatally flawed process," the lawsuit says. "As a result of CBOE's malfeasance, the prices for VIX options and VIX futures have been subject to wholesale manipulation."

A spokeswoman for Cboe said in an email that the company "vehemently" denies the allegations, "which are a re-packaging of prior allegations and which we believe are without merit."

"As this is ongoing litigation, we have no further comment at this time," the spokeswoman said.

The VIX is calculated using options prices on the S&P 500 index. It tends to rise when stock prices fall and has hence become a popular way for investors to hedge other holdings or bet on future turbulence in the market. A whole ecosystem of products that allow investors to wager on the VIX has emerged, including futures and options contracts that have turned into a lucrative business for Cboe.

Claims that the VIX is manipulated have cropped up in recent years. And the gauge became the center of widespread attention in February when two exchange-traded products tied to it collapsed.

In recent years, as share prices continuously rose, some of the ETPs, which trade like stocks, had become a way for investors to bet volatility

would stay low—known in the market as the "short vol" trade. That came to a head in February as volatility spiked in U.S. equities, triggering losses for "short vol" investors across Wall Street and Main Street.

In the lawsuit filed Friday, investors take issue with a regular auction operated by Cboe that determines the prices of VIX futures. The investors allege they were harmed when the auction distorted trading and made the prices of VIX futures and options "artificial."

The complaint also claims price tampering of such derivatives affected trading of the VIX ETPs.

Some in the options industry have told The Wall Street Journal that unusual activity in the monthly auction could

be driven by investor hedging as opposed to any nefarious activity.

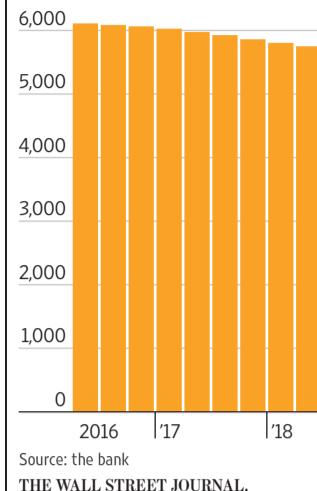
Cboe has made moves to change its monthly auction to boost trading since February. The exchange operator has tried to reduce some of the anomalous pricing that has occurred on days VIX futures contracts expire.

Cboe recently filed a proposal with the Securities and Exchange Commission to make changes to the auction. The proposal requires regulatory approval.

Cboe shares were once thought of as a beneficiary of higher volatility, since turbulence in markets could lead to more trading of its products. But the once highflying stock is down 22% in 2018, even as shares of other exchange-operators have rallied this year.

Branch Reduction

Number of Wells Fargo branches



Source: the bank

THE WALL STREET JOURNAL.

Wells Retail Executive To Leave

BY EMILY GLAZER

One of Wells Fargo & Co.'s top retail bank executives is leaving.

Lisa Stevens, who leads the retail bank's Western region, will exit from Wells Fargo later this month, spokeswoman Jennifer Langan said. Her departure was announced on an internal call Monday morning, according to people familiar with the matter.

Ms. Stevens referred questions about her departure to Ms. Langan. Ms. Langan said Ms. Stevens made the decision to leave.

Ms. Stevens was a top lieutenant to Carrie Tolstedt, who led Wells Fargo's scandal-plagued retail bank for many years. At one point, Ms. Stevens ran retail banking for about a third of the U.S. and small-business banking for Wells Fargo.

Mary Mack, who took over the retail bank after Ms. Tolstedt stepped down from the role in 2016, has since curtailed some of Ms. Stevens's responsibilities. In March 2017, Ms. Mack said Ms. Stevens would no longer oversee small-business banking but would lead the Western region, which stretches from California to Iowa.

Ms. Mack later reorganized the region, reducing the number of regional managers reporting to Ms. Stevens to five from eight, in addition to other executive changes.

The Western region she oversees, which is half of the retail bank, includes 24 states, more than 2,500 branches and about 33,000 people, Wells Fargo said in a news release.

Ms. Langan said Don Pearson, lead region president for the bank's Desert Mountain region, will serve as interim head of the Western region until a new leader is selected. He currently reports to Ms. Stevens.

Wells Fargo has said it plans to reduce its retail bank network to about 5,000 branches by the end of 2020 through consolidations and divestitures.

Investor Posts Stake in Papa John's

BY JULIE JARGON AND MICAH MAIDENBERG

Activist investor **Legion Partners Asset Management LLC** on Monday disclosed a stake in **Papa John's International Inc.**, stepping up pressure on the pizza chain to turn around a sales decline and resolve a dispute with its founder.

Legion is working with the California State Teachers' Retirement System, which holds a small portion of what amounts to a combined 5.5% stake in Papa John's, the two funds said Monday in a filing to the Securities and Exchange Commission.

Investors from Legion and the pension fund have met members of the pizza maker's special board committee and support steps the company has taken to boost sales, Ted White, a Legion managing director, said in an interview.

"Independent directors of the Papa John's board and members of our senior leadership team have been speaking with shareholders as part of our efforts to move the company forward," a Papa John's spokeswoman said.



An Aurora Cannabis Inc. facility in Edmonton, Alberta. More-established U.S. and Canadian banks that have shied away from the industry are starting to take note.

Canadian Banks Score Big in Marijuana Boom

BY BEN EISEN AND VIPAL MONGA

When bankers were trying to do a share offering a few years back for a fledgling cannabis company, it was tough to get investors to take meetings. The ones that did often couldn't get comfortable with the sector.

"It was a hard sell," said Steve Ottaway, head of healthcare investment banking at **GMP Capital Inc.**, which led the deal. "People were very skeptical."

Now, **Canopy Growth Corp.** is one of the largest marijuana companies by market capitalization, and GMP is one of the burgeoning legal marijuana industry's leading financial advisers. Mr. Ottaway said he is so busy he had to shelve plans for a summer vacation to Europe with his sons.

The investor frenzy around cannabis companies has been a

boon for GMP and a cadre of small Canadian financial firms that jumped into the sector early. Boutique investment banks, including **Canaccord Genuity Group Inc.**, **PI Financial Corp.** and **Eight Capital**, have each helped shepherd initial public offerings and reverse mergers worth more than \$200 million in Canada and the U.S., according to data provider PitchBook. Cormark Securities Inc. also has been involved.

GMP said in an August earnings report that underwriting revenue grew 18% in the April-to-June period due in part to its work with marijuana companies.

Investors are piling into the sector ahead of Canada's legalization of recreational marijuana use in October. Market values have ballooned, leading some to draw comparisons with last year's bitcoin rally and the tech-stock bubble of the late

Roller-Coaster Ride

Tilray's share price



Source: SIX

THE WALL STREET JOURNAL.

1990s. More-established U.S. and Canadian banks that have shied away from the business are starting to take note.

Yet half a decade ago, the few deals in the space were

mostly left to smaller Canadian firms better known for their work with mining companies.

"There are a handful of Canadian investment banks that have really helped the industry get started," said Cam Battley, chief corporate officer at Aurora Cannabis Inc.

As marijuana companies mature and larger banks become more comfortable with the sector, some wonder whether the small Canadian firms will be able to maintain their lead. Goldman Sachs Group Inc. advised Constellation Brands Inc. on a \$4 billion investment in Canopy in August and Bank of America Corp. provided a bridge loan. New York investment bank Greenhill & Co. advised Canopy.

New York-based Cowen Inc. led the July initial public offering of Tilray Inc., whose share-price surge, and retreat, in recent weeks has captivated

traders. The stock is listed in the U.S. on the Nasdaq.

Bank of Montreal has been the most active among Canada's larger banks. It has offered loans, equity financings and mergers and acquisition advice to cannabis companies such as Canopy, Cronos Group Inc. and Aurora Cannabis. Canadian Imperial Bank of Commerce was one of the lead banks on a recent 104 million Canadian dollar (\$US\$81 million) private placement, along with GMP, for the venture capital arm of Canopy.

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U.S. Stocks Extend Their Lead

Continued from page B1

ened. U.S. stocks, investors said, increasingly looked like the haven assets of the world.

But since then, the dollar has weakened as investors have taken the U.S.'s and China's latest trade skirmishes in stride, leading some market watchers to ask whether the yawning gap between stocks in the U.S. and the rest of the world is on borrowed time.

Nearly 50% of investors believe the divergence in the global economy will end with U.S. growth decelerating, according to a September Bank of America Merrill Lynch survey of global fund managers. In comparison, just 28% of investors believe the divergence will end because of growth in Asia and Europe accelerating.

"If you look at [U.S.] valuations, absolute performance...they are all extremely stretched," said Julian Emanuel, chief equity and derivatives strategist at BTIG. "We are very sympathetic to this idea that there's going to be a

convergence between the U.S. and the rest of the world."

There are plenty of catalysts that investors say could put the U.S. rally at risk.

Technology stocks faltered in September after a stunning run over the summer that included **Amazon.com Inc.** and **Apple Inc.** both topping \$1 trillion in market capitalization. The Nasdaq Composite fell 0.8% in September, notching its biggest monthly decline since March, when revelations that **Facebook** had improperly handled its users' data sent tech stocks tumbling.

The group's drop has left some investors wondering whether the moves could be the start of a deeper downturn for the technology stocks—and if so, what other groups will be able to carry the market forward.

Rising interest rates are another potential threat: After languishing in the middle of the year, the yield on the 10-year Treasury note has made a run above the 3% mark, pushing up borrowing costs for everything from homes to cars. Analysts worry that further weakness in the housing market in particular could bode poorly for the broader U.S. economy.

Yet few of the risks seem immediate enough for investors to call it quits on the U.S. rally.

Flows into mutual funds and exchange-traded funds tracking U.S. equities jumped to 27-week highs in mid-September, according to fund tracker EPFR Global.

Moreover, there are few signs of the economic expansion stalling. Data have shown a measure of U.S. consumer

confidence at 18-year highs, corporate earnings charging forward and the Federal Reserve Bank of Atlanta's GDP-Now model estimating close to 4% growth for the U.S. economy in the third quarter.

At the same time, many still see reasons to be cautious outside of the U.S.



Technology stocks have stumbled after a powerful summer rally that pushed Amazon.com's market capitalization above \$1 trillion.

International Monetary Fund Managing Director Christine Lagarde warned Monday that emerging markets could suffer a flood of outflows if the turbulence that has hit Turkey and Argentina this year spreads beyond those borders.

That has made investors willing to avoid emerging-markets assets in favor of relatively expensive U.S. stocks.

"The U.S. is basically leading the rest of the world in growth, both economically and at the corporate level. Other areas of the world look more attractively priced, but it may just be a big value trap," said Robert Pavlik, senior portfolio manager and chief investment strategist at SlateStone Wealth.

Even those who believe that the divergence between the U.S. and the rest of the world looks stretched say it is difficult to time when the two will start to converge again.

Heading into the fourth quarter, portfolio managers are likely to put money into areas of the market that have outperformed while backing off trades that have underperformed, according to BTIG's Mr. Emanuel.

That is likely to inhibit market convergence in the short term, Mr. Emanuel said.

"The tendency historically is for the things that have been working to continue to work," he said.

MARKETS

Treasurys Fall as Outlook Improves

By DANIEL KRUGER

U.S. government bond prices fell Monday as the revision of the North American Free Trade Agreement eased investor concerns about the durability of the economic expansion.

CREDIT MARKETS

The yield on the benchmark 10-year treasury yield rose for a second consecutive trading session to 3.07%, from 3.05% Friday. Yields rise as bond prices fall.

Yields rose early Monday, with some investors saying the agreement removed a source of uncertainty about the environment for global trade. Investors

have spent much of the year fretting that rifts between the U.S. and its major trading partners could expand, threatening to slow economic growth.

"Any time you can take things off the list rather than add them, you should react positively," said Jim Vogel, head of interest-rate strategy at FTN Financial.

Yields also climbed as U.S. oil prices surged to their highest level since November 2014. Higher energy costs typically concern bond investors because their rise can lead to a faster pace of inflation. Inflation presents a threat to the value of a bond's fixed interest and principal payments.

The bond market's measure for the expected average pace of inflation for the next 10 years held steady at about 2.1 percentage points for much of this year. The measure, known as the 10-year break-even rate, is equal to the difference in yield between the benchmark 10-year note and the 10-year inflation-indexed Treasury note. An investor who sells the benchmark note and buys the inflation-protected note would need an average inflation rate for the period of 2.1 percentage points to break even.

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	\$140,836,818,400	\$121,403,790,000
Accepted bids	\$48,000,048,400	\$42,000,030,000
* noncomp	\$1,162,977,600	\$880,209,000
* foreign noncomp	\$457,000,000	\$465,000,000
Auction price (rate)	99.450208	98.819528
(2.17%)	(2.33%)	
Coupon equivalent	2.21%	2.39%
Bids at clearing yield/accepted	84.60%	62.96%
Cusip number	912796PK9	912796R03

Both issues are dated Oct. 4, 2018. The 13-week bills mature on Jan. 3, 2019; the 26-week bills mature on April 4, 2019.



Ford Motor Co. shares rose 7 cents, or 0.8%, to \$9.32. Auto makers have been seen as especially vulnerable to a global trade conflict.

Shares Increase on Accord

Nafta compromise calms investors' fears, giving a lift to auto makers and industrials

By CHRISTOPHER WHITTALL AND AKANE OTANI

U.S. stocks rose on the first day of the fourth quarter after the U.S. and Canada reached a last-minute deal late Sunday to revise the North American Free Trade Agreement.

Investors had been watching trade developments closely for weeks as the U.S. and China ramped up tariffs against each other's goods and negotiations over Nafta were mired in uncertainty.

The fact that the U.S. was able to forge agreements with other large trading partners in recent months—including the European Union, Mexico and now Canada—has helped alleviate investors' fears about global trade.

"It takes away some of the uncertainty. This gives some sign that [President] Trump is at some point willing to agree to some new trade deals," said Jeroen Blokland, a multiasset portfolio manager at Dutch asset manager Robeco.

The Dow Jones Industrial Average rose 192.90 points, or

0.7%, to 26651.21, extending advances after posting its biggest one-quarter gain of 2018.

The S&P 500 climbed 10.61 points, or 0.4%, to 2924.59, stopping just short of its record, while the Nasdaq Composite fell 9.05 points, or 0.1%, to 8037.30, pressured by losses in a number of biotechnology stocks.

Relief over Nafta helped lift shares of automobile makers and industrial conglomerates, which analysts have said look particularly vulnerable to a global trade conflict.

Ford Motor Co. jumped 7 cents, or 0.8%, to \$9.32; General Motors Co. rose 53 cents,

or 1.6%, to \$42.20; and Boeing Co. added \$10.39, or 2.8%, to \$382.29.

Corporate news drove swings in other shares. General Electric Co. climbed 80 cents, or 7.1%, to 12.09 after unexpectedly ousting Chief Executive John Flannery after about a year in the job. Tesla Inc. jumped 45.93, or 17%, to 310.70 after Elon Musk gave up his chairman role as part of a settlement with the Securities and Exchange Commission.

Meanwhile, U.S. Treasurys weakened as investors bid up riskier assets. The yield on the benchmark 10-year U.S.

Treasury note settled at 3.07%, compared with 3.055% Friday, finishing at its sixth-highest closing level of the year. Yields rise as bond prices fall.

Many investors continue to prefer U.S. stocks given the strong economic backdrop. Companies in the S&P 500 are expected to report a 19% jump in profits when earnings season kicks off in mid-October, according to FactSet.

Mr. Blokland said he favors U.S. stocks given the strong domestic economy, growth in company earnings and the Federal Reserve's gradual approach to raising interest rates.

"It's a perfect mix. We still think equities are going to outperform," he added.

Even so, investors are also likely to remain focused on the continuing trade dispute between the U.S. and China, which has shown little sign of ending soon.

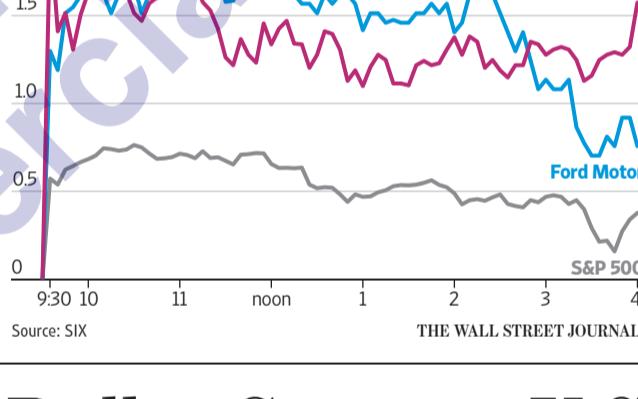
Elsewhere, the Stoxx Europe 600 was up 0.2%, boosted by gains in the technology sector.

In the Asia-Pacific region early Tuesday, Hong Kong's Hang Seng Index was down 1.2%, Japan's Nikkei Stock Average was up 0.2%, Australia's S&P/ASX 200 was down 0.5% and South Korea's Kospi was down 0.3%.

Mainland Chinese markets were closed for a holiday.

Relief Rally

Auto-maker shares rose Monday after the U.S. and Canada reached a deal to revise the North American Free Trade Agreement.

Performance, in five-minute intervals

Italian Bonds Slide On Budget Concerns

BY GEORGI KANTCHEV

AND GIOVANNI LEGORANO

Italian government debt continued to tumble Monday amid concerns that the country's populist government is on a collision course with the European Union over budget targets.

Yields on the country's 10-year bonds rose almost 0.164 percentage point to 3.312%, while the two-year bond yield jumped to 1.322%, its highest level in a month. Bond yields move inversely to prices.

Investors began to sell Ital-

ian's deficit statement ahead of its presentation to Parliament.

"There looks to be some re-appraisal among investors that the pressure will continue," said Richard McGuire, head of rates strategy at Rabobank. "Only die-hard optimists would buy Italian debt right now."

Italian stocks also slipped, with the country's main equity index, the FTSE MIB, closing down 0.5%. Banking stocks suffered heavy losses, with Banco BPM shedding 5.8% and UBI Banca dropping 4.6%.

Italy is the eurozone's biggest government borrower, but its government has promised policies that will likely add to the debt pile, such as tax reductions, a so-called citizens' income and a pension overhaul.

Still, there were few signs of a broader contagion on Monday, with most European exchanges ending with gains and U.S. stocks trading higher. The euro fell 0.2% against the dollar to \$1.1578 in late New York trading on a day the greenback edged up against most major currencies.

"The renewed Italian jitters will be a drag on the euro in coming weeks, but we are not on the cusp of a revival of the sovereign-debt crisis that roiled the euro area a few years ago," Alvin Tan, strategist at Société Générale, said in a note to clients.

"Underlying economic growth in Europe is robust, the Italian government is not on the brink of default, and 'Italexit' is not on the agenda," Mr. Tan said, referring to any potential of Rome exiting from the EU.

3.312%

Yield on Italy's 10-year government bond

ian debt early Monday after EU officials expressed concerns about Italy's coming budget. The government announced last week that it would significantly widen its budget-deficit target for next year, to 2.4% of gross domestic product. That plan triggered a selloff in Italian bonds and shares on Friday.

Monday's selling accelerated in late European trading after local media reports that Italian Economy Minister Giovanni Tria would return early to Rome from a meeting abroad to finalize work on the budget, analysts said.

A spokeswoman for Mr. Tria said he had returned early to finish a document on

the budget. The government said in an updated prospectus it filed Monday with the Securities and Exchange Commission that it will sell 20 million shares of common stock at between \$18 and \$20 a share on the New York Stock Exchange. Including an additional three million shares IPO underwriters may sell, Livent could raise as much as \$460 million.

Livent is being spun out from chemical manufacturer FMC Corp. The company's lithium segment accounts for a relatively small amount of FMC's sales—just 12% of the company's \$2.9 billion in revenue—pushing the Philadelphia-based company to move to shed the unit and simplify its portfolio.

In July, FMC said the spinoff would be called Livent Corp.

—Micah Maidenberg

Livent Corp. has given a price range for its shares in its coming initial public offering, a stock sale that will test investor appetite for companies that produce lithium—an important commodity used in batteries that power electric vehicles.

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In July, FMC said the spinoff would be called Livent Corp.

—Micah Maidenberg

Livent Revs Up for Coming IPO, as Lithium Producer Prices Shares

Ivan Alvarez/REUTERS

A lithium mine in Chile. Global demand for all compounds of the metal is expected to grow.

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MARKETS

Commodities' Investors Fear October

By AMRITH RAMKUMAR

October got off to a bumpy start for many commodities markets, and history shows things could get worse.

October has historically been the worst month for gold, silver and Brent—the global benchmark for oil prices—according to an analysis going back to 1990 by Dow Jones Market Data. October also is the second-worst month for U.S. crude and copper, as well as the only month during which gold, silver and copper have all three posted losses on average.

That is causing commodities investors to worry in a year that already has been roiled by simmering trade ten-

The month has been historically the worst for gold and silver, but positive for the dollar.

sions between the world's two biggest economies. Copper and silver are down about 15% this year on concerns that a trade dispute will crimp demand for the metals. Meanwhile, gold has fallen 9% on expectations of higher interest rates. The precious metal struggles to compete with yield-bearing assets when rates rise.

On Monday, the most-active silver futures fell 1.4% to \$14.507 a troy ounce. Gold sank 0.4% to \$1,191.70, while copper shed 0.6% to \$2.7975 a pound. Other industrial metals including nickel and lead fell on the London Metal Exchange. The declines came after weekend data showed the Caixin China manufacturing purchasing-managers index, a gauge of economic activity in the country, fell in August to end 15 straight months of expansion.

Tighter supplies have

boosted prices of Brent and West Texas Intermediate, the benchmark for U.S. crude, this year. But even oil markets were on a wild ride at times over the summer because of the trade spat between the U.S. and China, as well as signs of weakness in emerging markets.

It doesn't help investor confidence that the autumn months tend to be a tricky time for other risky markets. Since 1990, October has been the second-best month for the S&P 500, with gains averaging 1.7%. But some of the most infamous stock-market crashes ever have happened in October: 1929, 1987, and a smaller but more recent tumble in 2014. These episodes scarred investors, making them jittery during this period.

There also are events on the horizon that could stir up more unrest for financial markets: November meetings between U.S. and Chinese leaders aimed at resolving the months-long trade spat and U.S. congressional elections on Nov. 6.

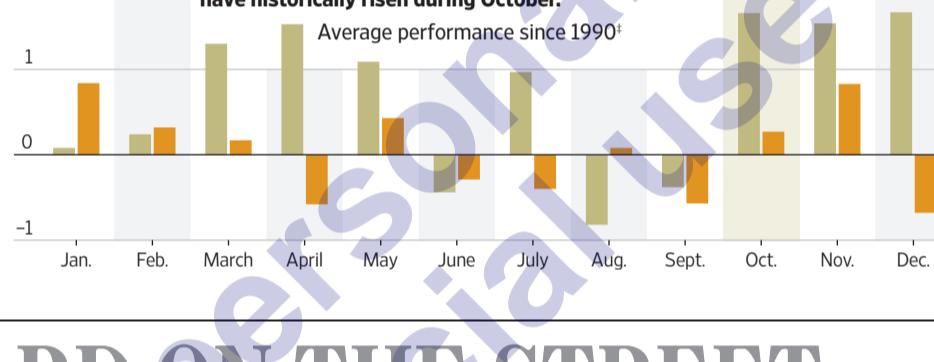
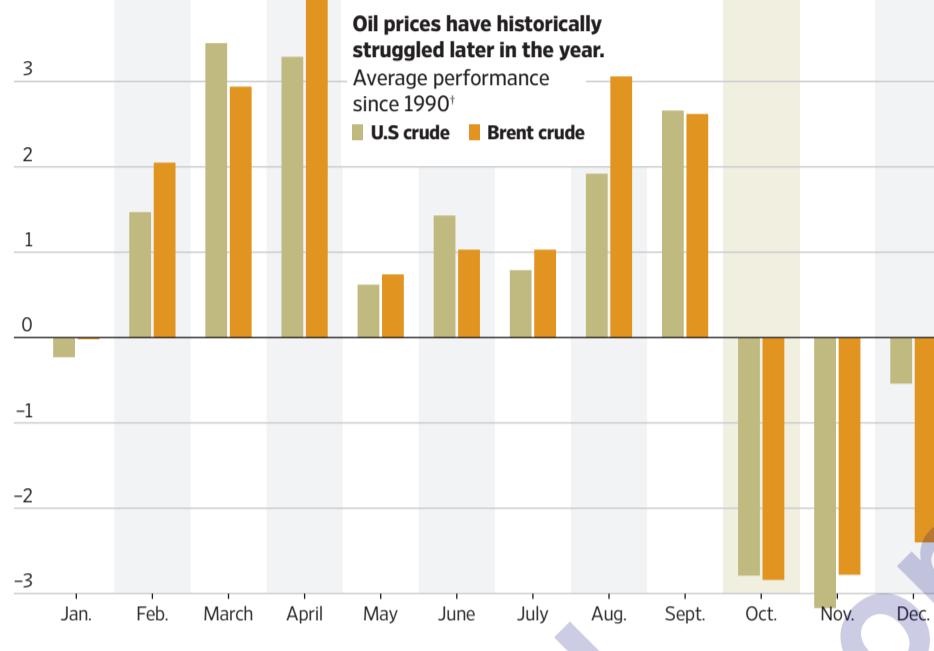
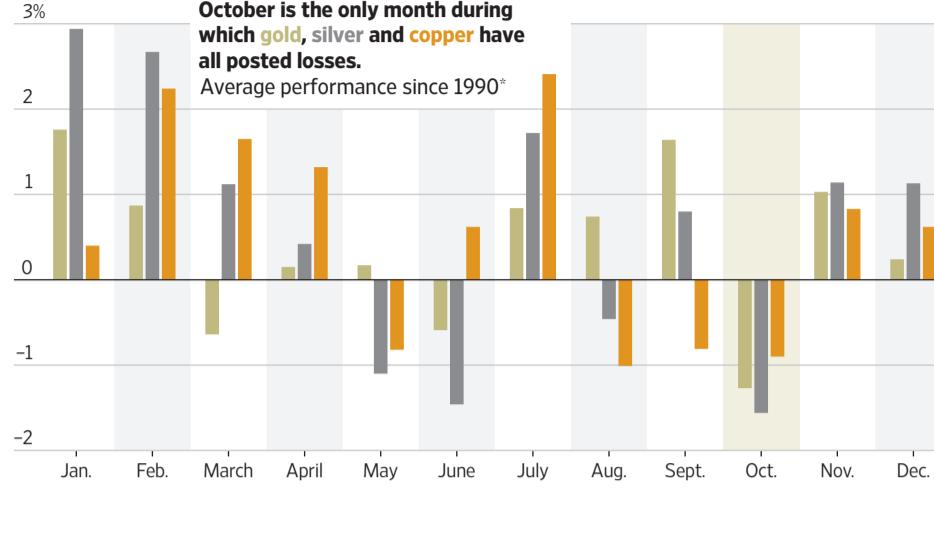
"The trade fight is the main aspect the markets will look at," said Edward Meir, a consultant at broker-dealer INTL FCStone. "If there's pressure, it will come from that side of it."

Paradoxically, adding to the worries of materials markets is the robust U.S. economy and the investors who have been flocking there for its relative safety. The country's favorable economic data have pushed investors to the dollar and benchmarks such as the S&P 500.

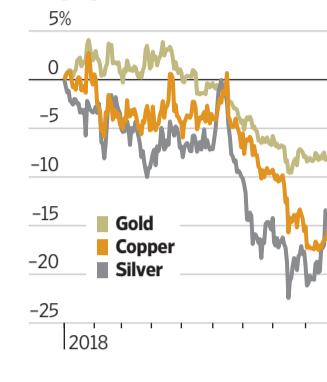
A stronger dollar makes materials denominated in the U.S. currency more expensive for overseas buyers. The WSJ Dollar Index rose for a fourth consecutive session on Monday, and some analysts think it could climb further. October has traditionally been kind to the dollar, so a continuation of that trend also could signal more pain for commodities ahead.

—Kenny Jimenez

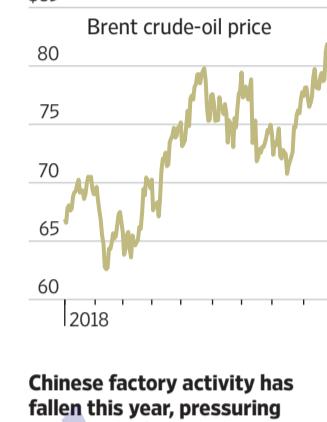
contributed to this article.



Metals prices fell this summer amid trade tensions and a surging dollar.*



While other commodities have faltered this year, oil has jumped to multiyear highs.



Chinese factory activity has fallen this year, pressuring commodities prices.



*Most-active futures contracts
†Front-month futures
‡Dollar performance based on ICE Dollar Index

Sources: Dow Jones Market Data (average metals, oil and U.S. asset performance; oil price); FactSet (metals prices); Caixin and Markit (China manufacturing PMI)

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New GE Has Same Old Problems

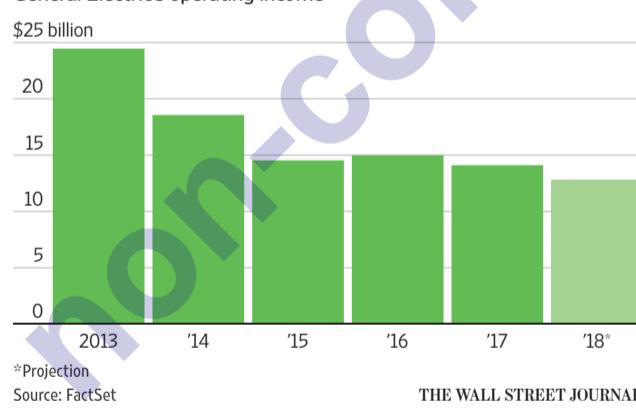
The past decade has brought increasing evidence of the rot inside **General Electric**. The naming of the first outsider as chief executive and a write-down approaching \$23 billion in its power unit are nothing less than the end of the old GE.

Investors rightly cheered the change. But they should brace for more rough times ahead. GE on Monday abandoned its free-cash-flow guidance, saying it wouldn't meet its target. That means what remains of GE's dividend is at risk. The extent of the problems in the power business is still unknown, and GE's long-term care insurance operation remains troubled.

If CEOs were baseball players then John Flannery's successor, Larry Culp, is a bona fide all-star. Between 2000 and 2014 he presided over a quintupling of revenue and market value at **Danaher**, leaving it a vastly different company through a bold series of transactions. Jeff Immelt, who overlapped as GE's boss during 13 of those

Lights Out

General Electric's operating income



years, is more akin to a high draft pick who dragged his team into the basement. Mr. Flannery would be a sad footnote—a stalwart brought up from the same farm system who struggled during his brief shot in the majors.

The write-down in the power business, while dramatic, reflects GE's potential long-term profitability. The short term is more worrisome. Free-cash-flow guidance for 2018 was abandoned

Mr. Culp is playing the

same game as Mr. Flannery and he has the same limited moves at his disposal. The only big one remaining would be to accelerate the disposal of GE's 62.5% stake in oil-field-services company **Baker Hughes**. A rushed deal might bring less value and be less tax-efficient than the one Mr. Flannery seemed to be planning.

GE, long vaunted for the quality of its executives, clearly lost its way long ago. Mr. Flannery's moves to right the ship and his relative candor with investors were welcome after his predecessor's imperious and disastrous tenure, but he was a milquetoast insider. Mr. Culp can be more radical and isn't tainted by a tenure at GE.

With GE's share price near a decade low, it is tempting to bet that a new boss can at least restore some of its faded glory. It is possible. Based on what we are learning about the underlying business, though, that is going to take even longer than it was with the old batting order.

—Spencer Jakab

OVERHEARD

The other big chief executive announcement on Monday generated barely a ripple.

Pfizer, one of the largest companies in the world and a Dow Jones Industrial Average component, announced Monday that its longtime CEO, **Ian Read**, will step down at the end of the year.

Albert Bourla, longtime chief operating officer, will assume the top job on Jan. 1, while Mr. Read will become executive chairman on the drug company's board of directors.

Pfizer stock barely budged on the news, perhaps because the transition seems orderly and well telegraphed.

However, it is also possible that investors simply didn't notice the news. After all, **General Electric's** surprise CEO ouster on Monday morning and the naming of an outsider, with its sharp stock rally, was the kind of announcement that really grabs attention.

Then again, as GE's recent history shows, maybe being boring isn't such a bad thing.

A Fashion Emergency At Stitch Fix

When **Stitch Fix**, a subscription fashion service, had its initial public offering in November 2017, investors were skeptical. How many people would continue to pay for constant wardrobe updates?

In its first quarters as a public company, Stitch Fix posted consistent growth. The stock had gained 73% this year through Monday's close. Monday's fiscal fourth-quarter results show that the bullish thesis may be coming apart at the seams.

Stitch Fix reported earnings of 18 cents a share for the quarter, beating estimates of 6 cents a share, while revenue was just barely shy of analysts' consensus expectations.

But the key figure for this or any other subscription-based company is how many customers it can keep engaged. Stitch Fix missed estimates for active clients, which were expected to reach 2.8 million. Instead, that figure stagnated at 2.7 million. Shares fell by one-fifth in after-hours trading.

Monday's shocker will increase pressure on the company to hit estimates in coming quarters. It has said it is growing its market with clothing for men, children and plus-size women. On Monday, the company also announced plans to expand into the U.K. by the end of this fiscal year.

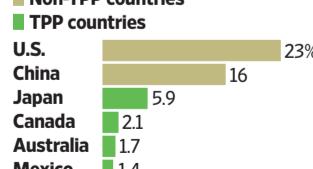
Those expansions may help, but Stitch Fix's stagnation with its core customer—American women—is a red flag. If it misses again, investors will have good reason to believe it is going the way of **Blue Apron Holdings**, **Birchbox**, and other subscription services that soared and then lost their novelty.

—Elizabeth Winkler

This Trade Deal Sets the Stage for a Contest With China

The Heavyweights

Share of 2018 global GDP



Source: International Monetary Fund

The trade deal reached Sunday alters the North American Free Trade Agreement in ways that hand out goodies to both labor and business. Labor gets steeper local-content rules and higher-wage input requirements for autos. Pharmaceutical companies get protection for their intellectual property that is even better than they would have won in TPP.

American banks and financial institutions get rules protecting them from having to host data on servers in local markets, something they wanted in TPP but couldn't secure.

Could TPP nations agree to something similar? They

might make the same calculation Mexico has—that these concessions are worth it to gain access to the huge U.S. market. They also want a counterweight to China's regional influence. With the U.S. in the agreement, TPP would cover some 36% of global gross domestic product, according to the International Monetary Fund.

Without the U.S., it covers just 13%.

Even if developing nations such as Vietnam can't be persuaded, side deals with major trading partners like Japan are now likely. Either way, boxing out China is likely to remain a key U.S. objective. The new USMCA

contains language that appears squarely aimed at China. It has provisions protecting trade secrets and barring government officials from sharing them inappropriately, hardly a major concern within Nafta currently. It also would allow any party to terminate the agreement if one country enters into a free-trade deal with a "non-market economy."

Trade tensions between the U.S. and its North American neighbors have subsided. Next up may be a deal with Asian allies. But the contest with China over who sets the terms of global trade is just getting