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What's News

Business & Finance

Rolls-Royce plans to launch an SUV in 2018, amid a broader shift away from sedans and coupes that superluxury brands are known for. **A1**

◆ The Trump administration is ready to block Russia's Rosneft from gaining control of critical U.S. energy assets owned by PdVSA. **B1**

◆ Amazon's purchase of Whole Foods is adding urgency to European grocers' push into online services. **B1**

◆ Wells Fargo said 3.5 million "potentially unauthorized" accounts were opened as part of its sales-practices scandal, 67% more than previous estimates. **B1**

◆ European refiners are poised to boost fuel exports to the U.S., where Harvey disrupted production. **B5**

◆ Cadillac sales are rising at the fastest clip since the Reagan administration, with demand driven by China. **B3**

◆ Wyoming can't sue VW for environmental damage allegedly caused by the firm's polluting diesel vehicles, a U.S. judge ruled. **B3**

◆ Expedia elevated operations and finance chief Okerstrom to succeed ex-CEO Khosrowshahi, who accepted the top job at Uber. **B4**

◆ Apple confirmed plans to hold its annual product-launch event on Sept. 12 at its new headquarters. **B4**

◆ A Google-backed think tank fired a scholar who praised the \$2.7 billion fine the EU levied against the firm for antitrust violations. **B4**

World-Wide

◆ Trump's lawyers have met with special counsel Mueller in recent months and submitted memos arguing the president didn't obstruct justice by firing ex-FBI chief Comey. **A1**

◆ Containers of chemicals stored at a plant near Houston heated up and caught fire. More blazes are likely after flooding and power loss in Harvey's wake. **A1**

◆ France's unions reacted with muted criticism to Macron's labor overhaul, considered pivotal to his drive to revive the economy and shore up the EU. **A1**

◆ The U.S. alongside Japan and South Korea conducted a flyover in direct response to North Korea firing a missile over Japan. **A3**

◆ The State Department plans to hold up \$255 million in military aid for Pakistan until the country addresses concerns about providing a haven to terrorists. **A3**

◆ The U.N.'s nuclear watchdog said Iran is continuing to comply with the terms of a 2015 nuclear deal. **A4**

◆ The State Department ordered Russia to close its consulate in San Francisco and two other U.S. properties. **A2**

◆ The Trump administration and congressional officials intend to release a detailed tax plan in the next few weeks, Treasury Secretary Mnuchin said. **A5**

◆ China's Communist Party plans to hold its twice-a-decade congress in October. **A2**

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Brexit Talks Reach a Standstill as Tone Sharpens



IMPASS: U.K. negotiator David Davis, left, enjoys a chuckle as he listens to his European Union counterpart, Michel Barnier, at a press conference following a third round of talks that left major differences unresolved and appeared to be heading toward conflict. **A4**

Trump Revs Legal Defense

President's attorneys lay out arguments that he didn't obstruct justice with FBI firing

WASHINGTON—Lawyers for Donald Trump have met several times with special counsel Robert Mueller and submitted memos arguing that the president didn't obstruct justice by firing former FBI chief James Comey and

calling into question Mr. Comey's reliability as a potential witness, people familiar with the matter said.

One memo submitted to

By Peter Nicholas,
Erica Orden
and Paul Sonne

Mr. Mueller by the president's legal team in June laid out the case that Mr. Trump has the inherent authority under the constitution to hire and fire

as he sees fit and therefore didn't obstruct justice when he fired Mr. Comey as director of the Federal Bureau of Investigation in May, these people said.

Another memo submitted the same month outlined why Mr. Comey would make an unsuitable witness, calling him prone to exaggeration, unreliable in congressional testimony and the source of leaks to the news media, these people said.

The legal arguments and meetings offer a first detailed look at the interplay between the high-profile, wide-ranging investigation and the team that is representing the GOP president since the special counsel was appointed by the Justice Department in May.

The White House referred questions to Ty Cobb, the

Please see PROBE page A5

◆ U.S. orders Russia to close three diplomatic offices..... **A2**

HOPEFULS VIE TO BE TRUMPIEST

Dozens of GOP candidates echo president's slogans and style, testing extent of his impact on party

By JANET HOOK

President Donald Trump is leaving his mark on the Republican Party, with political candidates across the country shaping themselves in his populist, anti-establishment mold.

In races for Congress, governor and other offices, dozens of insurgent Republican candidates are touting their

ties to Mr. Trump, echoing his slogans and seeking his endorsement against GOP rivals who are more conventional.

"I'm not a career politician. I'm a career businessman," Jim Renacci, a Republican running for Ohio governor, said at a political event where many people wore red baseball caps that said "Make Congress Honest Again."

Some of these Trump-inspired candi-

dates are political neophytes. Others are conventional GOP politicians who have repositioned themselves as outsiders as they gear up for Republican primaries in 2018.

Their fate will help determine whether Mr. Trump turns out to be a one-of-a-kind political phenomenon or whether he will have a lasting impact

Please see GOP page A6

INSIDE



THE '70S ARE BACK IN MENSWEAR

OFF DUTY, WI



EUROPEAN CASTLES FOR SALE

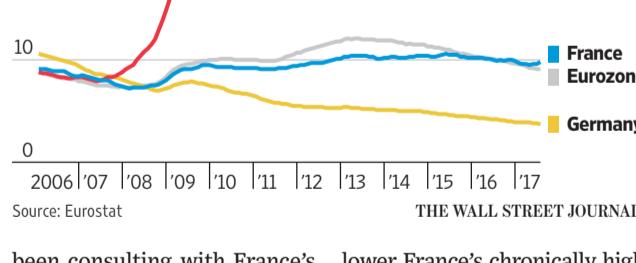
MANSION, W9

Macron Details Labor Plan

Working It Out

Unemployment is dropping in countries that have implemented economic reforms.

30%



Source: Eurostat
THE WALL STREET JOURNAL.
been consulting with France's unions for months in a bid to contain street protests that undermined previous efforts to lower France's chronically high unemployment.

The most contentious measure
Please see FRANCE page A4

Grime and Punishment at Belgium's Top Courthouse

* * *

The Palais de Justice is falling apart; a 'pestilential' smell

By VALENTINA POP

BRUSSELS—Here's a new one for you: Why did the Belgian police officer put on a hazmat suit?

To visit the courthouse.

This August, when two police forensics experts showed up to retrieve a mobile phone from an evidence storage area at the Palais de Justice in Brussels, they were forced to don the sort of garb you'd expect to see at the site of a chemical spill.

The only joke here, if you can call it that, is the condi-

tion of the city's 134-year-old courthouse—the very foundation of Belgian justice. It's a crumbling, mold-infested wreck.

Outside, the scaffolding installed decades ago to keep the building's cracked stonework from falling on passersby is so old that some of it needed its own scaffolding during repairs.

Inside, the ceilings are collapsing in places, the biblical statues in the mar-

ble halls are coated in dust and some rooms are infested with fungus. The palace's vast atrium, darkened since the double-height main doors were shut for security, has the ambience of a tomb.

Officials say palace renovations should be completed by 2028. But even that distant target inspires skepticism. "My trust in such reassurances," says Luc Hennart, a federal

Please see PALACE page A6



Rolls-Royce Joins In On High-End SUVs

By CHESTER DAWSON

Among the decisions Rolls-Royce buyers face is whether to go for the "Flying Lady" hood ornament in 24-karat gold or in frosted crystal. Soon,

they may need to figure out whether they want their Rolls to come with a trailer hitch.

The iconic British brand, whose cars start at \$250,000 and up, will join its high-end rivals by launching a sport-utility vehicle in 2018. The move comes amid a broader industry shift away from the sedans and coupes that superlux-

ury brands are known for.

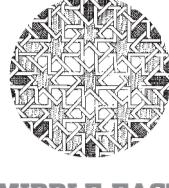
Jaguar, Bentley and Maserati have launched SUVs in the past year; Lamborghini will start selling one in December and Aston Martin will follow close on the Italian brand's heels.

After years of avoiding a market segment once associated with bulky, trucklike vehicles and rural back-road drivers, the auto industry's most exotic brands are marching into the high-end SUV business in search of younger customers who want a multipurpose vehicle.

Please see SUV page A2

WORLD NEWS

Defeat of ISIS in Lebanon Boosts Hezbollah

MIDDLE EAST
CROSSROADS

By Yaroslav Trofimov

BEIRUT—Lebanon's Hezbollah militia has branded the recent expulsion of Islamic State's militants from their main stronghold in the country as a "great victory" akin to forcing out Israel's occupation forces in 2000.

Now the question for Lebanon and the wider re-

gion is whether Hezbollah—dedicated to the elimination of Israel and considered a terrorist organization by Washington—translates this triumph of arms into lasting political gains.

On Saturday, parallel operations by Lebanon's army from inside Lebanon and by Hezbollah fighters advancing from Syria cleared out Islamic State's redoubt in the mountainous Qalamoun region straddling the border. Controversially, a deal struck by Hezbollah allowed hundreds of Islamic State militants to move to the extremist group's remaining territory in eastern Syria.

The decision, which was criticized by Hezbollah's political

opponents inside Lebanon, prompted the U.S. to launch two U.S. airstrikes in Syria on Wednesday aimed at stopping the convoy carrying the fighters and their families.

Iran-backed Hezbollah lost much of its luster in the wider Middle East once it sided with the Syrian regime after the revolution there erupted in 2011. But as the increasingly bloody Syrian conflict flooded tiny Lebanon with refugees—and Sunni extremists—the group has managed to position itself as the defender of the region's minorities, particularly Christians. That, in turn, has generated domestic support well beyond Hezbollah's Shiite home base.

Such an ability to build a broader consensus at home has provided Hezbollah, whose militia is one of the Middle East's most formidable fighting forces, with unparalleled political sway. After a two-year delay, the group's preferred candidate, Christian former army chief Michel Aoun, was elected as Lebanon's president in October 2016.

Long-postponed elections for a Lebanese parliament that would name a new government are slated for May 2018, and the giant victory rally Hezbollah held in the eastern town of Baalbek on Thursday is widely viewed as the kickoff of a campaign to broaden its power—and its alliances.

Hezbollah's achievement in Qalamoun "will be regarded not only as the growth of its



A fighter walking past a tank bearing a Hezbollah flag on Monday near Qarah, Syria.

military might, but also of its political influence," said Imad Salamey, director of the Institute for Social Justice and Conflict Resolution at the Lebanese American University in Beirut. "This victory will add to Hezbollah's ability to gain influence within its own Shiite community and will also strengthen its Christian allies."

Not everyone agrees. Many Lebanese were upset with how Hezbollah unilaterally negotiated with Islamic State. Hezbollah has behaved as a parallel state," said Basem Chabb, a Christian lawmaker and a member of the Sunni-led coalition of current Prime Minister Saad

Hariri. "And now that ISIS is out of the way, even some of its Christian allies may become alarmed."

Regardless of such resentment, nobody in Lebanon today appears in a position to resist Hezbollah's strategic choices, especially now that its status has been consolidated by the outcome of its Qalamoun campaign.

"After this, opposing Hezbollah's political will in Lebanon will be even more difficult. Hezbollah is gaining additional cards in Lebanese politics," said Ali Abdallah Fadlallah, an expert on the group and a professor at the American University in Beirut.

One added complication is

Lebanon's relationship with Washington. President Donald Trump described Hezbollah as "a menace to the Lebanese state, the Lebanese people and the entire region" during his meeting with Mr. Hariri in July, and U.S. officials are looking for ways to punish the group as part of a broader campaign to roll back Iranian influence in the region.

Hezbollah's leader Hassan Nasrallah, meanwhile, recently praised Mr. Trump for his determination in fighting Islamic State, and for having described the militant group as a creation of the Obama administration.

As U.S. officials calculate how to deal with Hezbollah,

they are careful not to act in a way that would blow up the Lebanese state and destroy the country's economy. Any increase in Hezbollah's formal role in Lebanon's government institutions, however, would make an argument against broader sanctions more difficult to make.

That is why the group is likely to be very careful in how it derives political gains from its victories against Islamic State. In the current government headed by Mr. Hariri, Hezbollah directly holds only insignificant ministries—even though it exercises formidable informal control over the state's machinery.

"Today, it is Hezbollah that takes the decisions, and the Lebanese state that executes these decisions," said lawmaker Samy Gemayel, head of the mostly Christian Kataeb party, the only major political force that has opted to stay out of government.

Going forward, Hezbollah is likely to hew to its current strategy, preferring to exercise its authority indirectly and seeking collaboration from other parts of Lebanon's society, people familiar with the group predict.

"In Lebanon, it doesn't matter how strong you are, you have to govern by consensus," said Kamal Wazne, an expert on Hezbollah who heads a think tank in Beirut. "Otherwise you end up in a place where you don't want to be, and we already tried that during the civil war."

China Sets Party Meet Date

By CHUN HAN WONG

BEIJING—China's Communist Party plans to hold its twice-a-decade congress in mid-October, setting the stage for President Xi Jinping to embark on a second term as the strongest Chinese leader in decades.

Top party officials have set Oct. 18 as the start date for the party's 19th National Congress in Beijing, the official Xinhua News Agency said Thursday, though the date will be formalized later.

The announcement kicks off final preparations for a party conclave where Mr. Xi is expected to consolidate his authority by promoting allies into top leadership posts as the party elite reappoints power over the world's second-largest economy.

Since taking office in late 2012, Mr. Xi has used anticorruption and disciplinary campaigns to shake up the party

and reorganize the military, consolidating his authority much faster than his predecessors. Along the way, he collected titles signifying his dominance, becoming commander-in-chief of the military and the party's "core" leader.

Now, politics watchers say, Mr. Xi stands to write his name into party history alongside those of revolutionary leader Mao Zedong and reformist Deng Xiaoping, with the party casting the president's ideas as a driver of China's renaissance as a great power.

Observers say the personnel shuffling at this year's congress could have far-reaching implications for China's political future—particularly if Mr. Xi upends party conventions established in recent decades to ensure regular and orderly power transitions.

Of the current seven members of the Politburo Standing Committee, the top leadership

body, only Mr. Xi and Premier Li Keqiang would remain if the party maintains a retirement precedent set in 2002.

Observers say if Mr. Xi succeeds in amending this informal rule, such as by retaining 69-year-old anticorruption czar Wang Qishan in the Standing Committee, he could pave the way for himself to stay in power beyond the expiration of his second term in 2022, when he would be 69.

In July, however, Mr. Xi delivered a wide-ranging speech that hinted at unease over his leadership, observers say. Resentment simmers over his attacks on vested interests in government, state-owned industry and the military.

"That a date has been fixed suggests that Xi Jinping has secured a degree of consensus" over the agenda, including personnel appointments, said Steve Tsang, director of the SOAS China Institute in London.

Malaysia Celebrates 60 Years of Independence



ON PARADE: Malaysia School Youth Cadet Corps march during an independence day celebration in Kuala Lumpur. The country gained its independence from Britain on Aug. 31, 1957.

SUV

Continued from Page One

Industry executives say this new generation of wealthy buyers is less interested in chauffeur-driven sedans than in plush, family-friendly SUVs that are equally at home hauling gear to a ski lodge or driving to dinner at the yacht club.

"They normally have garages like we have jackets in a wardrobe—a vehicle for every occasion," said Torsten Müller-Ötvös, chief executive of Rolls-Royce Motor Cars Ltd., which is owned by BMW AG of Germany. It isn't uncommon for a Rolls owner to have a Range Rover or Mercedes-Benz G-class SUV among their transportation options.

The light-truck segment, which includes SUVs, represents 60% of the U.S. market and is growing in China and Europe.

Vehicle sales are slowing in the U.S. after a long growth streak, with signs that middle-market SUVs are stacking up at U.S. dealer lots. However, average transaction prices have been climbing as buyers show an increasing appetite for more technology, horsepower and refinement. Meanwhile, vehicles costing hundreds of thousands of dollars, are a small but growing portion of the global market.

Those trends portend a positive reception for exotic SUVs.

When Volkswagen AG's \$250,000 Bentley Bentayga went on sale last year in the U.S. it was greeted with deri-

High Rollers

Superlux brands, long known for making performance cars or luxury sedans, are increasingly dependent on vehicles that can go off road.

U.S. vehicle sales, through July

	2016	2017
Porsche		
Cars	12,468	11,298
SUVs	18,118	20,171
Jaguar		
Cars	10,991	12,524
SUVs	3,398	11,307
Maserati		
Cars	6,013	4,785
SUVs	0	2,996
Bentley		
Cars	793	697
SUVs	0	606

Source: AutoData Corp.

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but it's similar with other brands" that have successfully added SUVs to their lineups, said Rolf French, a board member in charge of engineering at Bentley. "Half of the customers for the Bentayga are coming to Bentley for the first time," he said.

The British car maker is experiencing a tailwind similar to the boost Porsche AG got last decade when it broke with its sports-car heritage and unveiled the then-controversial Cayenne SUV. Today, the German company sells nearly twice as many off-roaders as performance cars in the U.S.

Bentley delivered a record 11,023 cars globally last year, up 9% from 2015 due largely to the Bentayga. The U.S., the brand's biggest market, accounted for a quarter of that total. Officials at the British nameplate aim to sell 20,000 vehicles a year by 2020.

Lamborghini is looking to double its annual sales once its SUV hits the market. Dubbed the Urus, the vehicle pairs a 650-horsepower engine with four seats and "will be a super sports car in the body of the SUV," Alessandro Farmeschi, chief operating officer of Automobili Lamborghini America LLC, said in an interview earlier this year.

Mr. Farmeschi said the Urus—named after an extinct species of cattle—evokes a short-lived predecessor called the LM002, produced from the late 1980s until 1993. But it also bears a strong genetic relationship to the Porsche Cayenne and Bentley Bentayga, two other high-end SUVs from the Volkswagen group with which

it shares a common platform.

Industry officials say off-road capability appeals most to customers whose taste in vehicles is less bound by tradition, many of whom have entrepreneurial backgrounds instead of inherited wealth. This could help further reduce the average age of buyers in the segment.

Mr. Müller-Ötvös said even without the SUV, Rolls-Royce's average customer age fell from 56 to 45 over the past seven years. That shift is reflected in a new advertising campaign. Unlike the typical fairy-tale set-

ting featuring actors in ballroom gowns and tuxedos, this ad for the "Black Badge" edition its Dawn model showcases a couple clad in leather and lace in an industrial-themed club.

Like Lamborghini, Rolls-Royce plans to capitalize on historical precedent when it launches an SUV based on an advanced prototype currently called the Cullinan, the name of a giant diamond. The Rolls-Royce Maharaja Phantoms of the 1920s were used by wealthy patrons to travel off-road in the Australian Outback and Arabian Desert. "They drove in every road condition. It's all forgotten history, but we will bring it back, rest assured," Mr. Müller-Ötvös said.

U.S. Orders Russia to Close Three Properties

By FELICIA SCHWARTZ

WASHINGTON—The State Department on Thursday ordered Russia to close its consulate in San Francisco as well as two other properties in the U.S., instructions that came as officials said the U.S. has "fully implemented" a Kremlin directive to cut hundreds of U.S. diplomatic staff in Russia.

State Department spokeswoman Heather Nauert said Russia has until Saturday to close its San Francisco consulate, a chancery office annex in Washington, D.C. and consular offices in New York City. She said the U.S. ordered the closures "in the spirit of parity invoked by the Russians."

Russian President Vladimir Putin last month gave the U.S. a Sept. 1 deadline to cut 755 staff from its diplomatic missions in Russia. Ms. Nauert said the U.S. had "fully implemented" Russia's demands.

"We believe this action was unwarranted and detrimental to the overall relationship between our countries," she said of the Russian directive.

Mr. Putin ordered the

downsizing in response to sanctions and diplomatic expulsions imposed by the Obama administration after U.S. agencies concluded that Russia interfered in the 2016 U.S. elections. Mr. Putin also was reacting to a round of sanctions signed by President Donald Trump in August.

The U.S. hopes to move forward on improving ties, but will take more steps if necessary, she said.

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WORLD NEWS

Allied Flyover Warns North Korea

U.S., Japanese and South Korean jets make a show of force across the peninsula

By JONATHAN CHENG

SEOUL—The U.S. sent four of its most advanced jet fighters and a pair of B-1B bombers over the Korean Peninsula, alongside Japanese and South Korean jets, as a show of force in direct response to North Korea firing a missile over Japan.

The flyover Thursday, which included a bombing drill on a range in South Korea, came at the end of annual joint U.S.-South Korean military exercises that have angered Pyongyang.

It is the first time the F-35B jets have been used in such a mission with the B-1B bombers over the peninsula, the U.S. Air Force Pacific Command said in a statement. It said the flyover—which also included two Japanese F-15 and four South Korean F-15K jet fighters—emphasized an “ironclad commitment” to the defense of allies and the U.S., and maintained a readiness to give leaders “viable and ready military options.”

The latest move threatens to raise the temperature again on the peninsula, after North Korea’s launch Tuesday of an intermediate-range ballistic missile that soared over the Japanese city of Hakodate and landed in the Pacific Ocean.

The U.S. said Thursday’s mission was in direct response to North Korea’s missile launch.

“North Korea’s actions are a threat to our allies, partners and homeland, and their destabilizing actions will be met accordingly,” said Gen. Terrence J. O’Shaughnessy, commander of the Pacific Air Forces. “Our forward-deployed force will be the first to the fight, ready to deliver a lethal response at a moment’s notice if our nation calls.”

North Korea’s state media,



The U.S. said Thursday’s mission was a response to Pyongyang’s firing of a missile that flew over Japan and fell into the Pacific Ocean.

in a statement Thursday, called the flyover a reflection of the “bellicose nature” of the U.S. and South Korea’s military drill, and said that it showed how threatened the U.S. felt after the North’s Tuesday missile launch over Japan.

“The wild military acts of the enemies are nothing but the rash act of those taken aback by the intermediate-to-long-range strategic ballistic rocket launching drill conducted by the army of the DPRK as the first military operation in the Pacific,” the Korean Central News Agency wrote.

Meantime, the top U.S. general in South Korea rapped Pyongyang for having responded to what he described as reduced U.S.-South Korean military drills—which he said he hoped “would send a positive signal to North Korea”—with more provocations.

“Apparently the changes in

the exercise did not matter,” Gen. Vincent Brooks said in a statement.

The flyover came a day after U.S. President Donald Trump said on Twitter that “talking is not the answer” in dealing with the threat from North Korea’s weapons, though Defense Secretary Jim Mattis, speaking later in the day, said that Washington is “never out of diplomatic options.”

Earlier in August, North Korea threatened to surround the U.S. Pacific territory of Guam with “enveloping fire” by launching four intermediate-range missiles into the waters around the island.

The threat came after Pyongyang complained about previous American B-1B flyovers and warned the U.S. against conducting further such exercises.

Days later, Pyongyang said that leader Kim Jong Un had

decided against firing missiles toward Guam for now, but that he would continue to watch the U.S.’s behavior during the joint military exercises. The U.S. and South Korea say the maneuvers are defensive in nature, but the North regards them as a precursor to invasion.

On Aug. 20, the day before the exercises began, Rodong Sinmun, North Korea’s main party newspaper, warned that its military was “keeping a high alert” and would “take resolute steps the moment even a slight sign of the ‘preventive war’ is spotted.”

North Korea says the U.S. is considering a unilateral strike against it, while President Trump said in August that military options were “locked and loaded.”

North Korea has threatened Guam because of the presence of the Andersen Air Force base there, from which the U.S. has

launched B-1B flyovers of the Korean Peninsula this year in response to Pyongyang’s missile tests.

In Thursday’s flyover mission, the two B-1B bombers were from the Andersen base and the four F-35B jets were from Marine Corps Air Station Iwakuni in Japan, according to the U.S. Pacific Command.

In a statement carried Wednesday by state-run Korean Central News Agency, Mr. Kim called Tuesday’s missile launch over Japan a “meaningful prelude to containing Guam.”

Japan’s defense ministry Thursday sought approval to bolster the country’s missile-defense capability. The budget request includes radar that can quickly locate North Korea’s submarine-launched missiles, and weapons to shoot down projectiles at high altitudes.

Pakistan Military Aid Is Put On Hold

By FELICIA SCHWARTZ

WASHINGTON—The U.S. State Department notified Congress this week that it will hold up \$255 million in military aid for Pakistan until the country takes steps to address U.S. concerns about providing a haven to terrorist groups.

The notification Wednesday follows the Trump administration’s announcement last week that it will take a harder line on Pakistan as part of a strategy to keep extremist elements from developing a stronghold in Afghanistan and to support a U.S.-backed Afghan government.

The State Department faced a deadline either to give the funds to Pakistan or return them to Congress. So, officials disbursed the funds but placed them on hold, as if in an escrow account, until the Trump administration sees progress.

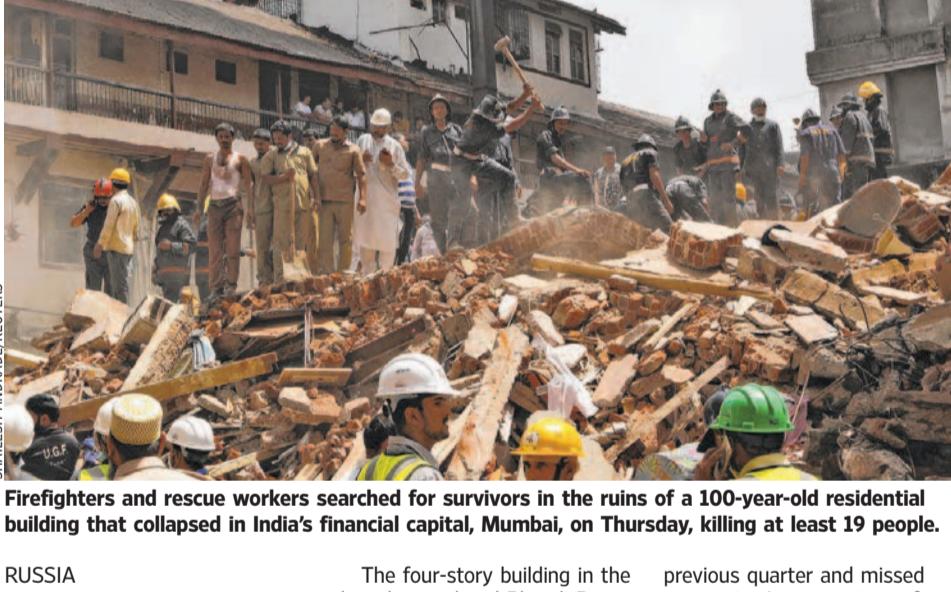
It is unusual for the U.S. to hold up the release of assistance, particularly in the case of a country that doesn’t require a formal U.S. certification of compliance with conditions spelled out by an act of Congress.

“Pakistan must ultimately decide for itself the degree to which groups like the Taliban and Haqqani network threaten its place in the international community,” a State Department official said.

Last week, Secretary of State Rex Tillerson told reporters the U.S. would be “conditioning our support for Pakistan and our relationship with them on them delivering results” on harboring terror groups.

Pakistani officials said last week in response to U.S. warnings that they would not bow to pressure exerted through U.S. funding.

WORLD WATCH



Firefighters and rescue workers searched for survivors in the ruins of a 100-year-old residential building that collapsed in India’s financial capital, Mumbai, on Thursday, killing at least 19 people.

RUSSIA

Diplomatic Presence In U.S. Ordered Cut

The State Department on Thursday ordered Russia to close its consulate in San Francisco as well as two other properties in the U.S., instructions that came as officials said the U.S. had “fully implemented” a Kremlin directive to cut hundreds of U.S. diplomatic staff in Russia.

State Department spokeswoman Heather Nauert said Russia had until Saturday to close its San Francisco consulate, a chancery office annex in Washington, D.C., and consular offices in New York City. She said the U.S. ordered the closures “in the spirit of parity invoked by the Russians.”

Russian President Vladimir Putin in July gave the U.S. a Sept. 1 deadline to cut 755 staff from its diplomatic missions in Russia. Ms. Nauert said the U.S. had “fully implemented” Russia’s demands.

—Felicia Schwartz

INDIA

Building Collapse Kills 19 in Mumbai

At least 19 people were killed Thursday and about 20 people were feared trapped after a residential building in India’s financial capital collapsed.

The four-story building in the densely populated Bhendi Bazaar area of the city collapsed after days of torrential rain in Mumbai, in the western state of Maharashtra.

About 12 injured people were taken to a hospital, and some 100 rescuers were searching for others who may be trapped in the rubble, officials said.

“This was a 100-year-old building. We are investigating the reason for the collapse,” said Rashmi Karandikar, a spokeswoman for the Mumbai police.

—Corinne Abrams and Debiprasad Nayak

INDIA

Economic Growth Slowed in 2nd Period

The economy unexpectedly decelerated in the second quarter under the impact of New Delhi’s cash crackdown and a new tax system that hurt manufacturing more than expected.

In November, authorities yanked close to 90% of the cash in circulation out of the market, hoping to uncover illegally stashed wealth. The move choked the supply of cash and hurt consumer demand for everything from food to property.

Gross domestic product growth slowed to 5.7% in the three months through June, according to government data released Thursday. That was lower than the 6.1% expansion in the

previous quarter and missed economists’ expectations of a 6.6% increase. The last time expansion was so weak was in early 2014.

With the latest deceleration, India has ceded its position as the world’s fastest-growing large economy to China for the second successive quarter. China’s economy expanded 6.9% in the past two quarters.

—Anant Vijay Ka

EUROZONE

Inflation Accelerated To 1.5% in August

Inflation in the eurozone picked up in August while the region’s jobless rate remained at its lowest level for more than eight years, underpinning views that the European Central Bank may soon announce a gradual withdrawal from its massive stimulus programs.

The annual inflation rate climbed to 1.5% from 1.3% in July, propelled by energy prices, the European Union’s statistics agency said.

The region’s unemployment rate was unchanged at 9.1% in July, the latest available data point, which marks the lowest level since February 2009.

Against the backdrop, “the ECB’s strong policy support is becoming less necessary,” said Jennifer McKeown, an economist at Capital Economics.

—Nina Adam

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WORLD NEWS

Venezuela Opposition Grows Silent

BY RYAN DUBE

CARACAS, Venezuela— Willy Arteaga became a symbol of Venezuela's protest movement as he played patriotic hymns from his violin in the face of tear gas and rubber bullets. Then he was arrested and beaten.

When the 23-year-old was released after three weeks, he was stunned to find the protest movement had died and President Nicolás Maduro in greater control than ever.

"It looks like hope is gone," said Mr. Arteaga this week, bruises visible on his left cheek. "I feel like everything is so dark, I don't see an exit."

Five months of violent antigovernment demonstrations have dissipated and the epicenter in Caracas, Plaza Altamira, sits eerily quiet. The barricades that opponents once set up to slow government armored vehicles are gone. Rumors of a military uprising are gone. And life has returned to normal, with people struggling to find enough to eat in a country stricken by shortages.

Despite an 80% disapproval rating, Mr. Maduro seemingly faces few short-term challenges to his rule just a month after he drew international condemnation by installing

his allies into a new rubber-stamp assembly.

The government's crackdown on protesters—including widespread arrests and torture, human-rights groups and victims say—has broken the once-potent protest movement. The protests claimed more than 125 lives and nearly 2,000 wounded, including scores with permanent injuries.

Some of the government's leading political adversaries have fled the country and left the opposition coalition in disarray. The new so-called constituent assembly, stacked with Mr. Maduro's supporters, has in recent weeks declared the opposition-run congress void of power, replaced a dissident attorney general with one supportive of Mr. Maduro, and is now investigating opposition leaders for alleged treason.

Emboldened, Mr. Maduro's lieutenants now publicly debate how to censor social media while kicking off the air two Colombian TV broadcasters that were critical of his government, in what the channels called censorship.

"In the short term I think it's paid off because they have effectively gained control over the whole government," said David Smilde, a Venezuela ex-



Months of protest have been quashed in a crackdown that has strengthened President Nicolás Maduro, whose image adorns a Caracas wall.

pert at Tulane University. Longer term, he added, it remained to be seen whether the moves to maintain control will suffice.

Amid a deepening economic crisis, protests could always begin again at any moment. The crisis is expected to deteriorate, with the administration struggling to pay both its debt obligations and food imports amid dwindling reserves and soaring inflation.

"The economic crisis is the unpredictable element going forward," said Harold Trinkunas, an expert on Venezuela at Stanford University. "How that evolves I think will be

the critical variable."

Still, many analysts say it is difficult to see what could get a large number of Venezuelans to mobilize on the street again. Presidential elections aren't scheduled until October 2018.

Mr. Maduro argues that the constituent assembly was needed to unify the country against an opposition it accuses of trying to destabilize the country alongside Washington. His supporters say they are happy some in the opposition are fleeing the country. "This Venezuelan opposition is being left isolated with only its boss in Washington

at its side," said Delcy Rodriguez, the president of the constituent assembly.

Zamir Rojas, 47, said he is still holding out hope for political change even after he said he was beaten and tied to a column for five days following his arrest by the National Guard during a May protest in Barquisimeto, about 230 miles west of Caracas.

"One day, this will have to change," he said at his home. "We have faith."

But most former protesters feel helpless after the failure to dislodge Mr. Maduro or prevent the installation of the assembly. A recent poll

showed 90% of Venezuelans say it is too risky to join street demonstrations, said Felix Seijas, director of the pollster Delphos.

During his three weeks in detention, Mr. Arteaga, the musician, said soldiers bludgeoned him with his instrument, burned his hair and forced him and other dissidents into sewage. Thinking of the protests had helped keep his spirits up, he said, but that animus has now dissipated.

"A lot of young people lost their lives, and it seems like that has been forgotten," Mr. Arteaga said.

BRUSSELS BEAT | By Valentina Pop and Jenny Gross

Brexit Negotiations Stall as Tone Sharpens



U.K. Brexit negotiator David Davis listens to his EU counterpart, Michel Barnier, at a press briefing on the third session of talks.

on the long-term prize." In another challenge for Mrs. May, the opposition Labour Party over the weekend called for the U.K. to stay in the EU single market and customs union during the transition. The shift in position comes ahead of Parliament's first full debate over the legislation that will cut ties between the U.K. and the bloc, and analysts said it could pressure Mrs. May to soften her stance to retain the support of pro-EU Conservatives.

Mrs. May might be tempted to advance the negotiations to future ties by seeking allies among nations with strong economic links to the U.K. But neither Germany—even after its September general election—nor the Netherlands, where parties are still seeking to form a government, will be disposed to push for trade talks before having an idea what the U.K. is willing to pay, diplomats say.

Nor are central and eastern European nations likely to break ranks. They are interested in safeguarding the rights of their citizens living in the U.K., but also eager to secure future EU payments once the U.K. stops contributing to the common pot. "I do not expect a crack in the unity," the senior EU official said.

Mr. Barnier said getting to that point by October wasn't as important as getting a good deal on the separation issues. He expressed frustration over the lack of clarity from the U.K. on what they are willing to pay. One official involved in the talks described the U.K.'s strategy as trying "to keep as many benefits of EU membership as possible" after Brexit.

On the British side, Mr. Davis complained the EU is taking an inflexible approach, failing to recognize that separation issues and future relations are "inextricably linked."

To break the impasse, both sides need to budge. But the calendar of political events in the U.K. and in Europe doesn't bode well for an early compromise.

Clarity isn't expected from the U.K. side before late September, when Prime Minister Theresa May is expected to hold a policy speech on Brexit. Her Conservative Party's annual conference follows a week later. A fifth round of Brexit negotiations is scheduled to take place the following week. The EU's Mr. Barnier will

make his "sufficient progress" recommendation to EU leaders congregating in Brussels on Oct. 19-20.

"The earliest moment where we expect some movement is probably in October, and then time will be too short" to convince all member states to move on to the next phase, a senior EU official involved in the talks said.

The EU recognizes it loses leverage on the money issue when the talks move on to future relations, so it feels no sense of urgency yet for discussing trade and other post-Brexit issues.

The other point made in Brussels is that London has sent mixed signals on what it envisions post-Brexit, both regarding a short-term transition deal and its long-term relationship with the bloc.

Different members of the cabinet are saying different things—part of that is exacerbated by lack of a single major policy speech from the prime minister in six months," said Henry Newman, the director of the London-based think tank Open Europe. "Everyone should stop arguing about the transition arrangement and focus

changing labor rules a condition for reaching a "new deal" with Germany and other European Union countries to revamp the bloc's economic architecture and equip it with shared financial backstops to resist economic shocks.

The labor overhaul is also a starting point for his plans to reboot France's sclerotic economy, including revamping the welfare and pension systems and spending more on housing and jobs training.

"My wish isn't for this to be easy, but for it to be effective. The reform of the labor market is a reform of deep transformation," Mr. Macron said in an interview published Thursday in French magazine Le Point.

Europe is watching closely. Over the last decade, France has slipped behind other major economies in the currency bloc, racking up wide trade and budget deficits and struggling with high long-term unemployment.

Mr. Macron blames successive French leaders for failing to emulate Germany's shift to become more competitive with

changes to its welfare and labor rules in the early 2000s.

Economists say that making hiring and firing less risky will encourage employers to take on longer-term workers and invest more in new projects. That in turn could boost productivity and fuel economic growth. French unemployment stands at 9.5%—more than twice the rate in Germany.

"It is clearly a package that can help France catch up," said Stéphane Carcillo, an economist at the Organization for

Economic Cooperation and Development, which has long called on France to change its labor system.

Pierre Gattaz, leader of France's largest business lobby, Medef, described the changes as "an important first step...that allows companies and their employees to adapt, especially for development and expansion."

A more competitive French economy, Mr. Macron says, would help convince Germany and other wealthy eurozone economies to boost spending and fund financial backstops to shelter the currency union from a repeat of the debt crisis.

Getting France's labor leaders on board with the plans—or at least persuading them not to stand in the way—has been a high priority for Mr. Macron.

Since taking office in May, he and his aides have held 40 separate meetings with union leaders. Of the main unions, only the far-left CGT is calling for strikes and demonstrations, the first scheduled for Sept. 12.

In recent months, however,

Mr. Macron has lost support after adopting what his critics say is an authoritarian and aloof governing style, and the French are becoming more critical of the labor overhaul.

A survey by polling company Odoxa Aug. 24 and 25 showed most French people agree the current labor code discourages companies from hiring, but 63% don't trust Mr. Macron and the government to change it and 80% expect widespread resistance in September.

Mr. Macron and his party campaigned on a promise to transcend partisanship. If unions dig in for a fight, however, the left-right divide could deepen, fueling public frustration and support for politicians like the far-right National Front's Marine Le Pen, whom Mr. Macron defeated in a presidential runoff.

"It would be awful to lose the public-opinion battle on the labor reform because it is an important political marker for us, it is part of our philosophy," said Aurélien Taché, a lawmaker in Mr. Macron's party.

U.N.: Iran Is Abiding by Nuclear Pact

BY FELICIA SCHWARTZ AND LAURENCE NORMAN

WASHINGTON—The U.N.'s nuclear watchdog agency said Iran is continuing to comply with the terms of a 2015 nuclear deal, a finding likely to put the agency at odds with the Trump administration.

Officials who viewed the International Atomic Energy Agency report told The Wall Street Journal that Iran was well within the limits of permitted stockpiles of nuclear-related materials for uranium and heavy water. It also didn't produce uranium enriched to a level beyond 3.67%, the maximum under the pact.

International powers have eased sanctions against Iran in return for its agreement to curb its nuclear program.

FRANCE

Continued from Page One

sures include a cap on court-ordered fines employers can face for layoffs, and a provision that allows small companies to negotiate directly with nonunionized workers.

Union leaders who met with the government Thursday were critical but stopped short of all-out opposition. Laurent Berger, secretary-general of France's largest union, CFDT, said he was "disappointed" with the changes and vowed to "remain extremely vigilant in the months to come." In a victory for the government, however, he said the CFDT wouldn't join a street protest planned by the far-left CGT union on Sept. 12.

Prime Minister Édouard Philippe described the union response as "nuanced," saying: "There would be nothing worse than to sum up a position as disappointment while there are also positives."

Mr. Macron has made



Emmanuel Macron

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U.S. NEWS

PROBE

Continued from Page One
president's special counsel. Mr. Cobb said: "We have great respect for the special counsel. Out of respect for his process we will not be discussing incremental responses."

The federal probe began by looking into alleged Russian meddling in the 2016 presidential race and whether people associated with Mr. Trump's campaign coordinated with Russian operatives to help him win. It was initially led by Mr. Comey as director of the FBI.

After Mr. Trump fired Mr. Comey on May 9, Mr. Mueller was appointed by the Justice Department with a broad remit to investigate not just possible coordination but "any matters" that arose from the investigation. That now includes whether Mr. Trump obstructed justice by attempting to alter the course of the investigation. The Wall Street Journal has previously reported.

Mr. Trump has given conflicting reasons why he dismissed Mr. Comey. At first, he said it was in response to advice from Deputy Attorney General Rod Rosenstein, who wrote a memo critical of Mr. Comey's tenure at the FBI.

Two days after the firing, Mr. Trump told NBC News that the decision to fire Mr. Comey was his alone and that when he did it, "I said to myself, I said you know, this Russia thing with Trump and Russia is a made up story, it's an excuse by the Democrats for having lost an election that they should have won."

In giving the memos to Mr. Mueller, the president's lawyers hoped to get a swift conclusion to the obstruction of justice piece of the investigation and, potentially, an exoneration of the president, the people said.

The obstruction-related memo advanced other arguments beyond the matter of the president's executive powers, citing case law that the lawyers believed buttressed the contention that Mr. Trump had not obstructed justice.

Mr. Trump has repeatedly denied any collusion between his campaign and Russia.

Mr. Mueller didn't offer a response to that memo or the arguments pertaining to Mr. Comey's reliability as a witness, people familiar with the matter said. There is no indication he accepted the lawyers' reasoning or has dropped the part of his inquiry that is looking at any obstruction of justice by the president. All Mr. Mueller communicated was a willingness to receive legal submissions from the lawyers, the people said.

John Dowd, who now heads the president's outside legal team, said: "I just don't think it's appropriate to discuss my communications with Special Counsel Mueller. Why should I rupture a relationship with the special counsel?"

A spokesman for Mr. Mueller declined to comment. Mr. Comey declined to comment.

Mr. Trump has repeatedly denied any collusion between his campaign and Russia. The Russian government also denied meddling after U.S. intelligence agencies released their findings that the Kremlin had engaged in a campaign that included hacking political party committees and attempting to break into state and local election machinery.

Moscow also was accused of spreading false stories about Democratic nominee Hillary Clinton to help Mr. Trump's election prospects.

Experts said the Trump team's outreach to Mr. Mueller wasn't unusual as a tactic in a legal defense. For defense lawyers, "your objective is to find out what they've got and get ahead of them," said Julie Rose O'Sullivan, a Georgetown Law professor who was part of the independent counsel's office investigating the Whitewater matter in Bill Clinton's presidency. "You definitely want some contact so you get a sense of where it's going and take their temperature."

Katrina Survivors Relive Ordeal

Hard-won experience, familiar terror surface for evacuees who had settled in Houston

By ARIAN CAMPO-FLORES
AND ERIN AILWORTH

HOUSTON—As Hurricane Katrina approached New Orleans in 2005, Terrence McKinney fled with his mother and sisters, eventually settling here after the storm demolished his house and washed away all their belongings.

A dozen years later, as Hurricane Harvey barreled toward Houston, he decided to stay put. On Monday, floodwaters rose quickly around his apartment complex east of downtown, then gushed into rooms and burst windows. Mr. McKinney and his wife, daughter and other relatives decided to make their way across the flooded street to a two-story apartment building.

The chest-high water coursed so fiercely they joined hands with neighbors to form a human chain to help each other cross. The swift current swept away one woman, who clutched a tree as people yelled to her, "Hold on! Don't let go!"

The woman lost her grip and was swept away. "It's like losing your mind all over again," Mr. McKinney said. "Watching death happen, losing everything again."

For many Katrina evacuees who ended up settling permanently in Houston, going through Harvey and its aftermath has been like reliving a nightmare—one that surfaced a familiar terror, as well as hard-won experience.



Terrence and Zeeda Veal, survivors of the New Orleans' Hurricane Katrina, clean up after evacuating their flooded Houston home after Harvey.

Katrina uprooted residents to cities across the U.S., but Houston received the largest share outside Louisiana. Of the 150,000 to 200,000 evacuees who initially arrived in Houston, as many as 40,000 remained, according to estimates by the New Orleans Association of Houston, a networking and support group.

Patricia McGinnis, 72 years old, escaped New Orleans with her family just days before the city's levees burst in Katrina's wake. She prepared methodically for Harvey, packing a suitcase and important documents. Outside her home, she stored makeshift sandbags for floodwaters.

"You can't let this kind of weather catch you sleeping," Ms. McGinnis said. She lives in a housing development in southwest Houston built for Katrina evacuees in a collabora-

tion between Oprah Winfrey and Habitat for Humanity. Ms. McGinnis also survived Hurricane Betsy in New Orleans, she said, hauled to safety in a canoe past floating bodies during the 1965 disaster.

Across the street, Ms. McGinnis's daughter, Jamie Cunningham, 39, prepared for Harvey by stowing a pair of propane tanks and a filled gasoline tank on the porch. She propped a metal ladder against a wall in the living room in case rising waters forced her and her two children to the roof. "They've already been trained on how to get on the roof, what to do, how to hold on," she said.

In northwestern Houston, Terrence and Zeeda Veal, who fled together with their six children from Katrina in a crammed Ford Crown Victoria, also decided to ride out Har-

vey. On Monday afternoon, Mr. Veal, 35, said he watched nervously as floodwaters rose in the street and then submerged the family car in the driveway.

"We've got to go," Mr. Veal said, gathering his wife, two sons and one son's girlfriend. Mrs. Veal, who can't swim, felt terrified and helpless. "How am I going to help my children?" she recalled thinking.

Mr. Veal went outside in waist-deep water to look for help. He found several men with a canoe, and they helped board Mrs. Veal and her son's girlfriend. The rest of the family waded while the men towed the canoe.

The current fought the canoe, nearly tipping it, Mrs. Veal said, until they reached shallower water. A volunteer with a truck drove them to the nearby apartment of one of couple's daughters. They ar-

HARVEY

Continued from Page One

got so heated they began to ignite, spawning a fire and sending a noxious black plume of particle-filled smoke that rose 30 to 40 feet into the air.

"These things can burn very quickly and very violently," Mr. Rennard said.

The smoke contains hydrocarbon particles, he said. When pressed about whether the chemicals or the smoke they are generating are toxic, Mr. Rennard wouldn't say, describing them only as "noxious." Contact with the smoke will irritate eyes, throat and possibly skin, he said.

Meranda Davis, who was searching Thursday for friends who live near the plant, said she could smell the fumes, and described them as smelling "like chlorine, like really strong chlorine."

Events at the plant are now raising questions about its preparedness. In accordance with federal regulations, Arkema had submitted a risk-management plan to the U.S. Environmental Protection Agency.

According to the plan, the plant held more than 66,000 pounds of sulfur dioxide, a highly toxic chemical. Only sulfur dioxide and another substance, methylpropene, also called isobutylene, were present in high enough quantities to meet the EPA's mini-

mum threshold for requiring a risk-management plan.

The EPA shares the risk-management plans with local authorities to detail the effects of a potential release of chemicals and how the company would respond to emergency scenarios.

A spokesman for the company didn't respond to questions about the risk-management plan.

Mr. Rennard said eight of nine containers storing the peroxides have lost refrigeration, and the chemicals will start to heat and eventually combust. There are remote systems in the containers that the company is using to monitor how fast things are heating up, but those systems aren't operating fully.

Arkema said early Thursday it had been notified of two explosions. Black smoke was coming from the plant in Crosby, some 25 miles northeast of Houston, the company said.

The Harris County Sheriff's office wrote on its Twitter account that one deputy had been taken to the hospital after inhaling fumes from the plant and nine others drove themselves to the hospital as a precaution.

Earlier in the week, Arkema's North American operations Chief Executive Rich Rowe said the plant was in 6 feet of water and had lost primary power and two emergency backup power sources, which led to a shutdown of "critical refrigeration."

—Sam Schechner in Paris contributed to this article.



A fire burns Thursday at the flooded plant of French chemical maker Arkema in Crosby, Texas.

Thousands Of Evacuees Crowd Into Shelters

As the Houston region begins to emerge from Harvey's beating, communities in eastern Texas and Louisiana are struggling to handle thousands of evacuees displaced by record rainfalls that have submerged entire towns.

Downgraded to a tropical depression, Harvey continues to dump rain in Louisiana, where north-central parts of the state got 7 inches in a recent 24-hour stretch. Flash-flood warnings were in effect Thursday from

southeast Texas to west-central Louisiana because of earlier rains.

Communities along 250 miles of Texas' coast from Corpus Christi to Port Arthur have been battered and vast sections of the country's fourth-most-populous city, Houston, remain under water. More than 30,000 people have gone to 230 emergency shelters, including 10,000 at Houston's convention center. At least 33 deaths have been linked to the storm by local authorities, a count that is likely to rise.

Texas Gov. Greg Abbott on Wednesday forecast the federal funding needs for rebuilding will likely exceed those of the nation's most expensive storm,

Hurricane Katrina, costing "far in excess" of \$125 billion.

The cities of Beaumont and Port Arthur received more than 2 feet of rain in 24 hours as Harvey neared land again early Wednesday and headed for Louisiana. In Beaumont, the city said overnight that it lost both its primary and secondary water sources.

At the Lake Charles Civic Center, the largest makeshift shelter for evacuees in southwest Louisiana, the arena's 675 cots were all occupied at midnight, but refugees from southeast Texas continued to show up in the early hours.

—Quint Forgey and Scott Calvert

Details of Tax Plan Set to Become Public Soon

By RICHARD RUBIN
AND KATE DAVIDSON

The Trump administration and top congressional officials intend to release a more detailed tax plan in the next few weeks, Treasury Secretary Steven Mnuchin said in an interview with The Wall Street Journal.

Although congressional committees will be writing the tax bill and voting on it, Mr. Mnuchin indicated that the administration intends to stay deeply engaged in the tax debate and is sticking to its aggressive agenda for overhauling the tax code this year.

"In no way are we just turning this over to Congress," he said in the interview Thursday.

Mr. Mnuchin spoke the day

after President Donald Trump outlined his tax priorities in a speech in Missouri, calling for a simpler tax system and business tax cuts.

The so-called Big Six released a tax framework in July that contained little detail about tax rates and what breaks would go away. The group consists of Mr. Mnuchin, White House economic policy chief Gary Cohn, House Speaker Paul Ryan, Senate Majority Leader Mitch McConnell, Rep. Kevin Brady and Sen. Orrin Hatch. They are set to meet next on Sept. 5 with Mr. Trump.

Earlier in the year, Mr. Mnuchin had said he thought Congress could pass a major tax bill by August, a deadline that will pass without a bill even being introduced.

ness tax cuts, estate tax repeal and a larger standard deduction, a one-page White House outline from April was less specific than Mr. Trump's campaign plans and the July framework from the Big Six was less specific than that.

The fall push and the document Mr. Mnuchin said was coming soon would reverse that trend and prepare for markups by the House Ways and Means Committee and the Senate Finance Committee. "It's not a 100-page bill with every single detail," Mr. Mnuchin said of the coming blueprint.

Mr. Mnuchin also tried to direct Congress away from a debt-ceiling crisis, arguing he doesn't believe the government should prioritize payments to bondholders as the

Treasury bumps up against the federal borrowing limit, or debt ceiling, in the weeks ahead. "I don't believe in prioritization," Mr. Mnuchin said. "We should pay the government's bills when they're due."

Mr. Mnuchin said prioritizing payments wouldn't actually solve the problem because it would simply buy more time for the government. "It doesn't change the ultimate problem that the government needs to raise the debt ceiling," he said.

He said any decisions to attach a debt-ceiling increase to a separate bill providing relief to regions hit by Hurricane Harvey would be up to Congress. "At the end of the day, I just want it raised," he said. "We're having active discussions on this now."

T.J. KIRKPATRICK FOR THE WALL STREET JOURNAL

Treasury chief Steven Mnuchin

In part, Republicans are trying to learn from the failed attempt to pass a health-care bill. Administration officials have said they want to be more closely involved in the tax legislation.

Although Mr. Trump has consistently called for busi-

IN DEPTH

GOP

Continued from Page One
on the next generation of Republicans.

Mr. Trump has pushed the GOP in new policy directions, such as being more cautious about free trade and less concerned about reducing the federal deficit. The arrival of a wave of like-minded House and Senate members could make it far easier for the president to turn those ideas into law.

His presidency is already reframing GOP primaries, which for the past generation have largely been contests over which candidate is the most conservative. Now the question often is: Which candidate is the Trumpiest?

These campaigns are fomenting more antiestablishment rhetoric within the Republican Party, where divisions are growing between Mr. Trump and some top lawmakers, including Senate Majority Leader Mitch McConnell (R., Ky.).

"People have just had it," says Mark Munroe, chairman of the Republican Party in Mahoning County, Ohio. "The party is going through a transition, a metamorphosis. It's a struggle between the old, traditional Republican Party and what you might call the new Republican Party, which is more Trump-like."

Democrats hope that any candidates who sound like Mr. Trump will be easier to portray as extremists and that competition for Trump supporters by Republican candidates will alienate swing voters.

Jared Leopold, spokesman for the Democratic Governors Association, which aims to elect Democratic governors across the U.S., says Republican primary campaigns "are becoming a Trump loyalty test."

While that might be a successful strategy in primary races, Mr. Leopold says "it will be a problem in the general election."

In the swing state of Virginia, Corey Stewart, running for the Senate, defends the Confederate flag and vows to crack down on illegal immigration.

Liberated by Trump

"I was Trump before Trump was Trump," Mr. Stewart said at his campaign announcement. "There's an appetite for a Republican fighter, and that's what I'm going to give people...I felt liberated by President Trump's race."

GOP candidates in Mr. Trump's mold are most common in states he won in November, such as Alabama, Georgia and Ohio. But even in the swing state of Nevada, where Democrat Hillary Clinton won in November but Mr. Trump won the GOP primary, Republican Sen. Dean Heller is facing a primary challenge from Danny Tarkanian, a pro-Trump businessman.

Both political parties have



Corey Stewart, right, nearly won the Republican gubernatorial primary in Virginia in June. He was Donald Trump's campaign chairman in Virginia for part of 2016. Below, Rep. Jim Renacci (R., Ohio) at a meeting in Washington in July. His campaign slogan is 'Ohio First.'

undergone occasional makeovers. In the 1990s, President Bill Clinton transformed the Democratic Party into a more centrist, business-friendly political force. Republican Ronald Reagan's election in 1980 was a triumph for the conservative movement and marked the beginning of the end of the GOP's dominance by moderates.

Mr. Trump has signaled some interest in shaping the party more directly through endorsing or encouraging primary challengers to Republicans who have crossed him. That is unusual because presidents usually try to avoid weighing in on intraparty fights.

In a tweet in mid-August, Mr. Trump praised the Republican primary challenger to Sen. Jeff Flake (R., Ariz.), who wrote a book that includes criticism of the president. Mr. Flake replied that he would take his cues from Arizona voters, not the White House.

In Alabama, Mr. Trump backed Sen. Luther Strange in a special election for the Senate seat vacated by Attorney General Jeff Sessions. The endorsement was seen by people close to the race as inspired as much by opposition to one of Mr. Strange's opponents, Rep. Mo Brooks, as enthusiasm for Mr. Strange, a mainstream politician. Mr. Brooks had criticized Mr. Trump during the 2016 campaign and more recently for feuding with Mr. Sessions.

Mr. Strange placed second in the primary to evangelical conservative Roy Moore, and the two men will be in a Sept. 26 runoff.

Some GOP strategists warn that Mr. Trump's political appeal might not be transferable to other politicians, no matter how hard they try.

"There are candidates who are Trumpy, but there is only one President Trump," says Rob Jesmer, former executive director of the National Republican Senatorial Commit-



tee, which works to elect Senate Republicans. "He has a unique ability to connect with voters. I think it's very hard to replicate that."

Still, Mr. Trump has clearly made it more acceptable for GOP candidates to openly respond to voter frustrations

Novice candidates often face the same daunting challenges that Mr. Trump did.

about Washington with a provocative, populist message, as Mr. Trump did on the campaign trail.

Some Republicans see the emergence of Trump-like candidates as an important step in making the GOP more responsive, especially on pocketbook issues. But those candidates can also be more divisive than traditional Republicans, worrying some party officials about their general-election prospects.

The first such candidate to make a big splash was Mr.

Stewart in Virginia. He was Mr. Trump's campaign chairman in Virginia for part of the 2016 campaign and lost the Republican primary for governor by just a percentage point in June to establishment favorite Ed Gillespie, former chairman of the Republican National Committee.

In July, Mr. Stewart said he would try to defeat Democratic Sen. Tim Kaine next year.

In Georgia, the Twitter profile of state Sen. Michael Williams, running in the GOP primary for governor in 2018, boasts that he is a Trump loyalist. Mr. Williams's profile on Twitter says: "1st GA elected official to endorse Donald Trump."

Mr. Williams compares his underdog status to Mr. Trump's at the start of the GOP presidential primaries last year.

"They said that about Donald Trump, too" Mr. Williams said in an interview with right-wing news site Infowars.

With or without Mr. Trump's support, some Republican candidates are invoking him as a signal to Trump voters.

In Indiana, Rep. Todd

Rokita announced his Senate bid in August and released a campaign video that features footage of a Trump campaign rally. "Take the next step," the video says.

Before the announcement, Mr. Rokita circulated a letter from Mr. Trump's top campaign leaders in Indiana that vouched for the congressman's loyalty to the president.

In Ohio, Mr. Trump has helped reshape the GOP from the top down. After winning Ohio by 8 percentage points, Mr. Trump successfully lobbied for replacing the Republican Party's state chairman, Matt Borges. Mr. Borges was an ally of Ohio Gov. John Kasich, a presidential primary rival of Mr. Trump.

Even established Ohio politicians like State Treasurer Josh Mandel are starting to sound more like outsiders. Mr. Mandel is trying for the second time to unseat Democratic Sen. Sherrod Brown and has put new emphasis on sanctuary cities, Islamic radicalism and other issues promoted by Mr. Trump.

"Most people think Washington is broken, but really it's just a rigged system," Mr.

Mandel said in a video when he launched his campaign. "We'll go to Washington and drain the swamp."

Mr. Mandel's primary rivals include Mike Gibbons, a Cleveland businessman who is a political novice in the Trumpian mold. Mr. Gibbons, a top Ohio fundraiser for the Republican Party and the Trump campaign in 2016, says he doesn't always agree with the president's bombastic style but was inspired to run for the Senate by a similar frustration with the Washington establishment.

Mr. Gibbons cheered when Mr. Trump attacked Mr. McConnell for failing to deliver legislation to repeal and replace the Affordable Care Act. "The president is right," said Mr. Gibbons. "Our party let him down. They have abandoned him, and I'm disgusted."

Novice GOP candidates often face one of the same daunting challenges that Mr. Trump did. Establishment-backed candidates usually have a big fundraising advantage.

Mr. Gibbons's campaign had \$602,000 in cash at the end of June, the latest period for which figures are available. Mr. Mandel, endorsed by Ohio's other senator, Rob Portman, had \$3.4 million.

In the gubernatorial race, recent polls show Mr. Renacci way behind better-known, well-funded GOP rivals such as former Sen. Mike DeWine, Ohio Secretary of State Jon Husted and Lt. Gov. Mary Taylor.

"The three opponents I have are all career politicians," said Mr. Renacci, a House member since 2011, at the political event in August in Ravenna, a small city near Akron. "If you're happy with where the state is today, you probably don't want to elect me."

Mr. Renacci's campaign slogan is "Ohio First," an echo of Mr. Trump's promise during his own campaign to put "America First." Like Mr. Trump, Mr. Renacci is funding his campaign in part with wealth attained as a businessman. The total is \$4 million so far.

Former Trump campaign manager Corey Lewandowski headlined a Cleveland fundraiser for Mr. Renacci, who has been endorsed by the groups Bikers for Trump and Citizens for Trump.

The president hasn't endorsed Mr. Renacci, but his website includes video from a June event where Vice President Mike Pence praised Mr. Renacci. "I was for Jim Renacci before it was cool," Mr. Pence said.

Mr. Renacci is trying to appeal to voters like Harvey McClary, a retired auto worker from Diamond, Ohio, who came to Ravenna to see where Mr. Renacci stood on the president's response to the violent white supremacist protest in Charlottesville, Va.

"I have one question I want to ask him: Do you support President Trump?" said Mr. McClary. "If he's not going to support the president, I don't want him."

PALACE

Continued from Page One
judge who has worked in the building for more than 30 years, "is zero."

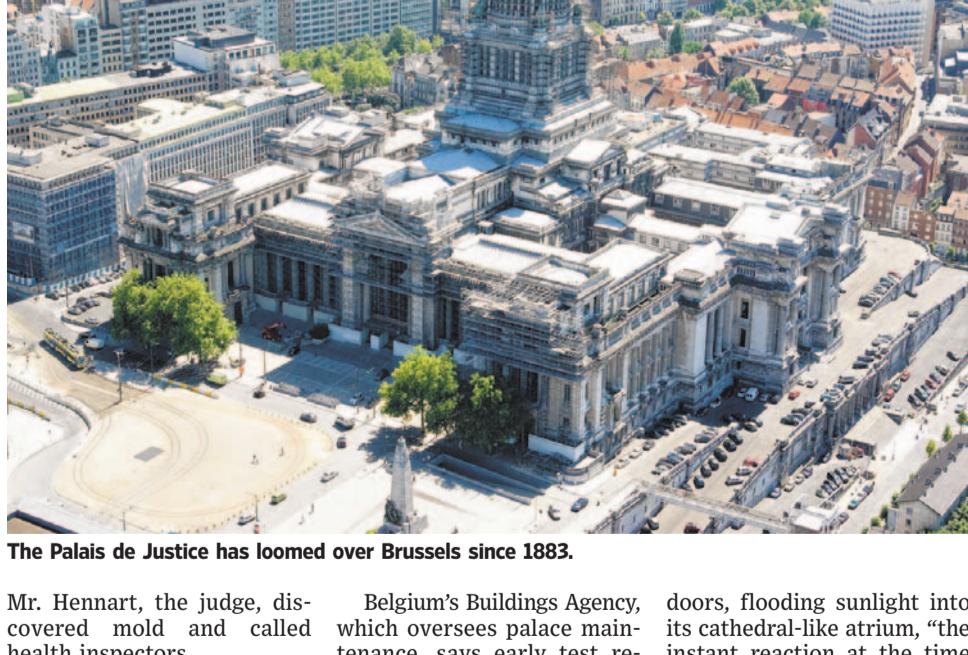
The palace's condition has become emblematic of Belgian dysfunction. Bickering between the country's French-speaking and Dutch-speaking halves has sucked power from the federal government, sapping its resources to maintain national monuments.

Completed in 1883 as the pet project of Belgium's King Leopold II, the palace is more than half the size of the U.S. Capitol and was Europe's largest building at the time. It looms over the city with a golden dome topping a massive Greek-Roman stone structure with marble staircases, columns and eight inner courtyards.

Inside its imposing walls, high-profile cases being tried include the 2016 Brussels terrorist attacks and an effort to establish the alleged paternity by retired King Albert II of an extramarital daughter.

It's the central storage place for all police evidence gathered in Brussels, plus all legal documents such as birth certificates.

Walking through the palace's underground corridors in January, where some storage boxes were visibly wet,



The Palais de Justice has loomed over Brussels since 1883.

Mr. Hennart, the judge, discovered mold and called health inspectors.

Six months later, they showed up to conduct tests, then told him to wait until September for the results.

Infuriated, Mr. Hennart issued an order sealing the archives, risking trial delays. His one exception was allowing police to snag the cell phone, so long as they wore hazmat suits.

"As long as there is no real answer, we have to block the system—go on strike," he said.

Belgium's Buildings Agency, which oversees palace maintenance, says early test results indicate the fungus isn't dangerous to humans. The agency says it will work out in the coming weeks when and how it will dry and salvage the objects and documents. Mr. Hennart says he's keeping the catacombs closed until work starts.

"I am but a tiny wheel in the machinery," he says, "but I am at war."

When the palace first opened its towering bronze

doors, flooding sunlight into its cathedral-like atrium, "the instant reaction at the time was that it was going to be costly to maintain," says Johan Vanderborght, the buildings agency's spokesman. He says repairs today are slowed by cost, regulations and the palace's landmark status.

In the 1980s, when stones started falling from the facade, overseers wrapped its upper levels in scaffolding. It soon became clear the work would take years, so officials decided to buy the scaffolding,

rather than rent it. In 2003, workers finally removed some scaffolding to reveal the dome, regilded at a cost of roughly \$3.5 million.

In 2010, the scaffolding needed repairs and soon had its own scaffolding. Two years later, the government decided to buy a separate section of rented scaffolding enveloping the building's block-long main entrance. The steel skeleton is needed because stonework behind it hasn't been maintained, creating a public danger, the Buildings Agency says.

In 2011, officials staged an architectural competition seeking ideas to repurpose the palace for commercial or cultural uses. Proposals included one suggesting the lower floors be replaced with a modernist cube.

No investors emerged. Last year, the government declared the justice system would remain sole inhabitant of the palace and promised to restore its original grandeur.

The aging building has also defied efforts to modernize its security. In 2009, five detainees escaped with help from armed accomplices who had entered undetected. In 2013, two men were convicted of attempting to destroy evidence the year before by starting a fire that took several hours to extinguish and caused more than \$200,000 in damage.

Filip Heyndrickx, an engi-

neer overseeing security improvements, says he must contend with the palace's 80 exits and miles of corridors, which weren't conceived for high-security trials. Complicating work are some 2,000 staffers, judges, visitors and witnesses using the building daily.

"It's difficult to keep criminal justice in the building," Mr. Heyndrickx says, "and restore the building exactly the way it was designed."

His team over recent years has modernized some holding cells, unblocked fire escapes, added video surveillance and installed metal detectors at two entrances. The rest are being secured or sealed.

He says plans to move archives to drier, safer locations have been discussed for decades but documents and evidence remain in the damp recesses.

Sheets of wood cover holes engineers made last year to check the foundation's stability following underground subsidence that damaged sewer pipes.

"The smell was pestilential and there were millions of flies," says Mr. Hennart.

The upside of the urban archaeology was discovery of original building plans signed by its architect, long believed lost. Mr. Hennart, his mood as soggy as his underground archives, is unimpressed: "The only thing missing is mummies."

BOOKS

'It takes an earthquake to remind us that we walk on the crust of an unfinished Earth.' —Charles Kuralt

Getting Ready to Rumble

The Great Quake

By Henry Fountain
Crown, 277 pages, £21.83

Quakeland

By Kathryn Miles
Dutton, 357 pages, £21.83

BY GERARD HELFERICH

ANYONE WHO has ever experienced an earthquake knows that the stability of the Earth is a soothing illusion, that the phrase "solid as a rock" is a rosy oxymoron. In truth, the tectonic plates that constitute the planet's crust skate relentlessly across the hot mantle beneath, bumping and grinding in an endless tango that generates 1,000 or more measurable quakes every day. In this century alone, earthquakes have taken some 800,000 lives, from Haiti to Indonesia. In the United States over the past 50 years they have killed around 150 and caused about \$30 billion in property damage.

As Henry Fountain recounts in "The Great Quake," the most powerful tremor ever recorded in North America (and the second strongest ever measured anywhere) struck southeastern Alaska on March 27, 1964. Registering a magnitude of 9.2, the convulsions lasted for nearly five terrifying minutes and jolted an area of more than half a million square miles. Down the coast, in Oregon and northern California, 20-foot tsunamis sank boats, smashed bridges and flooded homes, claiming 16 victims. In the Gulf of Mexico, some 4,000 miles to the south, 6-foot swells appeared, and tremors were apparently detected in water wells as far away as Australia.

In Alaska, the earthquake left an arc of destruction along the Gulf of Alaska and Prince William Sound, the state's most developed region. Mr. Fountain, a New York Times science reporter, focuses on two particularly hard-hit communities. The port of Valdez, located 55 miles east of the epicenter, was pounded by a mammoth wave that inundated the city and swept 30 people from the waterfront. In the tiny, isolated fishing village of Chenega, the tsunami carried away every building except for a one-room schoolhouse situated on higher ground. In Chenega, 23 people died, about a third of the town's population; nearly half of the dead were children. In all, the quake claimed 131 victims; the toll would have been immeasurably higher had it struck in a more populated area or



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at a time other than 5:36 on Good Friday afternoon, when most people had already headed home for the Easter holiday.

Concentrating on several individuals in Valdez and Chenega, Mr. Fountain humanizes the disaster. Some readers may wish he had trimmed the background on his characters, whose extended biographies are one reason the earthquake doesn't make an appearance until the book is nearly half-finished. But his explanations of technical subjects, such as plate tectonics, are sharp and economical. And by spotlighting a principal investigator of the tragedy, geologist George Plafker, Mr. Fountain weaves a compelling scientific detective story.

The Good Friday quake would prove the most studied in history, yielding important evidence for the then-still-controversial theory of plate tectonics, inspiring more accurate techniques for measuring magnitudes and spurring greater study of tsunamis. It would also prompt stricter construction codes, not only in Alaska but in the Lower 48.

Alaska is our most quake-prone state, with about 12,000 temblors every year, compared with some 10,000 in southern California. But if we don't

happen to live on the West Coast, what are our chances of experiencing an earthquake? In "Quakeland," Kathryn Miles, a writer-in-residence at Green Mountain College in Vermont, argues that the odds are worse than we might think. Much of the ground beneath our feet is riddled with cracks and fractures to a depth of 10 miles or more, she reports, and there isn't a state in the Union that hasn't experienced a tremor at some point in its history. According to the U.S. Geological Survey, 75 million Americans, in 39 states, live in areas of "significant seismic risk."

One such belt stretches across the nation's heartland, where a network of faults known as the New Madrid Seismic Zone extends 150 miles, from northeast Arkansas almost all the way to southern Illinois. The area sees about 200 earthquakes a year, and in 1811 and 1812 it saw a series of powerful quakes that destroyed much of St. Louis. Some scientists believe that New Madrid is 30 years past due for a significant rupture, which not only could devastate towns and cities but, because of its proximity to the Mississippi River, could cause widespread flooding and cripple transportation networks by taking down bridges and disrupting ship traffic.

New York City, where the ground is riddled with faults, has experienced 200 observable quakes since the arrival of Europeans. Because the region's bedrock transmits energy more efficiently than softer stone, a tremor there is felt across a wider radius. And since about 80% of the city is constructed of unreinforced masonry, the threat is made worse: If New York experiences a magnitude 7.0 quake (it suffered a 5.5 quake in 1884), only a quarter of its buildings are expected to escape damage, while 6,500 will either collapse or be so seriously compromised that they will

SHAKEN Anchorage, Alaska, March 1964.

have to be demolished. The city's relatively aged, generally non-quakeproof infrastructure, including its bridges and water systems, could also be at risk, along with the Indian Point nuclear power plant, located 30 miles north of Manhattan near another fault.

Not only have we built cities, nuclear plants and other vulnerable assets on geologically dicey real estate, but some human activities, including mining and the building of dams and tunnels, can upset the delicate seismic balance and increase the risk of temblors. Injection wells, used to force water deep in the earth for fracking and other methods of gas and oil extraction, have been shown to produce earthquakes in states such as Texas and Oklahoma, which now records more than 600 3.0-or-greater quakes every year. All told, the U.S. Geological Survey warns that about seven million Americans live in areas under danger of induced earthquakes, including Oklahoma City and Dallas.

What are the odds of a tremor rattling your hometown? It's hard to say, since earthquakes are the least understood of all natural disasters. Although the USGS has mapped 2,100 faults in the United States where quakes have already occurred, the number and location of most faults remain a mystery, and the great majority are discovered only when they rupture.

With prediction elusive, Ms. Miles (along with many seismologists) stresses the importance of preparedness, for communities and individuals alike. If you live in Florida or North Dakota, you apparently have little to worry about. But, she warns, "if you live on the eastern seaboard, if you live in a lot of the Midwest, or on the west coast or in Utah or Oklahoma or Texas or Alaska or Hawaii, your risk is real. It's up to you to be ready for it."

Ms. Miles's treatment of earthquake mechanics is clear and crisp, but her writing can be discursive during her extended road trips, to a mine in Idaho, for instance, or to the Federal Express hub in Memphis. And as seen in the above quotation, her tone can veer toward the sensational. Does she succeed in shaking us out of our complacency? I will confess that, although I don't live in a seismic hot zone, the day I finished reading "Quakeland" I found myself in a grocery store stocking up on bottled water.

Mr. Helferich is the author, most recently, of "Theodore Roosevelt and the Assassin: Madness, Vengeance, and the Campaign of 1912."

The Elephant in the Room

Discovering the Mammoth

By John J. McKay
Pegasus, 241 pages, £22

BY RICHARD CONNIFF

'DISCOVERING THE MAMMOTH' is one of those books that make you wonder about the author as much as about his topic. John J. McKay writes that he got started with a single blog post aiming to establish "a chronology of what was known about mammoths and when." Or rather, he got started because he noticed, while indulging his "great love of conspiracy theories and fringe ideas," that "lost history theories"—think Atlantis, flood geology and rogue planets—"all used frozen mammoths as proof positive of their ideas."

Mr. McKay, who describes himself on his blog as "an underemployed, grumpy, and aging liberal who lives in the Great Northwest"—that is, Alaska—soon began obsessively collecting facts about these great, hairy pachyderms. He became the "mammoth guy" to his neighbors and apparently also to his long-suffering (now ex-) wife.

The resulting book is unfortunately the wrong chronology that Mr. McKay set out to write in the first place and less the thrilling "Tale of Giants, Unicorns, Ivory, and the Birth of a New Science" touted in the subtitle. Mr. McKay's background as a technical writer shows in his clear sentences, with one carefully authenticated fact logically following another from beginning to end. It also shows, however, in the absence of color, scene setting or a driving narrative arc. And yet I found the book oddly compelling.

Mr. McKay makes the case that,

beginning about 1600, mammoths and their mastodon cousins, appearing in bits and pieces from beneath the ice and earth, became "a focusing problem for a scientific revolution." They were the starting point for sweeping changes in geology and comparative anatomy and in the ways we think about life on Earth.

Scholars could reason their way around previous out-of-place discoveries like fossil seashells found on mountaintops, Mr. McKay writes. But "the remains of unrecognizable land animals, especially large ones, were

Huge bones dug up in Europe puzzled savants who had no idea that a species could go extinct.

a tougher problem." Most European naturalists in the 1600s had only the vaguest awareness of living tropical elephants, and they had no obvious way to connect them to these puzzling ancient creatures. "Unraveling that mystery required the development of a new, specialized intellectual toolkit," Mr. McKay writes. "Unthinkable ideas such as extinction and a history of the earth itself separate from, and older than, human history needed to be embraced." Though Mr. McKay does not put it in so many words, mammoths were the beginning of the end for the biblical view of Earth history.

The initial response to the discovery of mammoth and mastodon remains was, however, entirely orthodox. With Genesis 6:4 firmly in mind ("There were giants in the earth in those days"), most Europeans took

them for the bones of such "mighty men." A discovery in southern France in 1613, for instance, resulted in a "true history of the life, death, and bones of Giant Theutobochus, King of Teutons," slain in battle with the Roman consul Marius and buried in a 30-foot-long tomb. Likewise, when a tooth weighing almost 5 pounds

together without distinction. But the word "mammoth," from an indigenous Siberian word meaning "earth horn," gradually gained currency in Europe. The trade in mammoth ivory for carved objects also boomed. Mr. McKay quotes one estimate that, by 1840, Siberia had already exported the tusks of 20,000 mammoths. (That



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SMILE A mammoth skeleton found in the La Brea Tar Pits in Los Angeles.

turned up a century later in Claverack, N.Y., the Puritan minister Cotton Mather boasted that this American discovery made Goliath and other Old World giants look like mere pygmies. Other, more naturally inclined, scholars thought mammoths emerging from Siberian ice were the remains of huge, burrowing rodents that lived underground and died on exposure to air.

The gentry coveted "unicorn" ivory as an antidote to poisoning, and at "the peak of the poison panic in the mid-sixteenth century," Mr. McKay writes, exotic ivory fetched 10 times the price of gold. At first, mammoth, walrus and narwhal ivory got mixed

trade is still thriving today at a reported rate of 60 tons of mammoth ivory a year.)

The intellectual problem with mammoths arose because Western thinking had no conception of a species becoming extinct. Instead, the "great chain of being" progressed link by link from the lowliest worm up to humans, everything in its place and each species essential to the unity of the whole. "From Nature's chain whatever link you strike," Alexander Pope wrote, "Tenth or ten thousandth, breaks the chain alike."

The German polymath Gottfried Wilhelm Leibniz flirted with the idea of extinction at the end of the 17th

century but could bring himself to argue only that species could change form to some degree. Or as Mr. McKay puts it, "a cold-adapted elephant had the same relation to a tropical elephant as a shepherd dog to a terrier." A century later, beginning in the mid-1790s, the French comparative anatomist Georges Cuvier finally assembled the evidence to distinguish carefully among elephants both living and dead. He made extinction an irrevocable fact of life. Cuvier, now considered the father of paleontology, demonstrated that whole worlds of species had lived and died before us. It was a radical turning point in our conception of the world and of our own place in it. It was also the essential preamble to Charles Darwin's subsequent idea of evolution by natural selection.

Mr. McKay doesn't spend much time on the American side of the story, which is a pity. To understand just how thoroughly mammoths and mastodons shaped our own sense of ourselves as a nation, readers might enjoy Paul Semonin's "American Monster" (2000). But Mr. McKay fills in the European background in admirable detail. In an afterword, he notes that early humans on many continents lived with mammoths and other proboscideans, hunted them for food, and used their bones and hide for shelter, tools and early art. We may even have followed them out of Africa and watched what plants they ate in new habitats before sampling them ourselves. Mammoths, elephants and their kin, John McKay suggests, helped make us who we are.

Mr. Conniff is the author, most recently, of "House of Lost Worlds: Dinosaurs, Dynasties, and the Story of Life on Earth."

BOOKS

'A biographer is an artist under oath.' —Desmond MacCarthy

The Empathy Artist

The Shadow in the Garden

By James Atlas
Pantheon, 388 pages, £22.58

BY ADAM BEGLEY

IN THIS LONG PURSUIT, his recent book about biographical craft, Richard Holmes, one of the greatest living biographers, misquotes W. Somerset Maugham: "There are three rules for writing biography, but fortunately no one knows what they are." Funny and true—but Maugham's remark was about writing novels, not biography (and it's not certain that he actually said it). Does it matter? Only if you believe that getting those pesky facts straight should be the aim of every biographer. If there's no rule against fudging it, why not write fiction instead?

"Facts matter," James Atlas declares in "The Shadow in the Garden," a rufous, meandering and for the most part engaging and instructive meditation on the kind of biography he himself practiced in books on Delmore Schwartz and Saul Bellow—that is, literary biography. Mr. Atlas is not prescriptive; the closest he comes to laying down the law is to state unequivocally that "The key to writing biography is the capacity to be empathetic"—not a controversial claim.

His book is a tour of the sausage factory. We watch the indefatigable Boswell stalk Johnson, Lytton Strachey size up his eminent Victorians, Michael Holroyd grapple with Strachey, Holmes channel Shelley and Coleridge—and of course we trail Atlas, hot on the heels of Schwartz and Bellow.

The subtitle of this book, "A Biographer's Tale," promises greater narrative coherence than we get, but maybe Mr. Atlas was happy to take a break from the inexorable plot imposed on all "life-writing" by the passage of time and the common fate of humans, writers included. "Confessions of a Biographer" is more like it. He dishes dirt with the lively enthusiasm of a hack at work on a celebrity tell-all, the difference being that much of the dirt is his own.

At times almost unbearably candid, he writes as though his memoir were a kind of atonement. Some of the self-flagellation seems unnecessary, as when he writes about his decision to return to work at the New York Times



MARK ULRICHSEN

after a period as a freelancer: "After many wheedling letters and phone calls, I managed to claw my way back to the Times." He reveals his anguish

a prurient biographer (he admits to being more interested in the writings of his subjects than their amatory exploits); his urge to confess derives

last shred of material about Schwartz and Bellow. When he calls biographers "obsessive diggers," he's showing us a selfie. The enormous amount of work he did on Schwartz (a tremendously talented writer now sadly slipping into obscurity) was repaid with critical acclaim and a National Book Award nomination. The Bellow was a different story.

If the hazy chronology of "The Shadow in the Garden" is to be trusted, it wasn't until some nine years after having decided to write about the Nobel laureate that he began to have doubts about the wisdom of attempting "a biography of a living person." Bellow was in his mid-70s when Mr. Atlas took the plunge, a cranky, controlling character clearly uncomfortable about having his past explored and exposed. Avidly nostal-

In this memoir-cum-apologia, James Atlas, the biographer of Saul Bellow, dishes dirt like a hack at work on a celebrity tell-all, but the dirt is his own.

over what he calls the "Twelve Errors" in his Bellow biography, a dozen passages he later marked with yellow Post-its to flag ungenerous, snotty or "neurotic" comments. He thought of these lapses as "pockmarks" that would scar him permanently. Prying into the lives of others can provoke guilt in some, but Mr. Atlas is hardly

from his personality, not his profession. He's burdened with a rare decency, a desire to get it right. If he gets it wrong, he yearns to fix it.

His career was born out of obsession, the relentless drive to read through the biographical canon, from Plutarch to Janet Malcolm, and the overpowering need to gather every

gic, Bellow wanted to talk and reminisce, but only on his terms. Their pas de deux is mesmerizing—and appalling. Bellow bullies his biographer, and the poor battered biographer always seems eager for more, compelled by what he identifies as "emotional hunger." It ends in tears, naturally: angry, victimized silence from Bellow; outraged reviewers excoriating Mr. Atlas for daring to point out the great man's flaws; years of remorse for the unhappy biographer.

An undertow of sadness tugs at the margins of this book. The author is often funny, especially when unearthing forgotten characters, and in his footnotes he cuts loose, displaying a zany side. (Here's the footnote for "Recamier couch": "An eighteenth-century divan made famous by . . . oh, just look it up if you're interested. The internet has spoiled the pleasure to be found in displaying recondite erudition.") But the humor tails off in the final chapters, when it becomes apparent that Mr. Atlas feels he never lived up to the bright promise of his early career. He won't write a third biography.

James Atlas is death-haunted, and so is his book. The title comes from a remark by Bellow, who called the biographer "the shadow of the tombstone in the garden." Mr. Atlas drives the point home: "The tombstone was the biography," and "the biographer was the gravedigger." And elsewhere, "I was the robed prophet in the New Yorker cartoon, carrying aloft a banner that read: 'The end is nigh' . . . Bellow's end was nigh. What else can having a biography written about you portend?" (There's a flipside to this. "Biography, in the end, is a stay against death," Mr. Atlas writes. "Most of us don't get one." He knows he's safely in the land of "No-biography"—his life story won't be subjected to the prying scrutiny of an obsessive gravedigger.)

All biographies are death-haunted in the very literal sense that every page you turn takes you closer to the end. And then there's the grim truth pointed out by Richard Holmes: no biography can "hope to avoid the relentless process of being superseded, outmoded, and eventually forgotten—a form of auto-destruction which has no equivalent in the novel."

Mr. Begley's most recent biography is "The Great Nadar: The Man Behind the Camera."

FICITION CHRONICLE: SAM SACKS

Surviving Girlhood

ON A HOT, unsupervised summer day early in Claire Messud's "The Burning Girl" (Fleet, 247 pages, £16.99), two 12-year-old best friends, Julia and Cassie, stir up mischief by breaking into a derelict building in the woods outside their town of Royston, Mass. The building is called the Bonnybrook, a turn-of-the-century mansion that was converted into a women's mental asylum. As the girls cavort on the grand staircase and explore the empty bedrooms, they make believe they're among the Bonnybrook's by-gone residents, "crazy girls in blue smocks with their hair sticking up anyhow and wild eyes." "We could feel them with us," Julia recalls. "And they too were our sisters."

Such unsettled intimations of kinship ran all through Ms. Messud's sensational 2013 novel, "The Woman Upstairs," about an unmarried, middle-aged sculptor and elementary-school teacher whose anodyne demeanor masked a furnace of rage and resentment. The book's fire-breathing heroine recast the classic literary archetype of the Madwoman in the Attic, presenting the image of a modern woman—single, independent, with an artist's studio of her own—who still feels trapped inside a life of miniature proportions, universally patronized as a harmless and ignorable "spinster with a hobby." She may not appear to have anything in common with the pyromaniac lunatic Mr. Rochester keeps under lock and key in "Jane Eyre," yet there she is in her small upstairs apartment, alone, overlooked and closer to the edge than anyone imagines.

Having excavated the balked desires and repressed fury of the single woman, Ms. Messud ventures into the Category 5 hurricane that is the psyche of a teenage girl. "The Burning Girl" is narrated by Julia but mostly about Cassie, her best friend

since nursery school. Julia is the product of a snug and stable household—her dad is a dentist, her mom a freelance journalist. For Cassie, family life chafes and blisters. Her father died in a car crash after she was born and she's grown up worshiping his memory. Her overworked mother's remarriage to a creepy born-again Christian sends her sliding toward an emotional breakdown.

Julia views that collapse through the disappointment of her own ruptured friendship with Cassie, who's begun, as they enter junior high, to hang out with a faster group of girls. Ms. Messud is at her most incisive in exploring the volatile transition from childhood to adolescence, "a world of adult actions and of adult conjecture." "You're suddenly aware of the wild, unknowable interior lives of everyone around you, the realization that each and every person lives in an unspoken world as full and strange as your own, and that you can't ever hope entirely to know anything, not even yourself," Julia says. "But just as the world is opening up, it's closing too, and things reveal their previously unimaginable shapes." Whereas her bright future seems preordained, Cassie is destined, through some cosmic roll of the dice, to walk a path that's unmarked, unaccompanied and dangerous.

She makes for a very poignant character—rough, rebellious and nakedly vulnerable, giving the best of her love to someone who can't return it. The story focuses on Cassie's desperate attempt to run away and find the father she's talked herself into believing is still alive, and its exceptionally deft conclusion returns us to the haunted ruins of the Bonnybrook asylum.

Why, then, does the novel lack the careening intensity of "The Woman Upstairs"? The problems are mostly technical. Julia recounts Cassie's tale two years after the fact, as she, Julia, enters her senior year of high school, but her narrative voice sounds too filtered and elegant to come from a

17-year-old, even one who stars on her school's speech team. From behind that careful veneer, Cassie is difficult to fully make out. Because she's alone when she runs away—because her fate is to be alone and misunderstood—Julia has to relate her exploits from second- and third-hand accounts. The conflagration of her personality is only rarely brought near enough to singe.

The animal is her father, who lives alone with her in an overgrown, gun-filled compound on the California coast south of Mendocino. According



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So deliberate a thinker is Ms. Messud that she weaves an awareness of the story's limitations into Julia's consciousness. Cassie's deepening remoteness makes "The Burning Girl" philosophical rather than angry and immediate. "Sometimes I felt that growing up and being a girl was about learning to be afraid," Julia reflects, but the melancholy takeaway of the book is that our portions of fear are meted out unequally. Cassie is the sort of girl who sails toward the face of the storm. The novel stays in safe harbor, straining to keep her in sight.

Julia Alveston, the 14-year-old at the heart of Gabriel Tallent's debut, "My Absolute Darling" (Fourth Es-

tate, 417 pages, £12.99), goes by the nickname Turtle, but her father, Martin, calls her something else: "kibble." In a small but disturbing touch, Mr. Tallent leaves the word in lower case, denoting not an endearment but a description—Julia is food for an animal.

The animal is her father, who lives alone with her in an overgrown, gun-filled compound on the California coast south of Mendocino. According

Impressively, this is also a novel of great beauty, filled with lush evocations of the woods and "the ocean broken by kelp beds, the bulbs and fronds stirring the surface." The coastal wilderness is Julia's second home and on one of her walkabouts—she often runs away from Martin, but always goes back—she rescues two high school boys, Brett and Jacob, who have gotten lost on a hike. Her secret friendship with them opens her to the prospect of a life without her father and it's when he's absent that the book takes wing. In one extraordinary episode, Julia and Jacob get caught in a rip tide and have to spend the night on an island off the shore, surviving only by virtue of Julia's resilience and resourcefulness.

In two very grown-up novels, articulate teens tell their harrowing coming-of-age stories.

She is, in truth, a somewhat other-worldly figure. As with Ms. Messud's Julia, her interior monologue seems impossibly articulate ("I hate him, but I am unsure in my hatred; guilty and self-doubting and hating myself almost too much to hold it against him"). The only way to escape her father's virtual suicide pact is through violence, and the novel culminates in an eruption of gunplay. Naturally, she's also a crack shot. Julia is different from the child abuse victims in Hanya Yanagihara's "A Little Life" and Edward St. Aubyn's Patrick Melrose novels. She has more in common with Batman, another crusading outsider who came to his powers through unimaginable trauma. Abuse narratives and superhero adventures may be the most popular storytelling genres of our age—it was only a matter of time before they merged.

BOOKS

'I'd rather be a singer with a future than a star with a past.' —Al Green

Singing Sacred and Profane

Soul Survivor

By Jimmy McDonough

Da Capo, 403 pages, £25

BY EDDIE DEAN

WHEN AL GREEN performed on "Soul Train" in the spring of 1974, he was the most electrifying singer in pop. Host Don Cornelius hailed his "amazing charisma," introducing the 27-year-old as "the closest the music business has come to having its own messiah."

After the opener, "Sweet Sixteen," Mr. Green's paean to underage love, he segued into "Jesus Is Waiting," a gospel song. His band laid down a brooding groove as he took a moment to recite the Lord's Prayer. The audience rooted him on, and the strobe-lit studio became, for a while, an old-time revival meeting. For the finale, though, he offered "Here I Am (Come and Take Me)," a 1973 hit celebrating carnal surrender. He gyrated around the stage, whipping the crowd into a frenzy.

"This was one of those performances," notes Jimmy McDonough in his wildly entertaining biography, "Soul Survivor," "where Green, as Robert Palmer has written, 'commands a power so intense it can almost be frightening.'

Mr. McDonough makes it clear early on that the creator of so many anthems of intimacy and steadfast love—"Let's Stay Together," "Call Me," "Let's Get Married," "I'm Still in Love With You," to name only a few—can be a moody, quick-to-anger loner. Likewise, the born-again evangelist who in his prime 40 years ago turned his back on showbiz for the wilderness of gospel music is, according to his biographer, a "tormented soul" (now 71) who seems to find only limited peace in his current role as the reverend at his Full Gospel Tabernacle Church in Memphis.

Mr. McDonough has written biographies of Neil Young and Tammy Wynette, two other prickly 1970s icons. He has a habit of inserting himself into the narrative, a device that can be, by turns, illuminating and distracting. As with those earlier biographies, "Soul Survivor" is the testament of a smitten fan turned reporter. "Al Green is hard to figure out," Mr. McDonough concedes. "Gaze upon a handful of Green's TV performances over the years—he really does seem to inhabit different people, not personas. . . . He is one of the last great mysteries left in pop music."

In interviews, Mr. Green is effusive and evasive, deflecting questions while sharing snippets of conversations he's had with God or a backyard raccoon he has bonded with. He will

start speaking in tongues or sing an Elvis song. In his ghost-written memoir from 2000, "Take Me to the River" (which he says he has never read), there is no mention of his several ex-wives, but there are many tender memories of his first girlfriend, a prostitute named Juanita who taught him the ways of the world.

"Soul Survivor" surveys the range of "different Als," from the capricious, ego-driven star to the Righteous Reverend trying to keep him in line, a relationship Mr. Green often describes in the third person. ("Some of the things Al Green does, me doesn't agree with," he has said.) Then there's regular-guy Al, who just wants to load his pick-up truck with some bales of hay and go feed his horses.

As presented by Mr. McDonough, Mr. Green takes his place next to other eccentric black Southern visionaries, like free-jazz bandleader Sun Ra, who claimed to be from Saturn, and Memphis painter Dewitt "The Delta Fox" Jordan, who was gunned down in a drunken argument in 1977 and to whom Mr. Green dedicated the *Belle Album*, his masterpiece of celestial gospel-funk.

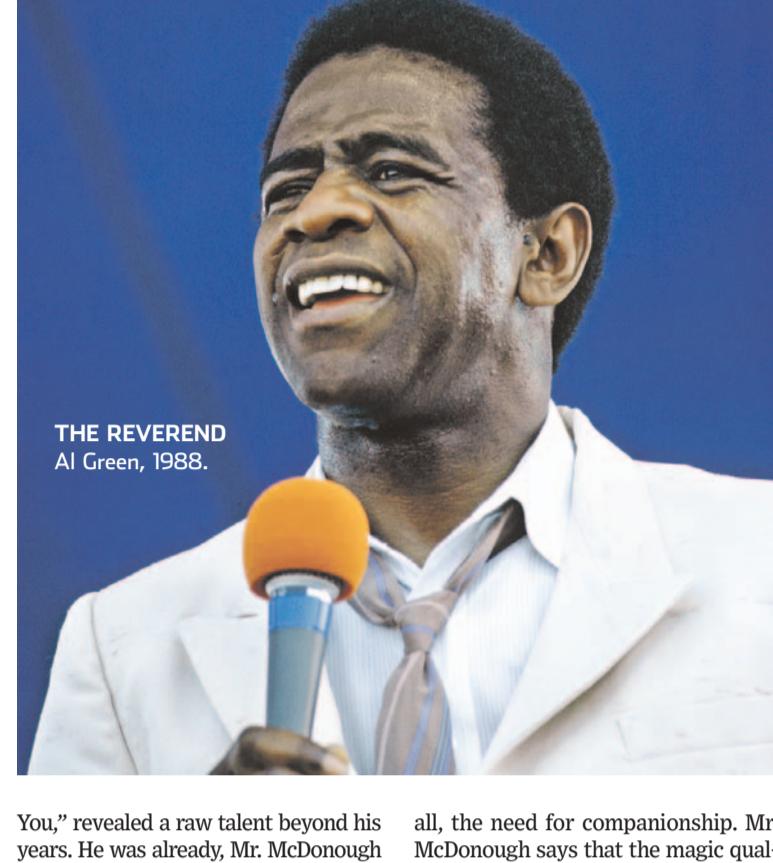
Mr. Green gave no blessing or cooperation to Mr. McDonough's project. To help sort through the different Als, the author talked with musicians and producers and others who have worked with Mr. Green over a half-century. They offer behind-the-scenes tales that, along with Mr. McDonough's sharp analysis, make "Soul Survivor" an essential listener's guide to Al Green's formidable recorded output.

Al Green undercut the macho soul-man type and offered the torment of a sensitive man.

At the heart of the book is the run of hit singles that Mr. Green made in the early '70s with producer Willie Mitchell at Hi Records in Memphis. In the 1960s, Mitchell, a jazz-loving R&B bandleader, crafted a minimalist, hypnotic, bottom-heavy groove for the recordings he made his studio. "You spend most of the time pullin' shit out," he said. "We're not producers, we're reducers."

Even so, there was an element missing—a top-flight singer. Mitchell found one in Mr. Green, who had cut his teeth in his family's gospel group. Mr. Green at first bucked Mitchell's orders to soften the shouting and R&B histrionics that Mr. Green was copying from Jackie Wilson records. His first hit, in 1970, a bluesy, bruising cover of the Temptations' "I Can't Get Next to

The sound was Mitchell's, but the attitude was Mr. Green's. He undercut the macho soul-man stereotype and instead offered his audience the inner torment of a sensitive man unafraid to express hurt and longing and, most of



THE REVEREND
Al Green, 1988.

GETTY IMAGES

You," revealed a raw talent beyond his years. He was already, Mr. McDonough notes, "starting to overdub himself to provide his own Al Green choir." Mr. McDonough quotes the critic Anthony Heilbut: "He would employ his voices—a limber falsetto, a breathless crooner, a growling preacher—in a three-way encounter."

The singing was still too harsh for Mitchell, whose mantra was "silky on top, rough on the bottom," the top being, Mitchell hoped, Mr. Green's supple voice hushed to almost a whisper over the rhythm section. Sweetened by spare strings and dreamy back-up vocals, Mitchell's formula cut through the cluttered bombast of '70s pop radio. "This is the tension you get," Mr. McDonough writes, "by putting a somewhat crazy gospel-based singer in a jazzier setting and telling him to rein it in—but still demanding he deliver all the emotion necessary."

The hits came fast, and Mr. Green was a writer or co-writer behind them all. His first million-seller, "Tired of Being Alone," came from his frustration with a girlfriend, "the busiest woman I'd ever seen," he said. "Let's Stay Together" came after a heated argument with Mitchell, who had demanded even more mellowing on the vocals. Mr. Green stormed out of the studio, took his Corvette for a tire-squealing ride in the country and returned to sing in the subdued manner Mitchell wanted.

The sound was Mitchell's, but the attitude was Mr. Green's. He undercut the macho soul-man stereotype and instead offered his audience the inner torment of a sensitive man unafraid to express hurt and longing and, most of

all, the need for companionship. Mr. McDonough says that the magic quality Mr. Green possessed was "vulnerability. We feel like Al Green understands. That he is talking directly to us. There is a realness we believe."

For his fellow musicians, though, Mr. Green was aloof and at odds with the easygoing camaraderie at the Hi Records studio. Guitarist Teenie Hodges, co-writer of "Love and Happiness" and other hits, says that their close friendship ended after a spat over money, when Hodges refused to play for no pay backing Mr. Green on a club date. "I guess you want as much money as I do, you're a star now?" Mr. Green asked him.

Stardom brought Mr. Green everything he could want (including, he once estimated, 10,000 girlfriends) except for love and happiness. In 1973, after a show at Disneyland, he had a conversion experience in his hotel room. His song "Jesus Is Waiting" expressed his spiritual awakening, but he remained trapped in the music-biz cycle of recording and touring. Things came to a head in October 1974 at the mansion he had built for himself outside Memphis.

His most recent paramour, a troubled fan-turned-girlfriend, suggested that they get married. He demurred, and she retaliated by scalding him with a pot of boiling grits before killing herself with Mr. Green's pistol. Mr. McDonough's account of this incident is the most thorough yet, making public for the first time her suicide notes and other details. Her death scarred Mr. Green emotionally as much as the third-degree burns that hospitalized him for a month.

Despite this tragedy, Mr. Green kept Jesus waiting. Finally, in 1977, he showed up "visibly emotional" at Mitchell's house at 1 a.m. and told his mentor that he was "goin' gospel." Mitchell replied that he didn't produce gospel music, ending their nine-year run. Mr. Green had already purchased a small church near Graceland, where he pastors to this day.

Undaunted, he hired new musicians and began producing his own records, starting with the *Belle Album*. It has a homemade, spontaneous feel, the opposite of Mitchell's meticulous approach. The *Belle Album* was Mr. Green's attempt to reconcile his warring secular and sacred impulses, to "channel both—religion and rock 'n' roll," as he put it. Many critics, including Mr. McDonough, consider it his career milestone. Despite the accolades, it was a commercial flop, and Mr. Green has never returned to the pop-star status he once enjoyed.

For more than a decade, he recorded gospel music. "I watched a guy who was the top superstar in R&B throw the whole thing away to go sing 'Pass Me Not, O Gentle Savior,'" says Reuben Fairfax Jr., bassist and songwriter and one of the guiding lights behind the *Belle Album*.

In the intervening decades, Mr. Green has made periodic forays back into secular music, enjoying a few modest hits. His personal life has not been peaceful. There have been short, troubled marriages and bitter divorces; assault arrests and altercations with former band members. His backing musicians tell of a stingy, mercurial dictator. Others report unheralded acts of kindness.

There are stretches of the book where Mr. McDonough allows too many disgruntled employees to complain, turning the narrative into a sort of "Reverend Dearest." And sometimes, slipping into overwrought musical analysis, he needs to stick with Mitchell's less-is-more dictum. But usually he's on target, as when he probes the meaning of a 1976 album track titled "That's the Way It Is," which he describes as "full of dread," a song that "makes God sound scary."

Mr. McDonough remains a devoted fan and is convinced that this "unruly genius" has another masterpiece in him. One glimmer came in 2008 when Mr. Green collaborated with drummer Questlove for the Grammy-winning "Lay It Down," featuring a new batch of Green originals that conjured the Hi magic without aping it. "I'm under the impression that all musical geniuses are crazy," Questlove said. "And Al is no exception. . . . He's from another planet."

Mr. Dean is co-author of Dr. Ralph Stanley's "Man of Constant Sorrow: My Life and Times."

Business in a Common Tongue

The Language Of Global Success

By Tsedal Neeley

Princeton, 188 pages, £21.02

BY MELANIE KIRKPATRICK

ON MARCH 1, 2010, Hiroshi Mikitani, the chief executive of Japanese e-commerce giant Rakuten, used a video link to address a meeting of the company's 10,000 employees worldwide. Speaking in English, he announced that Rakuten henceforth would be an English-only organization. In two years' time, he said, every interaction, spoken and written, would be conducted in English—even among the 7,100 workers whose first and often only language was Japanese.

"Our goal is to catch up with the global market," Mr. Mikitani said. He explained that a common language was the only way to share business knowledge quickly and effectively across Rakuten's international operations. "Englishnization"—a term he coined—was an essential aspect of the company's growth strategy, he said. The CEO further announced a draconian measure to enforce his new mandate: Employees who did not, within two years, score above 650 on the 990-point Test of English for International Communication would face demotion or dismissal.

After the passage of those two years, it was clear that Mr. Mikitani's radical move was working. Some 90% of Rakuten's Japanese workforce met the language requirement, and those who didn't were given a six-month

grace period to improve their scores. The company was globalizing at a fast pace, expanding its operations in the U.S. and entering other countries.

How did Rakuten do it—and was it worth it? Tsedal Neeley, a professor at Harvard Business School, provides a detailed account in "The Language of Global Success." Ms. Neeley spent five years interviewing Rakuten managers and workers around the globe—in Japan, the U.S., Europe, South America and Asia. Her book is an interesting read, despite frequent lapses into HBS case-study-ese.

The CEO of a Japan-based company declared that, henceforth, every interaction, spoken and written, would be conducted in English.

One of her most intriguing findings has to do with the effect of the English mandate on Rakuten's corporate culture. Mr. Mikitani believed in "changing perspectives by changing language," Ms. Neeley writes. By forcing employees to speak English, the CEO wanted to move his company "away from its traditional Japanese hierarchical system, one characterized by rules, deference to authority, and perceptions of status, toward a perspective that would enable openness and assertion." He saw English not just as a tool to advance Rakuten's global expansion by facilitating communication around the

globe but also as a way to create a more outspoken, egalitarian mind-set among Japanese employees.

A year or so into the English mandate, Mr. Mikitani also began to emphasize Japanese practices and cultural concepts that were essential to Rakuten's way of doing business. These ranged from something as mundane as the company's requirement that every employee wear a name-

English-speaking global company. At Rakuten, English became a "decoupling force between language and culture," she writes, allowing the Japanese company to "forcefully assert its cultural identity."

The English mandate was most difficult for Japanese-speaking employees, who had to work hard to reach the required level of fluency in just two years. They succeeded, Ms. Neeley says, for two reasons: Management stayed on message, explaining repeatedly why English was essential for the company's success; and Rakuten provided intensive language classes, which employees attended during their workday. Mr. Mikitani had learned English as a child in the U.S. when his father was a visiting scholar at Yale, and he believed that immersive learning was the best way to learn a language.

The Rakuten example, Ms. Neeley concludes, shows that Western culture doesn't have to dominate in an

tion at Rakuten as a kind of test bed for other Japanese companies. He saw English as a way to help insular Japanese firms become globally competitive, thereby assisting in the revival of the Japanese economy. The jury is out on that goal, as it is on another of his objectives—improving the English skills of the wider Japanese population.

For a long time, Japanese schools haven't taught English very well, as I discovered when I was living in Tokyo in the mid-1970s. I became a minor celebrity among the junior-high-school set due to my appearance on a national TV show that taught English. Wherever I traveled in the country, I'd run into kids who would run up to me and shout, "This is a pen!"—the first line in our textbook. Few youngsters were able to say much else in English. More recently, Ms. Neeley notes a 2009 study of English proficiency in 30 Asian nations in which Japan ranked second from the bottom.

Mr. Mikitani has advised Prime Minister Shinzo Abe on improving English-language education in Japan. Mr. Abe—whose own English is good—wants more of his countrymen to speak fluent English by the time of the 2020 Tokyo Olympics. If the prime minister takes his cue from the Rakuten example, there's a decent chance he'll succeed. As I learned to say during my time in Tokyo: "ganbatte," or "good luck."

Ms. Kirkpatrick is a senior fellow at the Hudson Institute and a former deputy editor of the Journal's editorial page. She is the author of "Thanksgiving: The Holiday at the Heart of the American Experience."



BLOOMBERG NEWS

CULTURE CLASH Hiroshi Mikitani, Rakuten's chairman and chief executive.

badges—a policy loathed by Rakuten's American employees in the U.S.—to the more elusive concept of *omotenashi*, which translates roughly as "hospitality." Now English-speaking Japanese workers were able to communicate the importance of wearing badges, practicing *omotenashi* and following other Japanese customs to non-Japanese colleagues, who were encouraged to accept them.

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From the outset, Mr. Mikitani had envisioned his plan for Englishniza-

OPINION

REVIEW & OUTLOOK

French Labor Liberation Day

French voters this spring gave themselves their best shot in a generation at reviving their moribund economy, and President Emmanuel Macron is now taking advantage of the opportunity. The final draft of the labor-market reforms he unveiled Thursday could remake Europe's second-largest economy.

Few areas of French labor law remain untouched. Most important, Mr. Macron will limit the severance payouts courts can mandate for fired workers. He will free small companies with nonunion workers from the straightjacket of national collective-bargaining agreements covering working hours, overtime pay, vacation benefits and the like. Companies will have more scope to negotiate labor deals at the firm level rather than being forced to abide by national agreements.

The severance overhaul will go a long way toward inducing businesses to hire more workers. Small- and medium-size French companies report pervasive fear of expanding their workforce lest they be stuck with problem employees or face ruinous expenses to lay off workers if economic conditions change.

These restrictions help explain why French unemployment is still 9.5% even at its five-year low. That's double the rate in Germany, and French unemployment has become a social crisis, especially for young people frozen out of the job market. The jobless rate for French between age 15 and 24 is 25%—that is, for those who haven't moved to London or the U.S.

Mr. Macron speaks often of France's need to transform itself into a "start-up nation," and what entrepreneurial companies need as much as capital is flexibility. His labor reforms would give them new freedom to innovate and are crucial to the larger cultural shift in France's

attitude to entrepreneurship and risk-taking that Mr. Macron wants to promote.

None of these reforms are new ideas. Previous governments recognized the need for them, and Mr. Macron was hired by his predecessor, François Hollande, in a failed bid to pull off similar overhauls. But the politics are different now, and this is Mr. Macron's main achievement. He won the May election and then he led his party to a majority in the National Assembly in June on these reforms.

This mandate helped Mr. Macron wrest grudging acquiescence from some of France's biggest labor unions after a months-long negotiation in which he appears not to have made major concessions. Several union leaders said Thursday they will not join street protests planned by more radical unions.

France isn't becoming a laissez-faire paradise. Even if Mr. Macron's labor overhaul takes effect, the French workplace will still be considerably more regulated than America's.

Mr. Macron also promises tax reforms, including rate cuts for businesses and individuals, and a pension overhaul. Both face considerable political headwinds. But those looming battles are all the more reason for Mr. Macron to go big and early on his labor promises.

The labor reform by itself would be transformative for France's economy. Mr. Macron's political rise has been a reminder that French torpor is a choice. His policy ambition is a sign that France may finally choose something else.

Turkey's Authoritarian Reach

Turkish President Recep Tayyip Erdogan has for years harassed local and foreign journalists in Turkey whose coverage he dislikes. Now he's casting his net wider, and enlisting an unlikely helper: Spain.

Spanish police last month arrested two Turkish journalists on the strength of Interpol red notices issued by Ankara. Hamza Yalcin, detained and then arrested at Barcelona's airport on Aug. 3, ran afoul of Mr. Erdogan for articles critical of the military that appeared in a left-wing publication. Ankara purports to want him on a charge of "terrorist propaganda." Mr. Yalcin fled Turkey in the 1980s and is a Swedish dual citizen. He is still in detention in Spain as the courts weigh Turkey's extradition request.

Dogan Akhanli was arrested in Granada on Aug. 19 under a separate red notice. The writer, who has lived in Germany since the 1990s and is a German dual citizen, faces a charge related to an old armed-robery case for which he already was acquitted in Turkey. His real offense appears to be his criticism of the Ottoman genocide of Armenians in 1915. He has been released but is required to stay in Madrid pending a court hearing on extradition.

These arrests mark a new phase in Mr. Erdogan's accelerating crackdown on dissent in Turkey. Neither Mr. Yalcin nor Mr. Akhanli are associated with the so-called Gülenist movement, the followers of exiled cleric Fethullah Gülen, whom Mr. Erdogan blames for inciting last year's attempted coup against him. Since the failed coup Mr. Erdogan has arrested thousands

of allegedly Gülenist journalists, politicians, members of the military and others. Now he's expanding his dragnet to people who have been thorns in his side for different reasons.

Mr. Erdogan also is stretching his pursuit of critics beyond his borders. Interpol red notices are a valuable law-enforcement tool allowing authorities to arrest and extradite many bona fide criminals. But although the international agency is supposed to vet each red notice to ensure the system isn't used to target political dissent, authoritarians such as Mr. Erdogan are discovering that improper red notices can still slip through.

Spain is a particularly useful helper for Mr. Erdogan, albeit an unwitting one, because its process for enforcing these red notices doesn't give its authorities the same discretion that other governments use to ignore suspect warrants. Even if Spain doesn't extradite either writer after a court proceeding, Mr. Erdogan still will have succeeded in harassing them by limiting their movement and burdening them with the expense of hiring lawyers.

Madrid should do whatever it can to resist Mr. Erdogan's judicial harassment of his critics. Mr. Erdogan presides over an increasingly authoritarian regime at Europe's doorstep in the Middle East as well as within the West's most important club, NATO. There may be little prospect of changing Ankara's direction any time soon, but the West can at least resist Mr. Erdogan's attempts to spread his repression beyond Turkey.

I met with President Donald Trump recently to discuss American development of Afghanistan's mineral deposits. Afghanistan owns one of the world's richest untapped deposits of rare-earth and critical metals. The Afghans cannot develop these vast deposits on their own, but if they get U.S. help to do the job right, they will have an opportunity to move from a war-torn nation to a self-sustaining economy.

These materials are essential to green technology. A misconception in the environmental movement is that green technology eliminates mining.

In fact it simply changes what you mine. You can't build an electric car without neodymium and lanthanum, or produce solar or wind energy without indium and gallium.

No doubt the entire supply chain, from rare-earth ore to a solar panel, has less environmental impact than mining and burning coal, but the bottom line is it's still mining. And building a multitrillion-dollar infrastructure of wind and solar farms and millions of electric vehicles is going to involve a lot of mining.

The Afghans are fortunate that plate tectonics pushed much of the good stuff their way, and they are now well-positioned to take advantage.

I proposed this idea to the White House along with a package of suggestions to fill a gaping hole in the plan to rebuild America's manufacturing base.

At its most basic, manufacturing has two key operating costs: labor and materials. While the U.S. does a lot of hand-wringing over labor costs, the Chinese are quietly on their way to controlling every important deposit of rare-earth and critical metals on the planet.

The only operating rare-earth mine outside China is in California—and three months ago, it was bought by a consortium that granted its Chinese

China's Himalayan Climb-Down

A three-month standoff between Chinese and Indian troops in a remote corner of the Himalayas ended this week with both sides agreeing to withdraw. Beijing is claiming victory, but this is face-saving bravado. New Delhi successfully repulsed a Chinese attempt to assert control over the disputed region.

In June China quietly began construction of a road across the Doklam Plateau, an area that Indian ally Bhutan also claims. The area overlooks the Siliguri Corridor, a stretch of territory 27 kilometers wide at its narrowest point that leads to the country's landlocked northeastern states. The Indian government was understandably alarmed because the new road would allow the People's Liberation Army (PLA) to move tanks and artillery within striking range of the corridor, also known as the "Chicken's Neck."

Lightly armed Indian troops entered the disputed area in mid-June, bringing the Chinese road construction to a halt. Some 300 soldiers from each side camped about 100 meters from each other.

Beijing demanded that Indian forces withdraw unconditionally and kept up a barrage of threats and maneuvers. The Indian government remained largely silent, appealing for a diplomatic solution.

The PLA regularly crosses the Himalayan frontier to expand its area of control and poses as the victim when challenged. These tactics are similar to those used by the Chinese Navy in the South and East China Seas, where it

seeks to intimidate other claimants to islands and waters.

Modi refused to be drawn into escalation by Beijing's rhetoric.

to teach India another lesson if it didn't withdraw from Doklam.

India is better equipped to resist Chinese pressure today because it is a nuclear power and has considerable conventional forces near Doklam. The strategic vulnerability of the Chicken's Neck also stiffened its resolve.

But the key difference was India's willingness to wait out China rather than moving more of its forces into disputed areas, as it did in 1962. Unable to blame India for a military clash, Beijing had little choice but to open talks.

On Monday India got the resolution it wanted, an agreement that both sides would withdraw and China would cease its road-building. The bulldozers left along with the PLA troops.

The government of Prime Minister Narendra Modi deserves most of the credit for the positive outcome. It chose to make its stand on high ground morally and militarily. As a responsible great power, New Delhi refused to be drawn into escalation by Beijing's bellicose rhetoric. India's deft handling of the dispute shows that principled resistance can face down China's creeping aggression.

Europe's Changing Season



POLITICAL ECONOMICS
By Joseph C. Sternberg

Europe is never not in a state of crisis about something, so the genuine turning points become harder to spot. Yet there are signs that a consequential season of change may be coming as autumn approaches.

To consider how the next few months could be different, you first need to understand why all Europe's other moments heralded as turning points weren't.

Sovereign debt crises in Ireland, Spain, Portugal and especially Greece forced those economies into reforms. But a global financial crisis is relatively short and *sui generis* event, and therefore provides a flimsy base on which to build a political consensus for long-term economic overhauls. All were characterized more by grudging tolerance for, rather than electoral embrace of, crisis-era reforms.

Brexit has proven to be more a curiosity for the rest of the European Union than a turning point. Britain was always aloof from the euro and Europe's open border and by turns suspicious and resentful of efforts at greater European integration. Managing its departure is a challenge for Brussels, but ultimately not an existential crisis because Britain was never central to the European Union's existence.

Instead of such newsy distractions, hope for Europe must come in the form of a new self-awareness on the part of voters, manifested in self-directed economic transformations. This autumn is set to provide two.

The big one is France, where President Emmanuel Macron on Thursday unveiled the final draft of his plan for labor-law reform. Mr. Macron will free small businesses and their employees from the tyranny of national, industrywide collective-bargaining agreements. He will make it easier for firms to fire workers, and cap severance payouts when they do.

He will rationalize the workers' councils that often hamstring their employers.

More important than the specifics—which are a big improvement for France but fall far short of libertarian nirvana—is the way Mr. Macron talks about his program. The goal is to transform France into a "country of unicorns," he says, meaning innovative tech start-ups. Business is no longer the enemy in Mr. Macron's France. "I will ensure that the state and government acts as a platform and not a constraint" to entrepreneurship, he told a tech conference in June.

That platform talk will make devoted students of Frédéric Bastiat twitch, but no matter. Mr. Macron's core principle of embracing entrepreneurship is revolutionary for France. All the more so because Mr. Macron

won an election speaking this way. In doing so, he defeated a far-right candidate, Marine Le Pen, whose statist economic instincts in many ways represented the natural endpoint for France's accustomed *dirigisme*.

As unpopular as any individual Macron reform may prove in the coming months, France appears to have arrived at a moment of new electoral self-awareness that is allowing the president to press ahead with his agenda. This has the potential to upset everything Europe thought it knew about itself—about its ability to reform, about its potential for economic growth and about its prospects for global leadership. This remains a possibility, not a certainty, but it is more hope than France or the EU have had in decades.

A consequential autumn could see a French revolution and the rustling of breezes of change in Germany.

This autumn will bring another, subtler moment of potential transformation. On Sept. 24 Germans go to the polls in Europe's most boring election of the year. Despite the certainty of the outcome, gentle breezes of change are starting to blow in Europe's most important economy.

The election gives Germans a chance to unshackle themselves from a grand coalition of the center-right and center-left that has eschewed serious economic-policy debate for four years. They also will launch the political end-game for their stiflingly unimaginative Chancellor Angela Merkel, whose tenure will have stretched to 16 years by 2021 and is unlikely to stretch further.

This sets the stage for a revealing vote. One optimistic sign: Germans appear ready to support the small, free-market Free Democratic Party as a coalition partner for Mrs. Merkel's center-right Christian Democrats. This could empower the more reform-minded elements of Mrs. Merkel's party as they start jostling to replace her.

Early signs of progress will be tax cuts—Mrs. Merkel already has been forced into proposing cuts to personal tax rates—and reform of a ruinously expensive "energy revolution" that's costing German businesses and taxpayers €100 billion (\$119.3 billion) and counting. Mr. Macron will help by subjecting German businesses to new competitive pressures from within the eurozone as he awakens the long-dormant French economy.

Contrary to what the Anglo-Saxons often think, Europe has never been unreformable in some structural way. This autumn, the eurozone's two largest economies are giving themselves opportunities big and small to redeem themselves. Now we wait to see if they will.

Help Afghans Exploit Their Mineral Riches

By Michael Silver

I met with President Donald Trump recently to discuss American development of Afghanistan's mineral deposits. Afghanistan owns one of the world's richest untapped deposits of rare-earth and critical metals. The Afghans cannot develop these vast deposits on their own, but if they get U.S. help to do the job right, they will have an opportunity to move from a war-torn nation to a self-sustaining economy.

These materials are essential to green technology. A misconception in the environmental movement is that green technology eliminates mining.

In fact it simply changes what you mine. You can't build an electric car without neodymium and lanthanum, or produce solar or wind energy without indium and gallium.

No doubt the entire supply chain, from rare-earth ore to a solar panel, has less environmental impact than mining and burning coal, but the bottom line is it's still mining. And building a multitrillion-dollar infrastructure of wind and solar farms and millions of electric vehicles is going to involve a lot of mining.

The Afghans are fortunate that plate tectonics pushed much of the good stuff their way, and they are now well-positioned to take advantage.

I proposed this idea to the White House along with a package of suggestions to fill a gaping hole in the plan to rebuild America's manufacturing base.

At its most basic, manufacturing has two key operating costs: labor and materials. While the U.S. does a lot of hand-wringing over labor costs, the Chinese are quietly on their way to controlling every important deposit of rare-earth and critical metals on the planet.

The only operating rare-earth mine outside China is in California—and three months ago, it was bought by a consortium that granted its Chinese

shareholder the exclusive license to sell the ore.

The Chinese aren't evil, merely smart. The U.S. has taken its eyes off the ball, and Afghanistan provides an opportunity to regain the right focus.

One obstacle is a media narrative of rapacious Americans stealing the riches of a defenseless nation, while destroying its environment. A recent article opined: "This isn't to say

China controls the supply of rare-earth and critical metals.

that Afghanistan cannot profit from its resource wealth—it can and should—but that the United States is not the right country to lead that charge."

Have Americans forgotten our long history of leading the charge, starting with the Marshall Plan? If America is serious about bringing manufacturing back, it needs to get in the minerals game—and to do so in a way that benefits the Afghans and other sovereign owners of these deposits.

It's what the Chinese are doing all over the world—building roads, rail lines and power plants in exchange for ground leases.

The U.S. can do it too. It has in the past. I was personally involved in assisting the Chinese government when it began exporting rare-earth metals in the 1990s under Deng Xiaoping's policy of global engagement.

Postwar Afghanistan is the perfect test case for Americans to prove that we are as generous to other nations and as thoughtful in advancing our own interests as the earlier Americans who wrote and implemented the Marshall Plan.

Mr. Silver is chairman and CEO of American Elements.

OPINION

Identity Politics Are Tearing America Apart

By James A. Baker III
And Andrew Young

The two of us have seen this before: a critical point in U.S. history when political, social and economic upheavals have left too many Americans battling one another rather than working together to build a better country. We lived through the Great Depression, when men armed with bats and clubs went to the streets in violent attempts to resolve labor differences. We also experienced the civil unrest of the 1960s, when inner cities burned with the heat of racial division and authorities killed innocent students peacefully protesting a war.

Political leaders should focus on the common good. Floodwaters and rotting bridges don't discriminate.

Somehow, the drumbeat of dissonance seems harsher today. America's national ideal of "e pluribus unum"—out of many, one—threatens to become a hollow slogan. Jaded Americans are constantly confronted by a deluge of animus from their televisions and smartphones. The U.S. finds itself increasingly divided along lines of race, ethnicity, gender, religion and sexual identity. Count-

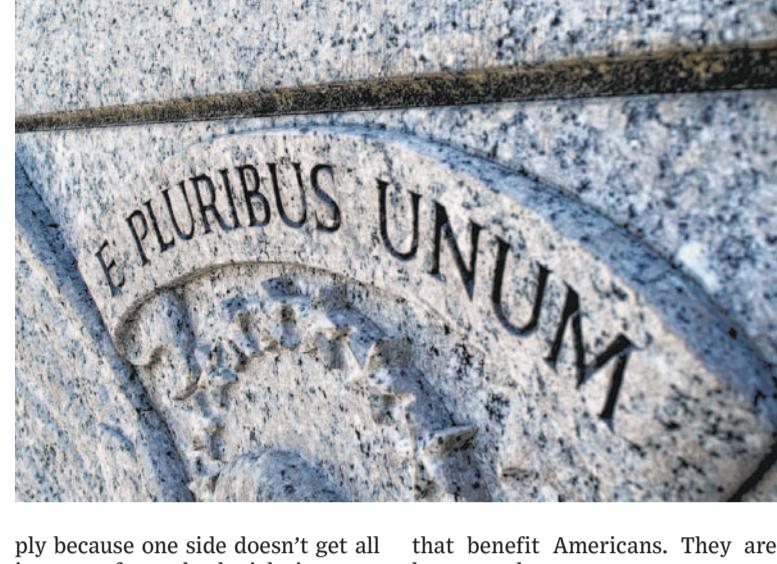
less demagogues stand ready to exploit those differences. When a sports reporter of Asian heritage is removed from his assignment because his name is close to that of a Confederate army general, political correctness has gone too far. Identity politics practiced by both major political parties is eroding a core principle that Americans are, first and foremost, Americans.

The divisions in society are real. So are national legacies of injustice. All can and must be addressed. Those who preach hatred should be called out for their odious beliefs. But even as extremism is condemned, Americans of good will need to keep up lines of civil, constructive conversation.

America faces a stark choice. Its citizens can continue screaming at each other, sometimes over largely symbolic issues. Or they can again do what the citizens of this country have done best in the past—work together on the real problems that confront everyone.

Both of us have been at the center of heated disputes in this country and around the world. And there's one thing we've learned over the decades: You achieve peace by talking, not yelling. The best way to resolve an argument is to find common ground.

We encourage Congress and the White House to take this approach in the fall. First, they should raise the debt ceiling and fund the government. There is no benefit to shutting down the government sim-



ply because one side doesn't get all it wants from the legislative process. A government shutdown would only fortify most people's dissatisfaction with a federal government they (often correctly) believe doesn't work for them. And it would only breed more debilitating cynicism.

We hope that leaders in Washington will also focus on infrastructure projects that can help the U.S. keep pace with its global competitors, particularly China. Floodwaters don't distinguish between Republicans and Democrats. Nor do rotting bridges discriminate between whites and blacks. This is an important and easy area to emphasize common interests. Political leaders should prioritize and provide tangible policies

that benefit Americans. They are long overdue.

We also encourage Washington to focus with laserlike intensity on the federal tax code, which handcuffs American businesses. This country needs to find politically palatable ways to streamline that code and bring corporate taxes in line with those of other countries.

As a way to protect the debate from becoming a battle over whose ox gets gored, Congress should make any tax reform revenue-neutral. Legislation should also encourage investors to bring their money back into the U.S., where it can be put into civic projects that improve America.

Congress and the president must do more than just act on these

pressing issues. They also need to set an example to all Americans. We understand that politics is a contact sport, but leaders in Washington need to restrain their rhetoric and practice the lost art of compromise. They should stop pandering to the worst in us and appeal instead to what President Lincoln called "the better angels of our nature."

Alexis de Tocqueville, the 19th-century French diplomat who identified strengths in the American experiment, admired the resiliency of the system the Founding Fathers devised. He wrote in the first volume of "Democracy in America" that "the greatness of America lies not in being more enlightened than any other nation, but rather in her ability to repair her faults."

America has many faults that must be repaired—from a failed health-care system to a military that needs upgrading. Americans must, as Dr. Martin Luther King Jr. said during a 1965 commencement address for Oberlin College, learn to live together as brothers and sisters. Or, we will perish together as fools. We are convinced that the vast majority of Americans would like leaders in Washington to remember King's advice when they return to work after Labor Day.

Mr. Baker served as U.S. secretary of the Treasury (1985-88) and state (1989-92). Mr. Young served as U.S. ambassador to the United Nations (1977-79) and mayor of Atlanta (1982-90).

When 911 Is Overwhelmed, Americans Keep Each Other Afloat

By Mark Yost

Houston

Do you have a gun?" That question isn't one I hear often as a 911 paramedic in suburban Houston. But then again, it's not often that America's fourth-largest city gets 50 inches of rain over a few days.

It was Monday, the third day of heavy rain from Hurricane Harvey. I was responding to a call for a woman who'd fainted in her apartment, in a complex notorious for its crime. The woman lived on the second floor, but the floodwaters by that time had risen to the landing outside her door.

We'd driven the ambulance as close as the water would allow: a Shell gas station about a quarter-mile away. It had been turned into a makeshift refugee center for those living nearby and capable of wading through chest-deep water with what little they could carry.

We were waiting for the fire department to bring one of its boats to ferry us into the apartment complex, but we weren't sure how long it would take. First responders were

doing the best they could, but the volume of calls for help was overwhelming, even after the storm moved on to Louisiana.

During a typical day, my suburb's 911 communications center has maybe 14 calls outstanding at any one time. On this day there were more than 700. To help out, the National Guard had deployed its rescue boats, but they were kept busy shuttling into neighborhoods and evacuating as many stranded families as they could.

So we hitched a ride with a civilian, one of the army of volunteers who showed up to help. He drove us into knee-deep water in his Super Duty pickup to a rendezvous with a 12-foot flat-bottomed boat that was bringing a family of six to dry ground.

The boat belonged to a guy in his 40s and his dad. I asked if they would take us into the apartment complex. That's when the dad inquired whether I was carrying a gun.

"Do I need one?" I asked.

"You might," he said. "Last time we went in there, we had to fight off some guys who tried to take our boat."

I told him we were trying to reach a 911 call.

"Get in," he said.

We navigated our way into the complex through a hole in a wooden fence that had been opened by floodwaters. We had an apartment

I told the man in the boat we were trying to reach a patient. 'Get in,' he said.

number but weren't sure where the building was. As we navigated past the roofs of submerged cars, people yelled to us from balconies on the upper floors.

"We'll be back," the son said.

Thanks to this pair, we were able to find our patient. She had low blood pressure and was feeling lightheaded, but she was stable enough to walk down the stairs and into the boat.

We motored out to the low water, where another guy in a Texas-size pickup agreed to take us back to our ambulance at the Shell station. We

gave the patient some fluid and warm blankets and then took her to the closest hospital. There were maybe 100 people in the waiting room, either pending treatment or simply looking for a place to get out of the rain that never seemed to stop.

Multiply that call by about 3,000—each day—and you get an idea of what Houston's first responders have been trying to manage. It would be impossible to reach many of these patients without the help of the private flotilla, with boats ranging from inflatable kayaks to large pontoons.

My takeaway from all this, as someone who has worked through a handful of disasters big and small, is that most people are inherently decent. Yes, there are some jerks, like the Houstonians who are still texting and driving, oblivious to the ambulance alongside them, lights and sirens blaring. There are the gawkers who clog side streets to photograph neighborhoods underwater, or pull over on major highways to take selfies with half-submerged restaurants in the background.

But their abhorrent behavior is overshadowed by the countless acts of kindness taking place in every corner of this city.

Not one of these volunteers, many of whom I suspect are the typical Trump voters routinely ridiculed by the media and politicians, has asked about the race or religion of the patients we've been trying to reach. Like the father-son duo, they simply say, "Get in. Tell me where you need to go."

Strangers have dropped off food at our police, fire and ambulance stations, and those restaurants that are dry and open are feeding us free.

By Tuesday night I looked west and saw the first blue sky in a week. But the work is far from done. First responders, who do this for a living, will still be out in the community, doing our best.

So, too, will be the numerous Harvey volunteers who are putting their own boats at risk on their own nickel. If nothing else in this polarized age, that should reaffirm your belief in the goodness of Americans.

Mr. Yost is a paramedic, former firefighter and regular contributor to the Journal's Arts in Review section.

Xanda the Lion Is Dead, but Trophy Hunting Helps His Kin

By Kit Ramgopal
And Matt Cooke

Cecil the lion became an internet icon two years ago when he was killed by Walter Palmer, a Minnesota dentist on a trophy hunt. Now Cecil's son Xanda has met the same fate. In July a hunter shot and killed the 6-year-old lion near Hwange National Park in Zimbabwe. The identity of the shooter hasn't been released, and it's easy to see why.

In 2015 Dr. Palmer was set upon by a social-media mob. Activists claimed that he killed the lion illegally. Although Dr. Palmer never went to trial, trophy hunting certainly did. He needed armed guards to protect him from angry protesters outside his home. "Rot in Hell," read one of their signs. "There's a Deep Cavity Waiting for You," read another.

The general public—particularly millennials—detests trophy hunting. We see the antihunting sentiment at Stanford University. One of us, Matt, is from South Africa. At 10, he had

his first hunt—a male impala—and hated it so much he vowed never to do it again. Kit, a native New Yorker, was against hunting before she went to South Africa to investigate for herself. Today we both realize that trophy hunting is vital to African conservation.

Imagining Cecil and Xanda suffering, or their heads hung above some tough guy's fireplace, is cringe-making. Perhaps one day, tourists taking pictures of wildlife will be enough to sustain Africa's wilderness, no hunting required.

But until that day, the alternative to regulated trophy hunting is worse. It's counterintuitive, but banning the practice would mean the systematic slaughter of wildlife, trampling of unique ecosystems and possible extinction of rare species. Sacrificing a quota of lions to hunters keeps many others alive.

Quotas are set below population growth rates. Since 1968, when regulated hunting of white rhinos was introduced in South Africa, the population has risen to 18,000 from 1,800. Namibia's wildlife numbers

have grown sixfold since the '60s, when private landowners first were given rights to use the animals for economic benefit.

Across Africa, at least 538,000 square miles—twice the size of Texas—is used for hunting, according to a 2006 study. That includes 13% of South Africa's land, on which live about 1.7 million animals.

Tourism cannot simply replace this activity, since it's geographically concentrated and requires paved roads, accommodations, catering, multilingual staff, Wi-Fi. The anti-hunting lobby needs to explain how they'd keep these wild animals from losing their homes—and how they'd replace thousands of jobs—if hunting were banned.

Take Xanda and Cecil's homeland of Zimbabwe. The Savé Valley Conservancy there is home to around 1,500 elephants, 160 rhinos and 280 lions. Without hunting revenue, Savé Valley would regress to what it was in 1990: a collection of overgrazed, dusty cattle farms, no elephants in sight.

"For the people in our village, the wildlife is dinner or it is danger," says Isi, a high-school math teacher in South Africa. Isi's sons play on junkyard hills of Coca-Cola cans, in a neighborhood of three-

walled brick houses and fields of yellowing crops.

It's hard to convince poor Africans of the need to conserve animals when they themselves don't have food, shelter or financial stability. They want to do exactly what America's settlers

Without hunting revenue, wild spaces would turn into farmland and animals would be shot like pests.

did: Convert habitat to farmland and kill wild animals either for meat or like backyard pests. Who can blame them? After all, elephants trample crops and lions eat cattle.

On the other hand, when an aggressive black rhino can sell for \$350,000, which is what one hunting permit fetched in a 2014 auction, the rest of the herd begins to look like a precious resource.

Africa's inconvenient truth is that wild spaces rarely occur without the presence of an economic incentive. Besides, the antihunting backlash in rich countries leaves a sour taste in the mouths of many Africans, after centuries of Westerners telling them

how to run their affairs. The conservation scientist Rosie Cooney calls it "green neocolonialism."

This isn't to say environmentalists have nothing to do. For starters, the public could help eradicate bad practices like "canned" hunting, in which captive-bred lions are killed in small enclosures. Wildlife advocates could help create a scientific and legal consensus on reasonable quotas and the definition of a "huntable" lion. These issues are unaddressed, in part because the topic is taboo.

The Spanish government is expected soon to unveil a robust certification system distinguishing good hunting reserves from bad ones. That's a great first step. The next one should be getting nature-lovers to put their money where their tweets are by donating to wildlife preserves or taking an ecotourism trip to Africa.

But think twice before advocating a ban on trophy hunting. Once a wild reserve becomes a mall or a cattle farm—once the elephants are dead and their tracks paved over—the animals are never coming back.

Ms. Ramgopal is an undergraduate at Stanford. Mr. Cooke is an Africa-focused investor.

Notable & Quotable: Facebook Gets Creepy

Kashmir Hill writing at Gizmodo.com, Aug. 25:

night-stand, or someone they just ran into on the street.

These friend suggestions go far beyond mundane linking of schoolmates or colleagues. Over the years, I'd been told many weird stories about them, such as when a psychiatrist told me that her patients were being recommended to one another, indirectly outing their medical issues.

What makes the results so unsettling is the range of data sources—

location information, activity on other apps, facial recognition on photographs—that Facebook has at

its disposal to cross-check its users against one another, in the hopes of keeping them more deeply attached to the site. People generally are aware that Facebook is keeping tabs on who they are and how they use the network, but the depth and persistence of that monitoring is hard to grasp....

Rebecca Porter, we discovered, is my great aunt, by marriage. She is married to my biological grandfather's brother; she met him 35 years ago, the year after I was born. Facebook knew my family tree better than I did.

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Close Reunions of the Best Kind

Comparing Steven Spielberg's 'Close Encounters of the Third Kind' with modern blockbusters on the film's 40th anniversary

THERE'S NOTHING IN the history of the movies quite like the delicate moment that sets the tone in "Close Encounters of the Third Kind." It's when little Cary Guffey, as a 3-year-old named Barry, wakes up in the middle of the night to discover that his toys have come noisily to life, the kitchen floor is strewn with food, and a bright light beckons from beyond the front porch of his house in rural Indiana. Round-faced and wide-eyed, Barry contemplates his surroundings calmly. Then a smile slowly forms on his lips. Somehow he knows there's nothing to fear, that everything will be all right.

Everything was better than all right for Steven Spielberg's third feature, which opened to great—though not universal—acclaim in 1977 and is returning to 900 theaters for a one-week engagement on the occasion of its 40th anniversary. After the precocious exuberance of Mr. Spielberg's "The Sugarland Express" and the world-shaking success of "Jaws," his "Close Encounters" brought something new to popular culture—a sci-fi saga, on the grandest of scales, suffused with radiant optimism. Aliens pay us a visit but they mean us no harm, and we earthlings, so often portrayed in the genre as craven fools or worse, prove worthy of our visitors' benevolence. I've watched the film at home many times over the years; it's one of my favorites. Last week I saw it for the first time in a long time on a big screen, at a preview for a group of exhibitors, and I left the theater in a state of delight, as I knew I would. I also found myself wondering what contemporary audiences would make of it.

The most obvious question concerns the leisurely pace, though many changes of pace and comic interludes shake up the narrative structure. This is a movie that takes its time pulling together the pieces of an elaborate story: the government's far-flung investigation of mysterious apparitions and extraterrestrial signals; Barry's disappearance, after walking through a meadow toward the light; the increasingly bizarre behavior of Richard Dreyfuss's Roy, a utility-company lineman who sculpts whatever he can get his hands on—shaving cream, mashed potatoes, garden dirt—into the form of a flat-topped monolith that turns out to be the Devils Tower in Wyoming. Will a generation of multitasking media consumers sit still for the antithesis of the hurtling images and frenetic editing



Devils Tower, the site of extraterrestrial contact in 'Close Encounters of the Third Kind'

they're accustomed to? It may not be a good sign that during the screening I attended, a man stood up as the climax approached and meandered out of the theater, eyes fixed on the beckoning light of his smartphone.

Then there's the more fundamental issue of tone, and not just the famous five-tone sequence that opens up a productive conversa-

tion between terrestrial Us and celestial Them. Mr. Spielberg's film is hopeful, sweet-spirited, open-hearted and conspicuously short on monsters locked in mortal combat. It's filled with brightness from start to finish. An overture of swooping, darting neon heralds the arrival of a mother ship that looks like a cross between a cathedral and a

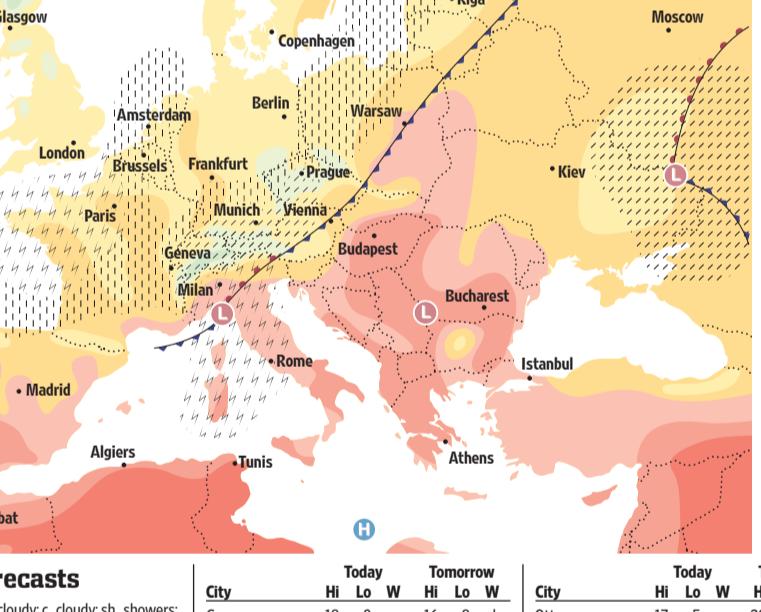
cosmic chandelier. A symphony of light contrasts with the darkness of so many of today's entertainments, as best exemplified by the Zack Snyder school of filmmaking ("Batman v Superman," et al.), or by Christopher Nolan's "Dark Knight" trilogy.

This is not to forget that mainstream entertainment must reflect its era, or to slip into glib nostalgia for a supposedly simpler time—1977 was hardly a sweet spot in human history, notwithstanding "Close Encounters" and the advent of a space opera called "Star Wars." As our world lurches ever deeper into disruption and distress, grim visions and extravagant violence feed popular appetites. (Though it must also be said that the movies can still serve up health food for the spirit, as exemplified by the best of Pixar's features, or—James Cameron's recent and churlish objections notwithstanding—by the buoyant pleasures of "Wonder Woman.")

It's anyone's guess whether "Close Encounters of the Third Kind" can find a new theatrical audience, even for a week, but I'm glad that Sony is rolling it out and giving it the star treatment it deserves. We can always use a shot of hope, a jolt of sweetness, and a chance to see a masterpiece of a certain age on a screen it deserves. When friends tell me they've seen a certain film on an airplane, my standard reply is "No, you haven't." It's true that movies can look impressive at home, given the right video gear, but living rooms don't do grandeur, or allow for awe.

A telling moment in Mr. Spielberg's fable comes toward the climax when a cloud formation above the Devils Tower landing site begins to boil and churn in the starry night sky. "What's going on?" asks Bob Balaban's David, who's been interpreting for Lacombe, the scientist played by the peerless French filmmaker François Truffaut. "Je ne sais pas, mais c'est beau," Lacombe replies in a hushed voice. "I don't know, but it's beautiful." In fact, the whole thing is beautiful, every last frame of it, and all the more so in a theater—the expansive landscapes, whether lush or severe; the surreal apparition of torpedo bombers from World War II on a Mexican desert; the wild-eyed lineman's obsessive sculptures; the electrifying moment when he sees the Devils Tower on a TV screen; and, above and beyond everything else, the majestic arrival of a space ship bringing news that the cosmos is friendly territory. If that's not worth the price of admission, what is?

Weather



Global Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	19	11	sh	18	10	sh
Anchorage	13	8	sh	14	10	c
Athens	31	23	s	26	24	s
Atlanta	28	17	t	27	16	pc
Bahrain	48	30	s	46	29	s
Baltimore	18	13	sh	20	16	r
Bangkok	34	27	t	34	26	r
Beijing	29	18	c	28	18	t
Berlin	18	10	pc	19	10	sh
Bogota	20	7	pc	21	8	pc
Boise	34	17	s	36	19	s
Boston	21	11	s	20	15	pc
Brussels	19	10	pc	19	9	sh
Buenos Aires	21	16	c	23	14	sh
Cairo	34	23	s	35	23	s
Calgary	26	10	pc	29	12	s
Caracas	31	25	pc	31	25	pc
Charlotte	30	18	t	28	17	c
Chicago	21	11	s	25	15	s
Dallas	33	22	pc	32	21	pc
Denver	29	15	pc	32	16	s
Detroit	19	11	c	22	14	pc
Dubai	39	31	pc	40	31	s
Dublin	16	9	pc	18	13	pc
Edinburgh	16	6	pc	18	9	pc
Frankfurt	21	11	pc	19	9	sh

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Geneva	18	9	r	16	8	sh
Hanoi	33	27	t	34	26	t
Havana	32	22	pc	32	23	pc
Hong Kong	33	28	t	33	26	t
Honolulu	30	23	pc	29	23	pc
Houston	33	22	pc	32	22	pc
Istanbul	28	19	s	30	20	s
Jakarta	32	23	pc	33	25	pc
Johannesburg	22	4	s	21	7	s
Kansas City	26	15	s	28	17	s
Las Vegas	40	28	pc	40	28	s
Lima	20	15	pc	21	15	pc
London	19	11	p	20	11	pc
Los Angeles	38	24	s	37	24	pc
Madrid	28	12	pc	27	13	pc
Manila	31	26	t	31	27	s
Melbourne	16	10	pc	15	12	sh
Mexico City	21	15	pc	21	14	t
Miami	32	26	t	32	26	sh
Milan	26	15	t	25	14	t
Minneapolis	22	16	pc	26	16	t
Monterrey	33	20	p	32	20	pc
Montreal	17	6	pc	20	12	pc
Moscow	21	10	s	22	13	pc
Mumbai	30	25	sh	30	26	sh
Nashville	21	13	r	24	13	c
New Delhi	31	26	t	32	25	t
New Orleans	31	23	t	31	23	t
New York City	20	14	pc	20	17	r
Omaha	27	18	s	31	18	s
Orlando	33	24	t	30	23	t
Zurich						

The WSJ Daily Crossword | Edited by Mike Shenk



NATIONAL TREASURES | By Matt Gaffney

- The answer to this week's contest crossword is a country.
- Across**
- 1 Rides the breeze
 - 6 Hawk at an arena
 - 11 Group of lawyers, in brief
 - 14 Casanova's love
 - 15 Brief appearance
 - 16 Spray for pans
 - 17 Michigan university, or its town
 - 19 Englishman with seven Grammys
 - 20 Eloise's pet
- Down**
- 21 FDR, JFK or LBJ
 - 22 Means
 - 24 Not a single person
 - 26 Writing Fleming
 - 27 Meeting tactic
 - 34 Extend
 - 37 Some tear up when it's cut
 - 38 30-team org.
 - 39 With 57-Down, star reporter of fiction
 - 40 Seth of "Neighbors"
 - 41 Spanish word for the pawn in chess
 - 42 Put the kibosh on
 - 43 Word inserter
 - 44 Not near a coast
 - 45 Traditional Eastern European food
 - 46 Home to the humerus
 - 47 Adage
 - 48 With 57-Down, star reporter of fiction
 - 49 Madonna in 1989
 - 50 Commotion
 - 51 In good shape
 - 52 #1 hit for
 - 53 *
54 *
 - 55 Be the father of
 - 56 It's got you covered
 - 57 See 39-Across
 - 58 Commotion
 - 59 In good shape
 - 60 #1 hit for Madonna in 1989

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Sept. 3. A solver selected at random will win a WSJ mug. Last week's winner: Chris Rabbu, Atlanta, GA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

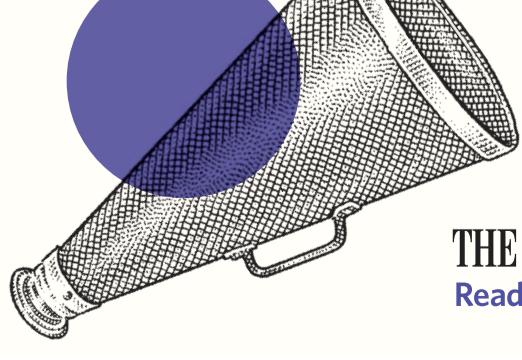
PUZZLE CONTEST

63 Hartsfield-Jackson's airport code	30 Mislead
64 Easily identifiable constellation	31 Three before Thu.
65 Nobody _____ (all mine)	32 Fumiaki Miyamoto's specialty
66 Reuben slices	33 Grandma
67 Uptight	34 Brother of Evelyn Waugh
68 *	35 Lady of Spain
69 Down	36 Crossed swords
1 Narrow-waisted flyers	40 Cleaning cloth
2 Energize	41 Case for a VA doc
3 Pass up	43 The Kennedy Era in Washington
4 Hex, halved	44 Draws
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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Euro vs. Dollar 1.1886 ▲ 0.02%

FTSE 100 7430.62 ▲ 0.89%

Gold 1316.20 ▲ 0.62%

WTI crude 47.23 ▲ 2.76%

German Bund yield 0.362%

10-Year Treasury yield 2.122%

U.S. Is Poised to Block Citgo Deal

Step would bar Rosneft from gaining control of U.S. assets owned by Venezuelan oil firm

By IAN TALLEY

WASHINGTON—The Trump administration is ready to block a Russian state-owned oil giant from gaining control of critical U.S. energy assets owned by Moscow's ally in Venezuela, senior American officials say, a move that could feed tensions between the old Cold War foes.

Petróleos de Venezuela SA offered PAO Rosneft nearly

half of its **Citgo Petroleum Corp.** unit's shares as collateral for \$1.5 billion in loans the Russian firm made in 2016 to help prop up cash-starved PdVSA and its owner, the Venezuelan government.

Some U.S. lawmakers, worried the sanctioned Russian oil company could gain a controlling interest in a company that represents roughly 5% of U.S. crude-oil refining capacity, urged the Trump administration to use powers granted under national security laws to prevent the deal from happening.

Rosneft, seeing the potential for its Citgo deal going sour in the U.S., has tried to

line up new collateral for its loans, say two people familiar with the matter. Besides arranging interests in major oil-producing operations in Venezuela, President Nicolás Maduro's government has also promised future crude deliveries as collateral and interest payments, the two people said.

Representatives from the Russian Embassy in Washington, Citgo, Rosneft and PdVSA didn't immediately respond to requests for comment.

Russia, a major oil and natural gas producer, has long used its heft in global energy markets to leverage its foreign policy goals. The Kremlin's

continued support of Mr. Maduro's government, which the U.S. declared a dictatorship and targeted with escalating sanctions, gives Russian President Vladimir Putin another channel to assert itself abroad and challenge U.S. power in Latin America.

Washington's plan to stymie Rosneft's claim is a sign the two powers are becoming further entrenched in their geopolitical struggle for influence around the globe.

Russia's continued financing of Caracas is helping to keep the Maduro government on life support as the country's economic and political crisis deep-

ens. Venezuela's debts build and its access to U.S. capital markets is constricted.

Amid mounting tensions between Moscow and Washington over a host of issues, the U.S. lawmakers were worried the Kremlin would gain ownership of critical American energy infrastructure if PdVSA defaulted and Rosneft claimed the Citgo collateral.

The latest round of U.S. sanctions against Venezuela targeting the country's debt have raised default risks. PdVSA has about \$60 billion in outstanding debt. Citgo's chief assets are three major U.S. re-

Please see ASSETS page B2



Carrefour's shares fell sharply on disappointing results.

Europe's Grocers Under Pressure

By NICK KOSTOV AND SAABIRA CHAUDHURI

PARIS—Amazon.com Inc.'s Whole Foods deal is adding urgency to European grocers' push to shift from bricks to clicks.

Carrefour SA, Europe's largest publicly listed grocer by sales, reported disappointing first-half results and warned it would fall short of sales forecasts, sending its shares down 13% on Thursday. The French company's struggles reflect a broader scramble to cope with fast-changing consumer tastes and shopping habits. Amazon's purchase of Whole Foods Market Inc. punctuated the still-little-understood threat posed by online grocery delivery services.

"People are shying away from a sector that was never really loved and credited with sustainable returns, and is going through such dramatic change that it becomes too unpredictable and too risky," said Bernstein analyst Bruno Monteyne.

Amazon's threat in the Old World isn't necessarily imminent. Whole Foods has nine stores in Europe, all of them in the U.K. Those shops lowered prices this week, just like their counterparts in the U.S. Whole Food products are also now available on Amazon's various grocery-delivery sites, mostly servicing London. The small scale, plus the U.K.'s already cutthroat price competition, probably means the game won't change much in the near term.

Still, Amazon's beachhead in Europe is underscoring the need for action by the continent's big grocers. **Tesco PLC**, the U.K.'s largest grocer, last year launched a same-day click-and-collect grocery service at more than 250 stores across the country, while rival **J Sainsbury PLC** in August began a trial that allows customers to pick up groceries in a store within 30 minutes of ordering them online. All of Britain's big grocers offer home delivery on groceries bought in store.

Carrefour last year completed the acquisition of home-goods marketplace Rue du Commerce, and it now has more than 500 sites where online shoppers can pick up groceries bought in store.

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NIELS BUSCH FOR THE WALL STREET JOURNAL

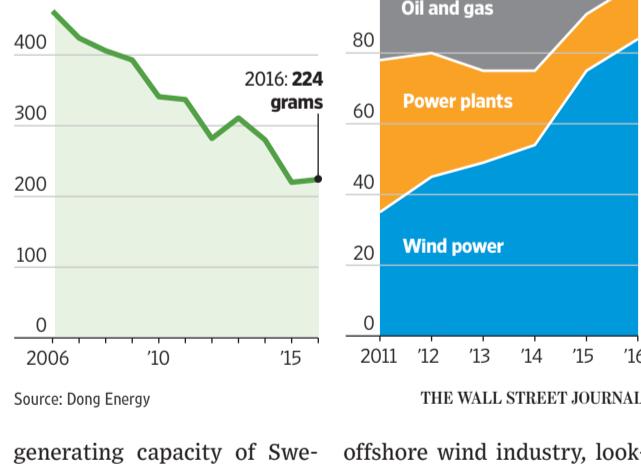
Dong's Avedøre power plant in Denmark now burns wood pellets, a renewable-energy source. Dong plans to go completely coal-free.

Renewables Freshen Dong Energy

By SARAH KENT

Going Green

Dong Energy has moved to sharply reduce its power plants' emissions and become a significant competitor in wind power.



generating capacity of Sweden's **Vattenfall AB**, the company's nearest rival. Now

Dong has set its sights on helping to establish the U.S.

offshore wind industry, looking at three new projects off the East Coast.

On the outskirts of Denmark's capital, the company's

largest power plant is now burning wood pellets—a renewable energy source despite some concerns over their environmental credentials. By 2023 the company intends to go completely coal-free, though some of its power plants will continue to burn natural gas.

Dong's transformation comes as global oil-and-gas companies wrestle with the prospect of oil demand plateauing amid a push to tackle climate change. Companies such as **Royal Dutch Shell PLC**, Norway's **Statoil ASA** and France's **Total SA** are also building their renewable businesses and betting billions on an energy future where oil plays a diminished role.

"The world needs to change the way it produces energy," Dong Chief Executive Henrik Poulsen said.

Shell and other bigger oil companies say they have no plans to abandon their core oil

Please see DONG page B2

Wells Fargo Raises Tally of Fake Accounts

By EMILY GLAZER

Wells Fargo & Co. said 3.5 million "potentially unauthorized" customer accounts were opened as part of its sales-practices scandal, a 67% increase over previous estimates that rekindled questions about the bank's management and tactics.

The revelation Thursday, made at the conclusion of a review of the sales-practices issues, comes against a backdrop of fresh problems within Wells Fargo's consumer-lending operations and significant underperformance in the stock market versus big-bank peers.

Wells Fargo's problems erupted last September when it admitted that employees opened accounts without customers' knowledge to meet

lofty sales goals. The revelation led to congressional hearings, the abrupt retirement of its then-CEO and a decision by the bank's board to claw back tens of millions of dollars in compensation from some top executives.

While increasing the number of "potentially unauthorized" accounts from the 2.1 million figure that it gave

when the scandal broke, Wells Fargo also said Thursday that it is providing \$3.7 million in additional customer refunds.

"We apologize to everyone who was harmed by unacceptable sales practices that occurred in our retail bank," Wells Fargo Chief Executive Timothy Sloan said in a statement. "Today's announcement is a reminder of the disappointment we caused to customers and stakeholders," he added on a media call.

The latest disclosure is likely to keep the bank in the regulatory spotlight and boost the possibility of future congressional hearings, analyst Jaret Seiberg of Cowen Group Inc. wrote in a client note.

Although Wells Fargo agreed to a \$185 million set-

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The disclosure is likely to keep Wells in the regulatory spotlight.

RICK WILKING/REUTERS

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BANK

Continued from the prior page
lement with regulators last September, the sales-practices issues have sparked a number of federal and state investigations, including from the Justice Department.

Mr. Sloan, who took over from John Stumpf late last year, said on the media call that there aren't any updates on those investigations. The bank has said it is cooperating with the inquiries; Mr. Sloan declined to comment on conversations with regulators in light of its latest update. He also said the new account figures aren't likely to upend an agreement to pay \$142 million to customers to settle a class-action suit.

Soon after the bank's announcement, Sen. Elizabeth Warren, a frequent Wells Fargo critic, wrote on Twitter that the latest information is "unbelievable" and that the bank's "massive fraud is even worse than we thought."

She reiterated her earlier call for the Federal Reserve to remove all Wells Fargo board members who served during the problem periods and the need for further congressional hearings.

The bank's board has said the practices leading to the unauthorized accounts went as far back as 2002.

Democrats on the Senate Banking Committee had already called for such hearings to examine issues that have recently emerged at the bank in regard to insurance products. So far, Republicans, who control both houses of Congress and committee leadership posts, haven't said if they would agree to the request.

Mr. Sloan said Thursday that the bank is continuing to reach out to all stakeholders and "respond to questions and concerns that they have."

The bank called the completion of the review "an important milestone," a view echoed by some. The fact that Wells Fargo is putting the scandal behind it "is a positive in our

view," wrote Keefe, Bruyette & Woods analyst Brian Kleinhanzl, adding that "we now expect the trickle of new information to slow considerably."

Still, many investors remain wary. Wells Fargo's stock fell Thursday, lagging behind peers.

That continued a woeful period since the scandal unfolded. Over the past year, the bank's shares are barely changed. Meanwhile, its three big-bank rivals—J.P. Morgan Chase & Co., Bank of America Corp. and Citigroup Inc.—have notched an average gain for the period of around 40%. The KBW Nasdaq Bank Index is up about 28%.

The sales scandal has also affected the bank's underlying consumer business.

The growth rate for new checking and credit-card accounts, for example, has fallen since last year's scandal to a year-over-year rate of about 1% to 2% in 2017's second quarter, Bernstein banking analyst John McDonald said in a recent report. That is compared with growth of 5% to 6% in 2016.

Wells Fargo said the increase in its estimate of potentially unauthorized accounts was partially due to it refining the analysis and methodologies used by an outside firm examining the problems. As a result, the number of potentially unauthorized accounts in the original 2011 to 2015 period grew to 2.55 million from 2.1 million.

After last fall's congressional hearings, the bank also said it would extend the time period under review to January 2009. That added 981,000 accounts that were potentially unauthorized.

The analysis also found around 528,000 potentially unauthorized online bill-pay enrollments, and the bank said it would refund an additional \$90,000 to customers who incurred fees or charges.

Wells Fargo added that out of the 3.5 million total potentially bogus accounts, around 190,000 incurred fees and charges, up from 130,000 previously identified.

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EUROPE

STREET

Continued from the prior page
zon.com, Netflix and Google, now Alphabet—either: Only Facebook was in the most-globalized group.

A closer look at the companies in each group shows just how powerful the dollar effect has been. Tobacco company Philip Morris International is completely foreign-focused—with no U.S. sales—and recorded a 133% gain this year through Wednesday. The S&P 500's most-foreign quintile's strong returns come despite big share-price drops at multinational energy groups such as Exxon Mobil.

The most-domestic quintile includes more than 100 companies with no foreign sales. Its performance has been dire, even though domestically oriented utilities have had a good year thanks to their standing as alternatives to bonds. Twenty of 28 big utilities beat the S&P 500.

This leaves U.S. investors pondering two big questions: Will the dollar remain so important to company performance, and if it does, is the greenback going further down or will it recover?

ASSETS

Continued from the prior page
fineries, two on the Gulf Coast in Texas and Louisiana and one outside of Chicago—with the capacity to refine 750,000 barrels of crude a day. It also has 48 petroleum storage terminals from Texas to Maine and has ownership in nine pipelines.

But senior U.S. officials say Rosneft, a company blacklisted by the U.S. Treasury for Russia's role in destabilizing Ukraine, wouldn't be allowed to take over Citgo.

"Should Rosneft assume a majority stake, that could trigger a number of legal implications for Citgo in terms of their status," one senior administration official said. "Moreover, that would constitute a change in foreign ownership of Citgo, and we would look at that accordingly."

A second senior U.S. official said Treasury "will ensure that the national security of the U.S. is protected and if it gets to that, I'm sure a very thorough review will be conducted by that panel," referring to the Committee on Foreign Investment in the U.S. The CFIVUS panel has broad powers to stop foreign investments based on potential threats to the country's security.

Treasury Secretary Steven Mnuchin, whose department plays a pivotal role on the multilateral panel, has already promised lawmakers that CFIVUS would investigate the deal.

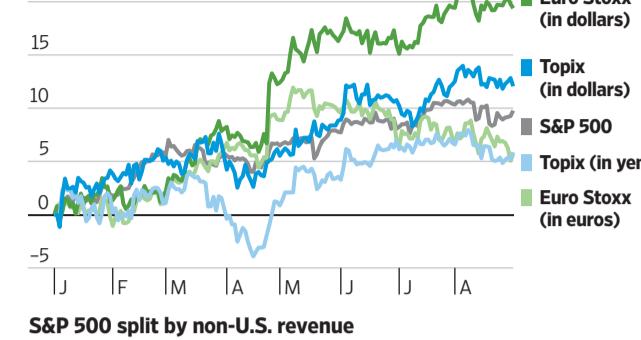
Should Russia be "foolish enough to go down that path," a third senior administration official said, Treasury also has powers under its existing sanctions regime against Rus-

BUSINESS & FINANCE

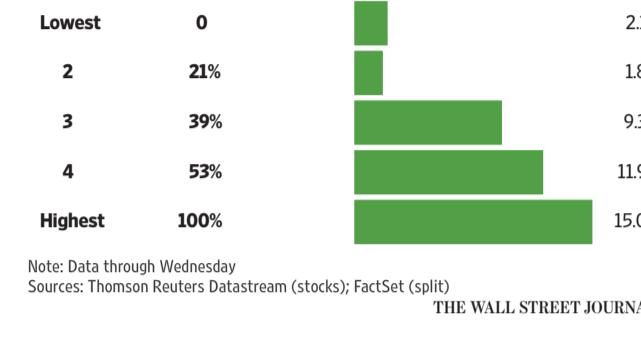
A Fistful of Dollars

U.S. stocks are gaining more than European and Japanese ones this year. But the picture changes if you factor in the weak dollar.

Index performance



S&P 500 split by non-U.S. revenue



Note: Data through Wednesday
Sources: Thomson Reuters Datastream (stocks); FactSet (split)

THE WALL STREET JOURNAL.

History suggests the dollar is unlikely to be so important to the overall level of the index in future. In the past,

changes in the dollar have had only a weak relationship to moves in the S&P 500 because there are normally so

many other things going on with the economy, sentiment and policy. The low levels of economic and market volatility recently are extremely unusual, while Washington has remained gridlocked despite the Republican sweep in last year's election.

Still, history suggests the dollar will continue to matter hugely to individual company performance. Domestic stocks tend to outperform when the dollar strengthens, making foreign profits worth less in dollar terms, and underperform when the dollar weakens.

Calling the direction of a currency is always a gamble. Yet, there is some evidence to go on for the dollar. This year's drop has already been very large for such a short period, with only 10 larger drops on a trade-weighted basis since 1973. The move was exacerbated by the amount of optimism that was built into the greenback after the election, too; speculators have shifted from being crowded into bets on a stronger dollar to being crowded into bets on the euro rising. Any trade can always become more crowded, but we can at least say that the path of least resistance for the dollar is no longer down.

tion of their assets under the nation's deceased President Hugo Chávez. Legal analysts say Rosneft would normally have legal recourse through U.S. courts as a creditor, but its designation as a sanctioned entity would be a major complication for the firm.

Russia's involvement with Venezuela comes with financial risks of funding a country on the verge of sovereign default. Moscow also faces the potential for more U.S. punitive actions: Russia's latest deals could put the Kremlin and its energy firms further afoul of U.S. sanctions.

"If they decided to sink in the billions of billions of dollars it would take in Venezuela, that would be a financial decision for them to take and for them to live with the consequences," the second senior U.S. official said.

GROCER

Continued from the prior page
ceries. The retailer's previous

chief executive, Georges Plasat, pledged earlier this year to more than triple the value of merchandise Carrefour sells online by 2020.

France's Groupe Casino SA, which owns online marketplace Cdiscount.com, is making a rising number of fresh products available for one-hour delivery through some of its banners.

Carrefour's online grocery operations, however, are "woefully small," according to Bernstein's Mr. Monteyne. He figures the company has lost 1.5 percentage points in market share due to online competition.

The small online presence could prove enticing for Amazon, which already claims France as its third-largest European retail market. Amazon in March rolled out its Pantry service in the country, allowing members of its one-hour Prime delivery service to buy groceries, beverages, household and baby products.

Carrefour Chief Executive Alexandre Bompard didn't address Amazon by name in comments to investors after the company reported its results late Wednesday. But he said his priority since coming

aboard in July has been to accelerate online expansion and reshape stores to accommodate "rapidly changing customer behavior."

"The frontiers between online and offline are indeed blurring in all of our countries and in all our businesses," he said.

Including Thursday's rout, Carrefour shares have shed more than 25%, or about \$4 billion, in market value, since Amazon disclosed the Whole Foods deal in mid-June. Several other big European grocery chains also have been hit.

Groupe Casino is down 9% in that same period, after falling 2.8% Thursday. Shares of Aholt Delhaize NV, the Dutch-Belgian giant that owns U.S. chains Food Lion and Hannaford, were off 1.2% Thursday and are down 18% since the Amazon-Whole Foods deal.

France-based Carrefour pioneered the hypermarket in the 1960s—sprawling warehouse-like outlets that sell everything including baguettes and bicycles. Like elsewhere, that model has fallen out of favor as shoppers migrate to smaller stores tucked closer to where they live, particularly in Europe's densely packed urban centers. Online grocery shopping also has taken off more quickly in many European cities.

had been built.

Goldman saw an opportunity when the company was seeking money to help it through a rocky financial patch. In 2014, the bank paid eight billion kroner (\$1.28 billion) for an 18% stake in the company, which remains 50%-owned by the Danish government.

It is the biggest investment Goldman has made to date in renewable energy, and one of its largest investments in a single company outside the U.S. "We did a lot of analysis and concluded offshore wind would be one of the prevailing technologies in the long term," said Michael Bruun, a Goldman partner who helped run the deal.

BUSINESS NEWS

Cadillac Brand Surges—in China

The GM luxury brand, viewed as American status symbol, triples sales in five years

BY MIKE COLIAS

SHANGHAI—Of all the world's booming premium-car companies, the biggest surge is happening for a brand many Americans long passed by.

Cadillac sales are growing at the fastest clip since the Reagan administration. The buyers are half a world away, in a place where it's supposed to be hard for U.S. companies to sell.

Shanghai entrepreneur Zhenyu He sees Cadillacs as a symbol of American grandeur. A calendar of vintage Caddys pinned to the wall of his boyhood bedroom inspired his recent purchase, a \$120,000 metallic-black Cadillac CT6 with night-vision mode and an air ionizer.

"It sets me apart and represents American heritage," said Mr. Zhenyu, 40 years old, most of whose friends drive BMWs.

Cadillac's global sales this year through July were up 23%, beating its premium-car peers. In China, the world's biggest auto market and site of one of every four sales, Cadillac through July sold 69% more vehicles than a year earlier. It was the first time Cadillac sold more vehicles abroad than at home.

By tripling its China sales in five years, Cadillac has vaulted past Lexus, Land Rover and Volvo to become the country's No. 4 luxury player, according to research firm LMC Automotive.

Cadillac remains behind the leading premium brands, in China as elsewhere. Chinese luxury-car buyers flock to a trio from Germany, so prominent the car-conscious call them simply "B-B-A": BMW, Benz and Audi.

One issue for parent General Motors Co. has been that executives, frustrated by Cadillac's U.S. slippage and failure to gain traction in Europe, haven't invested in their luxury brand with the same gusto as rivals such as Daimler AG and BMW AG. The success in China is starting to change the equation.

Under Cadillac President Jo-



Cadillacs shown in Guangzhou, China, in 2016. The average age of buyers is younger than in the U.S.

China. "There is no Chinese person whose grandfather owned a Cadillac," said Uwe Ellinghaus, marketing chief of the brand.

In the U.S., the average age of Cadillac buyers hovers around 60. In China, it is the mid-30s.

Cadillac began in 1902, when a company that had been run by Henry Ford took a new name in honor of Antoine de la Mothe Cadillac, a French explorer who founded Detroit two centuries before. GM acquired Cadillac in 1909. Its decades of prestige started eroding in the 1980s as engineers began such money-saving techniques as building Cadillacs on the same underpinnings as Oldsmobiles.

By the late 1990s, GM sought to boost the growth of its mainstream marques through a joint venture with China's largest auto maker, state-owned SAIC Motor Corp. Today, GM jointly operates 17 assembly plants in China and, with Buick as its main brand, vies with Volkswagen AG for the sales lead.

"Sales growth remains a challenge," Ms. Morrison said as Campbell's reported its 11th straight quarter of falling sales. Campbell's shares were off 7% Thursday afternoon.

As consumers have turned away from Campbell's familiar red-and-white-labeled soup and other products amid a shift toward fresher ones, the company has moved to buy brands such as Pacific Foods organic soup and Bolthouse Farms refrigerated juice.

But mainstays such as Pepperidge Farm Goldfish crackers, V8 juice and SpaghettiOs still make up about 85% of Campbell's \$1.67 billion in quarterly sales.

Ms. Morrison said the industry will remain "hypercompetitive" for the foreseeable future, affected by alternatives to grocery stores such as online shopping, with Amazon.com Inc.'s acquisition of Whole Foods, and meal-kit services, such as Blue Apron Holdings Inc.

"There's no denying that the retailer landscape is changing dramatically," she said on a call with analysts.

Warren Buffett, an investor and board member of Campbell's rival Kraft Heinz Co., said Wednesday that as retailers such as Wal-Mart Stores get stronger, brands have less power to negotiate.

Campbell's adjusted earnings per share were 52 cents. The company cut costs, with adjusted marketing and promotional expenses down 12%.

Georgia Power Wants to Continue Project

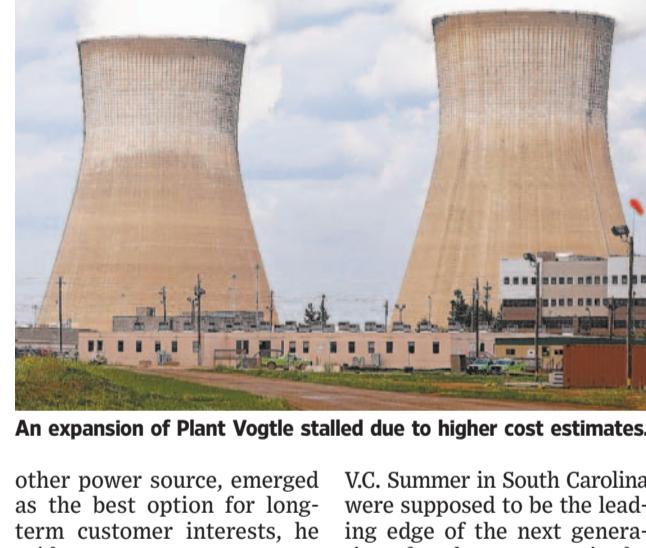
BY PEG BRICKLEY

Georgia Power Co. told state regulators Thursday that it wants to continue the Vogtle nuclear-power-plant expansion in spite of sharply higher estimates of the cost to complete the project.

The recommendation from the Southern Co. subsidiary to the Georgia Public Service Commission means that at least part of the new wave of nuclear construction in the U.S. might be salvaged. Recently, owners of a plant in South Carolina abruptly halted construction of two new nuclear reactors because of cost overruns.

Georgia Power Chief Executive Paul Bowers said the company took the long view in analyzing whether to move ahead or walk away from the Vogtle expansion. Once complete, the two new nuclear units will be in service for 60 to 80 years, he said.

"There are naysayers in the marketplace but they are looking at it in the short-term perspective," Mr. Bowers said. Completing both Vogtle reactors, rather than scuttling the project or converting it to an



An expansion of Plant Vogtle stalled due to higher cost estimates.

other power source, emerged as the best option for long-term customer interests, he said.

Even with the added costs, Georgia Power believes the Vogtle expansion will have a lower impact on rates than was originally forecast back when the project was initially approved, he said.

Plant Vogtle in Georgia and

V.C. Summer in South Carolina were supposed to be the leading edge of the next generation of nuclear reactors in the aging U.S. nuclear-power fleet. They are years behind schedule and billions of dollars over budget, and main contractor Westinghouse Electric Co. has filed for bankruptcy. Late last month, owners abandoned work on the half-built South

Carolina project because of swelling costs. Georgia Power projects it will complete one of the new units at the Vogtle plant by November 2021 and the other a year later.

The new time frame adds about 29 months to the earlier approved schedule, said Stephen Kuczynski, CEO of Southern Nuclear Operating Co., which has taken over management of the project.

Mr. Kuczynski said the recommendation to complete construction on the expansion saves about 6,000 jobs. When owners of the South Carolina nuclear expansion project pulled the plug, Southern Nuclear was able to pick up new talent for the Georgia project, he said.

Thursday's filing initiates a review process by Georgia regulators, who must approve additional spending on the Vogtle nuclear expansion. A decision is expected by February 2018. While there are no guarantees, Mr. Bowers said Georgia regulators have expressed a "bias to go forward if it is in the best interests of customers."

Both the Georgia and South Carolina nuclear projects were

taken over by owners after contractor Westinghouse, developer of the AP1000 nuclear technology being used in the reactors, filed for bankruptcy protection and exited from the construction business.

Georgia Power has a 45.7% share of the Vogtle plant project, and had continued expansion activities under an arrangement with Westinghouse. It is counting on guarantees from Westinghouse parent Toshiba Corp. to cover part of the added cost to complete the expansion.

Toshiba's guarantee of Westinghouse's obligations to the Georgia power-plant owners is significantly larger than the guarantee extended to the owners of the South Carolina plant, Mr. Bowers said. Additionally, Georgia Power has a larger customer base to absorb the rate impact.

Regulators previously approved \$5.7 billion in capital costs for Georgia Power's share of the project.

Georgia Power is counting on \$1.7 billion from Toshiba, but estimates it will have to come up with an additional \$1.4 billion in capital costs to finish the work.

BUSINESS WATCH

WALT DISNEY
Significant Cuts Planned for TV Unit

Walt Disney Co. is preparing significant budget cuts at its Disney/ABC Television Group that will include staff reductions and restructurings, people familiar with the matter said.

The bulk of the cuts are expected to take place at the ABC broadcast network, its television production studio, ABC News and local television stations. Cable networks Disney Channel and Freeform will likely see their workforces reduced as well, the people said.

Overall, the cuts are expected to represent 10% of the unit's annual costs and will be identified by the end of September,

which concludes Disney's current fiscal year.

The Disney/ABC TV Group employs close to 10,000 people and is looking to reduce employees through a combination of layoffs and attrition, two people with knowledge of the situation said. The total number of positions being eliminated could be as many as 300, these people said.

—Joe Flint

PERNOD
Net Profit Rises 13% At Liquor Producer

French liquor group Pernod Ricard SA said profit in fiscal 2017 rose 13%, reflecting strong sales in the U.S., an improvement in China and tight cost

control.

The owner of Absolut vodka and Jameson whiskey said net profit in the 12 months ended June 30 rose to €1.39 billion (\$1.65 billion). Pernod's profit from recurring operations, the profitability measure analysts and the company often use, was €2.39 billion, below analyst expectations of €2.42 billion.

Fourth-quarter revenue for the world's No. 2 drinks conglomerate after Diageo PLC rose 5%, driven by the U.S., a return to growth in China, Eastern Europe and global travel retail.

Organic revenue growth, which strips out currency effects and acquisitions, was at 3% in the quarter.

Sales in its Americas rose 6% in the quarter, while sales at its Asia-Rest of World regions in-

creased 5%. In its home region of Europe, sales rose 2%.

—Nick Kostov

ESTÉE LAUDER

Beauty Firm Faces Paternity Leave Suit

The Equal Employment Opportunity Commission has sued Estée Lauder Cos., accusing the beauty company of violating federal law when it awarded male employees fewer weeks of parental leave than female workers receive.

The EEOC said Wednesday that the discrimination suit began when a male stock worker in Maryland was denied the six weeks of paid parental leave for child-bonding that new mothers receive, getting two weeks in-

stead. Estée Lauder's child-bonding leave is in addition to the paid leave new mothers receive for childbirth recovery.

The EEOC claims the policy violated the Equal Pay Act and Title VII of the Civil Rights Act, and its suit seeks back pay, damages and injunctive relief for the stock worker and other male employees affected by the discrepancy in leave benefits.

The suit, which was filed in the U.S. District Court for the Eastern District of Pennsylvania, also claims that new mothers at the company have flexible return-to-work benefits that aren't available to new fathers.

A spokeswoman for New York-based Estée Lauder said the company doesn't comment on pending litigation.

—Michelle Ma

Campbell Remains Mired in A Slump

BY ANNIE GASPARRO

Campbell Soup Co.'s push into fresher food isn't making up for its struggling soup business.

Campbell expects soup sales to continue falling in its recently begun fiscal year and overall sales to decline as much as 2%. Chief Executive Denise Morrison said a dispute with a retailer over promotional pricing and shelf placement for Campbell's soup this winter will weigh on sales.

"Sales growth remains a challenge," Ms. Morrison said as Campbell's reported its 11th straight quarter of falling sales. Campbell's shares were off 7% Thursday afternoon.

As consumers have turned away from Campbell's familiar red-and-white-labeled soup and other products amid a shift toward fresher ones, the company has moved to buy brands such as Pacific Foods organic soup and Bolthouse Farms refrigerated juice.

But mainstays such as Pepperidge Farm Goldfish crackers, V8 juice and SpaghettiOs still make up about 85% of Campbell's \$1.67 billion in quarterly sales.

Ms. Morrison said the industry will remain "hypercompetitive" for the foreseeable future, affected by alternatives to grocery stores such as online shopping, with Amazon.com Inc.'s acquisition of Whole Foods, and meal-kit services, such as Blue Apron Holdings Inc.

"There's no denying that the retailer landscape is changing dramatically," she said on a call with analysts.

Warren Buffett, an investor and board member of Campbell's rival Kraft Heinz Co., said Wednesday that as retailers such as Wal-Mart Stores get stronger, brands have less power to negotiate.

Campbell's adjusted earnings per share were 52 cents. The company cut costs, with adjusted marketing and promotional expenses down 12%.

Judge Bars State's Bid To Sue VW

BY SARA RANDAZZO

Wyoming can't sue Volkswagen AG for environmental damage allegedly caused by the company's polluting diesel vehicles, a federal judge in San Francisco ruled Thursday, finding the penalties resulting from actions brought by consumers and federal authorities are enough.

The decision, the latest in VW's diesel-emissions crisis, could put to rest a sizable risk the German auto maker faced if states could separately pursue claims under the Clean Air Act and other environmental regulations in the U.S.

Decision finds earlier civil and criminal penalties in emissions scandal are enough.

It has been nearly two years since Volkswagen admitted to rigging about 600,000 diesel-engine vehicles in the U.S. with illegal software that allowed them to cheat on government emissions tests while polluting far beyond legal limits on the road.

In his ruling, U.S. District Judge Charles Breyer cited the \$4.3 billion in civil and criminal penalties Volkswagen agreed to pay under a criminal plea agreement and U.S. Environmental Protection Agency consent decree, as well as separate agreements to invest \$2 billion in electric-vehicle technology, contribute \$2.9 billion to an emissions mitigation trust, and recall or repair affected vehicles.

Wyoming is in line for around \$8 million from the trust, according to the ruling.

TECHNOLOGY

WSJ.com/Tech



Apple is expected to provide details on a new iPhone.

Apple Confirms Sept. 12 Launch

BY TRIPP MICKLE

Apple Inc. on Thursday confirmed plans to hold its annual product-launch event on Sept. 12 at its new headquarters, making it the inaugural public showcase at the \$5 billion campus.

The announcement, confirming an article in The Wall Street Journal on Monday, formally sets the stage for the unveiling of a new, showcase iPhone loaded with features such as facial-recognition technology and wireless charging.

High expectations for that device have helped fuel a surge in Apple's stock price this year, capped by a nearly 10% run in August.

Apple said the event will be held at the Steve Jobs Theater in the new headquarters campus, which is still being completed.

The company is expected to unveil three iPhones, including the pricier new model to mark the product's 10th anniversary and updates to the two iPhone 7 models that made their debuts last year.

Apple is projected to ship 25 million units of the pricier iPhone in the quarter that ends this month, according to Susquehanna International Group, even though sales of the phone aren't expected to start until Sept. 22.

Apple also is expected to unveil a new Apple Watch with an LTE cellular chip that can access wireless services such as emails, texts and calls without being tethered to an iPhone. And the company is likely to show off a new version of its streaming-media device compatible with 4K televisions that offer more than eight million pixels a frame—significantly sharper than traditional high-definition video.



Mark Okerstrom's predecessor left to lead Uber Technologies.

forward."

Shyam Patil, an analyst with **Susquehanna International Group** who follows Expedia, said the appointment of Mr. Okerstrom should provide a smooth transition. "From talking to investors this week, it seemed like he was the logical choice, and the one they were hoping would become CEO," Mr. Patil said.

In August 2014, Mr. Okerstrom's duties at Expedia were expanded to include oversight of the company's e-commerce platform group.

Before joining Expedia, he was with strategy consultancy Bain & Co. and was also an attorney specializing in mergers and acquisitions, according to the company's announcement.

His experience and Harvard Business School background are a plus, said Peter Crist, chairman of Crist|Kolder Associates, an executive recruiting firm.

"He's outstanding," he said. "You have to be whip-smart to be able to deal with Barry Diller financially."

PERSONAL TECHNOLOGY | By Wilson Rothman

Keeping an Eye on Young Browsers



Parents, it's OK—essential, even—to spy on your children's internet use.

Children are getting smartphones, tablets and iPods at earlier ages, but that doesn't mean they're laying low in "Daniel Tiger's Neighborhood." Just peek at your child's browsing history; sometimes elementary schoolers google like teenagers.

Even if children don't get lost in the internet forest, they can develop bad habits that are hard to spot day-to-day. This is the Big Parental Concern: Are we ruining our children with screens? What's the middle ground between no tech and an internet and app free-for-all?

The built-in restrictions on iPhones and Android devices give parents the ability to lock down many functions and set content filters for media and web browsing. Still, they don't tell parents anything.

So a whole industry has developed around monitoring devices, both at home and away. These services, which often borrow tools used by businesses for managing company-issued phones, have a lot to offer: GPS tracking, time limits, daily usage reports, bedtime blackouts and content filtering.

But add monitoring and you add to the ethical dilemma: Does keeping up with technology mean condemning our children to a parental police state? Before planting any virtual bugs, I sought absolution—or at least permission—from a leading parenting researcher.

"Monitoring is critically important for pre-adolescents and adolescents," Alan Kazdin, professor of psychology and child psychiatry at Yale University and director of the Yale Parenting Center, told me. "Risky behavior starts at that time."

With dangers ranging from violent videogames to pornography, you'd be tempted to keep children away from machines entirely, but "homework is all online, so you can't say no to web browsers," he says.

Dr. Kazdin recommends ways to monitor children without feeling like a spy. But first, let's talk about the tools.

In the past year, we've seen an explosion of monitoring services that work



A whole industry has developed around parental monitoring of the use of mobile devices, both at home and beyond.

anywhere, separating them from the networking products that have powered at-home parental internet controls.

The services often use common elements: child-safe browsers, which funnel web traffic through servers to filter out any naughty material; virtual private networks, which can filter all of a device's traffic; and mobile device management, which gives control of certain functions to a remote IT manager—that is, the service. Parents get a web or app dashboard to control the settings.

Android phones and tablets take to deep monitoring better than **Apple** Inc.'s iOS devices, because **Alphabet** Inc.'s **Google** allows developers plenty of under-the-hood access, says Josh Gabel, co-founder and product lead for Qustodio LLC (for \$55 and up a year).

For both iOS and Android, Qustodio can provide web-browsing filters, internet-access time limits, app time limits and location tracking, but only Android devices get call and text monitoring, and a panic button that lets children send location information to trusted contacts.

Likewise, **Symantec** Corp.'s Norton Family service (\$50 a year) provides

location, web and search supervision to all platforms, and replaces the iPhone's mobile Safari browser with its own child-proofed one. But only on Android can it offer time limits and monitoring of apps, social networks and text messages.

If you want this level of access, Android really is the way to go. Google even offers its own free Android parental control system. Just note: While Amazon tablets run a version of Android, they aren't typically compatible with these tools.

Circle Go provides parents with a breakdown of the amount of time children spend on different apps, and lets parents pause internet access, set bedtimes and adjust content filters. Its developers decided to keep Android and iOS features equal, and are rolling out a system for children to earn screen time by completing chores or hitting fitness goals.

Previously only offered as a \$5-a-month add-on to **Circle Media** Inc.'s parental-control networking hardware, Circle Go will be relaunched as a stand-alone service before the end of 2017.

The closed nature of iOS can cause problems. Norton Family and Qustodio let parents make all of the icons

disappear from their children's screens as an ultimate "shut off" move. But when the apps come back, iOS arranges them in alphabetical order, not as they were. Mr. Gabel says Qustodio will soon fix this; Symantec says it's looking for potential workarounds.

And then there's the matter of the management pro-

While no service I looked at offers a perfect solution, they do offer limited free trials or plans. There are other tools out there that may tackle your specific concerns, so ask friends and family for recommendations, too. Just steer clear of services promising deeper iOS surveillance in exchange for your Apple iCloud login. Aside from the obvious security concern, they might not actually work as advertised.

Dr. Kazdin doesn't advocate any particular child-monitoring software, but he encourages keeping tabs on children...openly. "You say, 'Here's the situation: I need to know what you're doing, and you need your freedom. Help me come up with something we agree on,'" Dr. Kazdin says.

But he also warned there may not be an easy solution if bad behavior comes to light. "That's when you turn righteous, turn into a police officer," which won't help things, he says. "Punishment doesn't change behavior."

That too, must be a negotiation: "If we find out you were doing this, what do you think would be a fair consequence?" Then Dr. Kazdin said the most consoling/frustrating thing: "The challenges for us as parents are like never before."

Expedia Taps CFO As Chief Executive

BY CHRIS KIRKHAM

AND EZEQUIEL MINAYA

Online travel giant **Expedia** Inc. elevated Mark Okerstrom, its operations and finance chief, to replace former Chief Executive Dara Khosrowshahi, who this week accepted the top job at **Uber Technologies** Inc.

Mr. Okerstrom, a 10-year veteran at Expedia who has served as chief financial officer and executive vice president of operations since 2011, was widely seen as a likely successor to Mr. Khosrowshahi.

In announcing the succession plan Wednesday, Expedia said Mr. Khosrowshahi will remain on the board of directors.

Expedia Chairman Barry Diller said, in an email to employees, that "there was no other candidate considered other than Mark [Okerstrom]."

"We are a company of great breadth and depth in all of our key positions, so the succession here was natural and orderly," he wrote.

In an interview Tuesday with The Wall Street Journal at Expedia headquarters in Bellevue, Wash., Mr. Khosrowshahi called Mr. Okerstrom a "superstar" and was "very confident of the capabilities of this team to take the company



Think-tank head Anne-Marie Slaughter defended the dismissal.

Firing Follows Google Critique

BY BRODY MULLINS
AND JOHN D. MCKINNON

WASHINGTON—A Washington think tank backed by Google Inc. and parent **Alphabet** Inc.'s executive chairman, Eric Schmidt, has fired a prominent scholar who praised the \$2.7 billion fine recently issued by European regulators against Google for antitrust violations.

Anne-Marie Slaughter, the chief executive of the New America Foundation, said in a statement Wednesday that she fired the scholar, Barry Lynn, because his "repeated refusal to adhere to New America's standards of openness and institutional collegiality meant that we could no longer work together." She said the firing was unrelated to his June criticism of Google.

Mr. Lynn said he was given two months to leave the foundation in late June, a few days after his Open Markets initiative issued a statement applauding the European Commission for taking action against Google. "Google's market power is one of the most critical challenges for competition policymakers in the world today," Mr. Lynn wrote in a statement June 27.

In an interview with The Wall Street Journal on Wednesday, Mr. Lynn said that a few days after he published the June statement, Ms. Slaughter called him and said: "I just got off the phone with Eric Schmidt and he is pulling all of my money."

The New America Foundation didn't immediately re-

she said. Ms. Slaughter said her organization is an "intellectually diverse organization" that has "always encouraged many different viewpoints and our funders are aware of and support this philosophy."

The New America Foundation, which focuses on a range of policy issues including digital issues, has received about \$20 million from Google, Mr. Schmidt and his wife, Wendy, a family foundation and other entities since 2002, according to New America. In addition to Google-related donors, New America received significant funding in 2016-2017 from foundations including the Ford Foundation, Bill and Melinda Gates Foundation and the William and Flora Hewlett Foundation, according to its website.

Google spokeswoman Riva Sciuto said that the firm donates to hundreds of organizations that "promote a free and open Internet, greater access to information, and increased opportunity." She added: "We don't agree with every group 100% of the time, and while we sometimes respectfully disagree, we respect each group's independence, personnel decisions, and policy perspectives."

The incident was earlier reported by The New York Times.

The episode highlights the political perils Google is facing as it seeks to maintain and even expand its influence in Washington at a time when some lawmakers in both political parties are increasingly wary of the company's impact and market power.

FINANCE & MARKETS

Church Fights Insurer's Rate Rise

Suit raises questions over how far insurers can go in increasing rates on older policies

BY LESLIE SCISM

A federal trial in Los Angeles next week will test an increasing concern for Americans: How much leeway do their life insurers have when raising the price on old policies?

In 2004, investors teamed with Praises of Zion Baptist Church in south Los Angeles to take out policies for 2,400 churchgoers in the area, most of whom couldn't otherwise afford them. The investors receive \$225,000 of each \$275,000 death benefit, while church-related social-service programs and beneficiaries of the insured—mostly African-American congregants—split the remaining \$50,000.

The policies were purchased during the peak in "investor-owned" life insurance, an arrangement whereby investors pay the premiums on policies for people who aren't their relatives.

In 2013, Aegon NV's Transamerica Life Insurance Co. raised the rates on those policies.

Long considered taboo, increasing the costs on older policies is becoming more commonplace among insurers as they look to overcome nearly a decade of ultralow interest rates. Insurers earn part of their profit from investing premiums until claims come due, typically in bonds. At least a half-dozen prominent insurers have bumped up prices over the past several years, according to financial advisers.

Praises of Zion Baptist Church and DCD Partners LLC, the current co-owner of



Rev. J. Benjamin Hardwick, of Praises of Zion Baptist Church, said the policies help pay burial costs.

BRENDAN CASAREZ FOR THE WALL STREET JOURNAL

its policies, allege that Transamerica impermissibly used race-based data in calculating a 50% rate increase. They have fought back with a lawsuit, saying the jump has added \$100 million in costs and makes the program unsatisfactory.

"There is some evidence from which one might infer that Transamerica targeted these Policies for [a rate] increase because of the race of the insureds," Judge Christina Snyder, of the U.S. District Court for the Central District of California, wrote in an Aug. 9 ruling on the lawsuits' claims, moving the case to trial, with DCD as the plaintiff.

Even so, she said her decision "should not be read to imply that said evidence is compelling." Judge Snyder dismissed claims in the lawsuit including negligent misrepresentation, saying what remains for trial "is principally a

contract dispute between Transamerica and DCD."

The trial, set for Sept. 5, will sort out the exact methodology Transamerica used to raise rates. Race-based premiums have been banned for decades in the U.S.

In a statement, Transamerica called the allegations "categorically false and offensive."

"Transamerica did not raise rates on the policies due to the race of those insured, nor would we ever increase rates based on racial considerations," the company said, arguing that the increase is permitted under the policies' terms and meets all legal requirements.

In deciding on the size of the increase, Transamerica said its actuary reviewed the 80 to 90 death claims in the DCD church program as of 2012, and then "applied his actuarial training, knowledge and experience" to come up with a rate that would allow

the policies to prospectively break even.

Among other things, the actuary took into account interest-rate expectations, according to the insurer. The 50% increase applied "to all policies of the same class," it said.

Transamerica was one of three large life insurers that increased their rates before 2015 in what, at the time, were considered fairly isolated events. Since then, however, at least five other big insurers have raised rates, according to ITM TwentyFirst, a firm that manages policies for trustees and institutions. The increases range from mid-single-digit percentages to over 200%.

Increasingly, customers are filing lawsuits to challenge the moves. The DCD case is one of the first to make its way to trial.

It also sheds light on the once-hot use of "investor-owned" life insurance for non-

profit fundraising. Back in the early to mid-2000s, "there was a lot of marketing sizzle around it," recalls Bryan Clontz, president of advisory firm Charitable Solutions LLC.

A high-profile example was the 2006 "Gift of a Lifetime" program supported by oilman T. Boone Pickens at his alma mater Oklahoma State University. Expected to generate up to \$250 million, the plan was abandoned after low-cost financing for premiums dried up in the 2008 markets melt-down.

Eventually, investors "realized that they did not have the expertise to monitor this, nor could they afford to hire the expertise," said insurance attorney Stephan Leimberg. He and other critics say the arrangements can put charities in the awkward spot of being better off financially if the insured people die quickly.

Under the arrangement with Praises of Zion Baptist Church, \$15,000 of each \$275,000 death benefit is allocated to help pay for burials and \$35,000 goes to nonprofit social-service programs and churches.

Rev. J. Benjamin Hardwick, senior pastor and founder of the church, said the policies help poor congregants afford proper burials. So far, they have paid for 188 funerals. All told, about \$50 million of the potential \$660 million in death benefits has been paid out, according to his lawyer, William A. Brewer III, of Brewer, Attorneys & Counselors.

"It's a bitter pill for me to swallow" if the increase stands and investors pull out, Rev. Hardwick said. "People are being buried with dignity...I know the [financial] condition of these people. They need this insurance desperately."

Takeoff

The value of bitcoin has more than quadrupled this year.



Source: WSJ Market Data Group

THE WALL STREET JOURNAL

A Warning In China On Digital Coin Sales

BY STEVEN RUSSOLILLO

A new method of fundraising using cryptocurrencies, known as initial coin offerings, deserves more stringent regulation in China to protect investors from fraudulent activity, according to an industry watchdog endorsed by the country's central bank.

Investors involved in initial coin offerings, or ICOs, should be aware of potential fraud, illegal fundraising and misleading propaganda in China, the National Internet Finance Association of China warned on Wednesday.

The self-regulated organization, established last year and made up of hundreds of banks, brokerages and other financial institutions, cautioned investors that as these fundraising projects spread, they also pose major financial risks.

"There is a lack of enforcement to ensure investor suitability and a severe shortage of information disclosures," the association said in a statement posted on its website. "These investment activities face major risks."

ICOs are viewed as a cross between traditional initial public offerings and crowdfunding. In an ICO, a company, usually associated with the digital-currency sector, creates a coin similar to bitcoin and offers it to the public. More than \$1 billion has been raised in ICOs so far this year.

Some coin offerings have exceeded what other startups have raised in traditional markets through venture-capital funds. But coins usually don't confer any ownership in a company. Rather, typically the coins can be used in the future to buy a product or service a company plans to offer. Investors hope the coins will rise in value over time if a company's product or service is popular.

"People need to be very careful in ICOs," said Iris Pang, a Greater China economist at ING Bank in Hong Kong. "Most people don't understand the market and whether pure speculation is the only thing driving these prices higher."

Surging prices for ICO coins have helped propel the value of popular virtual currencies to new records.

Bitcoin recently traded at an all-time high above \$4,600 and has more than quadrupled this year, according to research site CoinDesk. Ethereum was also near a record, recently around \$380.

In China, regulators worry that ICOs could hurt the stability of the financial system. Fear of social unrest has made Beijing increasingly wary of fraudulent investment schemes, including cryptocurrency-related scams and pyramid-scheme operations.

In the U.S., the Securities and Exchange Commission said in July that it would start patrolling virtual coin offerings, acknowledging that regulations meant for stock sales might apply to these offerings, too.

Earlier this week, the SEC warned investors about potential scams involving ICOs.

—Yifan Xie contributed to this article.

HNA Group Sues Exiled Property Tycoon

BY JULIE STEINBERG
AND CAROLYN CUI

One of China's most acquisitive companies is suing an exiled Chinese businessman for allegedly spreading what it says are falsehoods that have hurt the conglomerate's reputation and financial interests.

HNA Group Co., the airlines-to-hotels conglomerate that has been facing mounting scrutiny, alleges that real-estate tycoon Guo Wengui made "repeatedly false and defamatory statements" linking a high-ranking Chinese official in the Communist Party and his nephew to the company, according to a complaint filed Wednesday in New York state court.

The lawsuit was filed in New York because Mr. Guo, who also goes by the name Miles Kwok, lives in an apartment in Manhattan and operates a business in New York County, according to the complaint.

In the complaint, lawyers for HNA allege that Mr. Guo earlier this year falsely claimed that HNA's sharehold-



[HNA's] business in New York."

The lawsuit comes at a sensitive time for HNA, which has attracted scrutiny recently over who truly controls the company. The conglomerate last month provided more details about its ownership structure—including the revelation that a New York-based charity is now its biggest shareholder—but the disclosures have prompted more questions about the changes in ownership.

The company, which has \$146 billion in assets and which has taken large stakes in Deutsche Bank AG and Hilton Worldwide Holdings Inc., has been one of China's most aggressive overseas investors. Chinese regulators in recent months have been looking at the company's debt levels, alongside those of other large deal makers.

Mr. Guo, for his part, has developed a large following online with his claims of misdeeds involving prominent Chinese companies and officials, though he has provided scant evidence to support his allegations. He has said he left

China in 2014 after receiving a tip that one of his "benefactors" was about to be arrested. China's government has described him as "criminal suspect" and has asked Interpol to issue a so-called red notice for his arrest.

Chinese prosecutors in June put three executives of his company in China on trial for fraud; Mr. Guo declined to comment on the allegations against the executives at the time. Mr. Guo also is facing other defamation lawsuits in the same New York court in which HNA has filed its complaint.

A spokesman for HNA said the lawsuit "seeks to hold Mr. Guo accountable."

In a June online broadcast, Mr. Guo said he would welcome HNA filing a lawsuit against him because it could prove that his statements were valuable. "Without response, there'll be no comparison; without comparison, there'll be no truth," he said at the time.

With regard to the other New York lawsuits, Mr. Guo said Wednesday they weren't "worth responding to."

BY CHRISTOPHER ALESSI

LONDON—As the remnants of Hurricane Harvey continue to run roughshod over U.S. refineries, threatening fuel shortages across America, gasoline producers in Europe are sizing up a potential windfall.

The flooding in Texas has hurt refineries' capacity to convert oil into petroleum products while also disrupting

share-price drop in one of its listed entities. It is seeking at least \$300 million in damages and a declaration from the court that Mr. Guo's statements were false and defamatory.

"It will be a wonderful thing to have a legal battle with HNA Group here," Mr. Guo said in a Twitter message to The Wall Street Journal. "I hope that the U.S. legal system would give us a fair ruling regarding issues including

overcapacity, analysts say. Early data suggest that this week there has already been an increase of refined product shipments heading to the U.S. from the Dutch port of Rotterdam compared with the week before, according to oil industry website Tanker-Trackers.com.

"The hurricane is providing an opportunity for European refiners," said Harry Tchilivian, head of commodity strategy at BNP Paribas SA.

European gasoline-refining margins have risen to their highest level in two years. European "crack spreads"—the difference between the price of crude oil and the gasoline extracted from it—had widened to \$18.30 a barrel by Wednesday, up \$2.80 a barrel from Tuesday, according to Platts.

In the U.S., gasoline futures hit a two-year high on Wednesday and surged further on Thursday, with the contract for September delivery settling up 14%, to \$2.1399 a gallon.

The expected rise in volume

from European refiners won't become fully clear for several days, analysts said. But Joel Hanley, senior director for oil pricing at Platts, said the effect was already becoming evident in freight markets, where the "pull on gasoline cargoes from Europe and Asia" has seen deals to charter container ships at higher rates. European jet-fuel prices have also risen, with refining margins for the Rotterdam benchmark up to \$16 a barrel of Brent crude Wednesday, compared with \$12 a barrel earlier this month, according to Platts.

European exports of gaso-

line to the U.S. stood at 314,000 barrels a day in 2016, out of total U.S. gasoline imports of 715,000 barrels a day, according to research and consulting firm Wood Mackenzie.

An extended period of refinery outages along the Gulf Coast could result in a further 150,000 to 200,000 barrels a day of European gas exports to the U.S., depending on how soon downed refineries restart, said Alan Gelder, a vice president at Wood Mackenzie. Three closed refineries said on Wednesday that they were either starting up or planning to start up again.

Earlier this week, the SEC warned investors about potential scams involving ICOs.

—Yifan Xie contributed to this article.



STEVE REMICH FOR THE WALL STREET JOURNAL

Gasoline futures continued to climb, rising 14% on Thursday.

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MARKETS DIGEST

Nikkei 225 Index**19646.24** **▲139.70, or 0.72%**

High, low, open and close for each trading day of the past three months.

Year-to-date
52-wk high/low
All-time high
20230.41
16251.54
38915.87
12/29/89**STOXX 600 Index****373.88** **▲2.87, or 0.77%**

High, low, open and close for each trading day of the past three months.

Bars measure the point change from session's open

May June July Aug.

17500 18000 18500 19000 19500 20000 20500

Data as of 4 p.m. New York time

May June July Aug.

365 370 375 380 385 390 395

International Stock Indexes

Data as of 4 p.m. New York time

Region/Country	Index	Close	Net Chg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2846.84	13.81	▲0.49	2386.93	2281.15	2881.15	12.6	
	MSCI EAFE	1934.01	15.24	▲0.79	1614.17	1955.39	1955.39	12.7	
	MSCI EM USD	1087.99	-0.01	-0.001	838.96	1088.07	1088.07	37.0	
Americas	DJ Americas	595.70	3.95	▲0.67	503.44	599.20	599.20	10.2	
Brazil	Sao Paulo Bovespa	70722.28	-163.98	-0.23	56459.11	71505.69	71505.69	17.4	
Canada	S&P/TSX Comp	15218.60	85.47	▲0.56	14319.11	15943.09	15943.09	-0.5	
Mexico	IPC All-Share	51210.84	17.32	▲0.03	43998.98	51772.37	51772.37	12.2	
Chile	Santiago IPSA	3914.55	-2.60	-0.07	3120.87	3945.90	3945.90	21.5	
U.S.	DJIA	21948.10	55.67	▲0.25	17883.56	22179.11	22179.11	11.1	
	Nasdaq Composite	6428.66	60.35	▲0.95	5034.41	6460.84	6460.84	19.4	
	S&P 500	2471.55	13.96	▲0.57	2083.79	2490.87	2490.87	10.4	
	CBOE Volatility	10.61	-0.61	-5.44	8.84	23.01	23.01	-24.4	
EMEA	Stoxx Europe 600	373.88	2.87	▲0.77	328.80	396.45	396.45	3.4	
	Stoxx Europe 50	3041.61	24.77	▲0.82	2720.66	3279.71	3279.71	1.0	
Austria	ATX	3232.83	31.40	▲0.98	2311.88	3285.00	3285.00	23.5	
Belgium	Bel-20	3887.55	13.97	▲0.36	3384.68	4055.96	4055.96	7.8	
France	CAC 40	5085.59	29.25	▲0.58	4310.88	5442.10	5442.10	4.6	
Germany	DAX	12055.84	53.37	▲0.44	10174.92	12951.54	12951.54	5.0	
Greece	ATG	825.48	1.83	▲0.22	548.72	859.78	859.78	28.3	
Hungary	BUX	38092.26	188.38	▲0.50	27466.59	38147.22	38147.22	19.0	
Israel	Tel Aviv	1400.94	9.95	▲0.72	1346.71	1490.23	1490.23	-4.7	
Italy	FTSE MIB	21670.02	166.56	▲0.77	15923.11	22065.42	22065.42	12.7	
Netherlands	AEX	516.04	3.03	▲0.59	436.28	537.84	537.84	6.8	
Poland	WIG	64973.76	15.89	▲0.02	46321.24	65204.27	65204.27	25.5	
Russia	RTS Index	1095.84	11.43	▲1.05	944.88	1196.99	1196.99	-4.9	
Spain	IBEX 35	10299.50	53.70	▲0.52	8512.40	11184.40	11184.40	10.1	
Sweden	SX All Share	554.91	4.45	▲0.81	489.12	598.42	598.42	3.8	
Switzerland	Swiss Market	8925.45	74.19	▲0.84	7585.56	9198.45	9198.45	8.6	
South Africa	Johannesburg All Share	56522.11	354.11	▲0.63	48935.90	56869.89	56869.89	11.6	
Turkey	BIST 100	110010.49	-412.62	-0.37	71792.96	110530.75	110530.75	40.8	
U.K.	FTSE 100	7430.62	65.36	▲0.89	6654.48	7598.99	7598.99	4.0	
Asia-Pacific	S&P/ASX 200	5714.50	44.80	▲0.79	5156.60	5956.50	5956.50	0.9	
China	Shanghai Composite	3360.81	-2.82	-0.08	2980.43	3365.23	3365.23	8.3	
Hong Kong	Hang Seng	27970.30	-124.31	-0.44	21574.76	28094.61	28094.61	27.1	
India	S&P BSE Sensex	31730.49	84.03	▲0.27	25765.14	32575.17	32575.17	19.2	
Japan	Nikkei Stock Avg	19646.24	139.70	▲0.72	16251.54	20230.41	20230.41	2.8	
Singapore	Straits Times	3277.26	12.00	▲0.37	2787.27	3354.71	3354.71	13.8	
South Korea	Kospi	2363.19	-9.10	-0.38	1958.38	2451.53	2451.53	16.6	
Taiwan	Weighted	10585.78	16.38	▲0.15	8902.30	10585.78	10585.78	14.4	

Source: SIX Financial Information/WSJ Market Data Group

Currencies

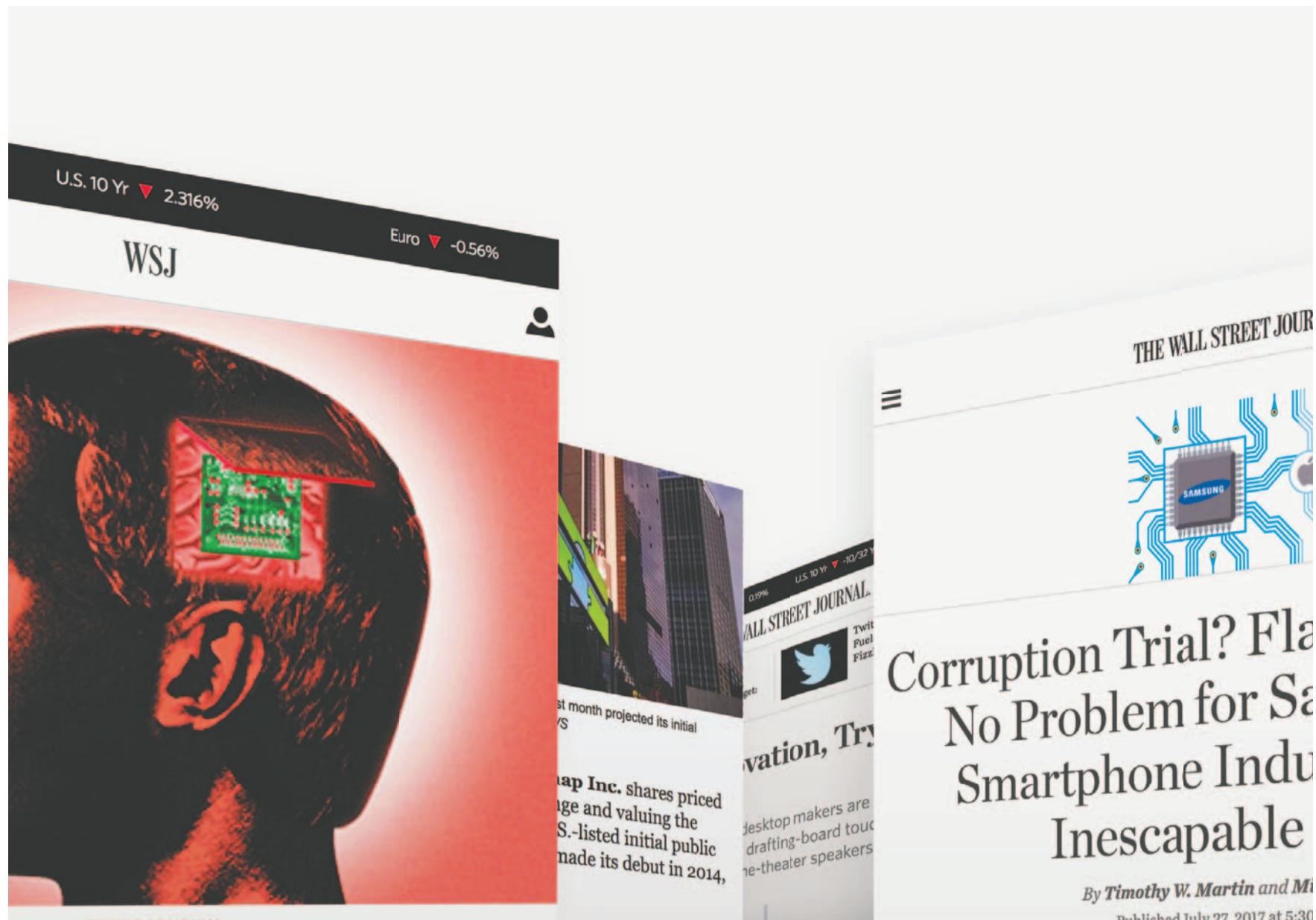
Yen, euro vs. dollar; dollar vs. major U.S. trading partners



US\$ vs. in US\$ per US\$ (%)

Country/currency

US\$ vs. in US\$ per US\$ (%)



THE WALL STREET JOURNAL

Update for the Human

ips to the U.S. Department of Defense, are hard at work on a brain-computer us into programmable, debuggable

uard Group is les when the index that left many clients trading session, **the** Vanguard have said ore in technology.

ain is planning to roll staurants in some of its of the year, **the** s testing curbside the population in its ald's and that more to 10 minutes of a

ory business. ng for **Toshiba Corp.**'s d be a good match, **the** 's computer-chip unit

g company **Lyft Inc.** at it hopes will net at \$6 billion and \$7 billion, n Francisco company runs a logies Inc., currently ; sexual harassment . over stolen trade executive Travis

computer inside her skull, but you wouldn't all bump behind her left ear, the only implant, is partially covered by a tuft of hair the last time she had the batteries changed. brain implant, she was having as many as activity a day, along with multiple seizures. Abnormal neural activity turned her teenage

evelation, Try

desktop makers are drafting-board touch-theater speakers

PCs Are Making Comeback

soft are rethinking the old s a huge screen that surrounds m touch screens, like something

Corruption Trial? Fl No Problem for Sa Smartphone Indu Inescapable

By Timothy W. Martin and Mi

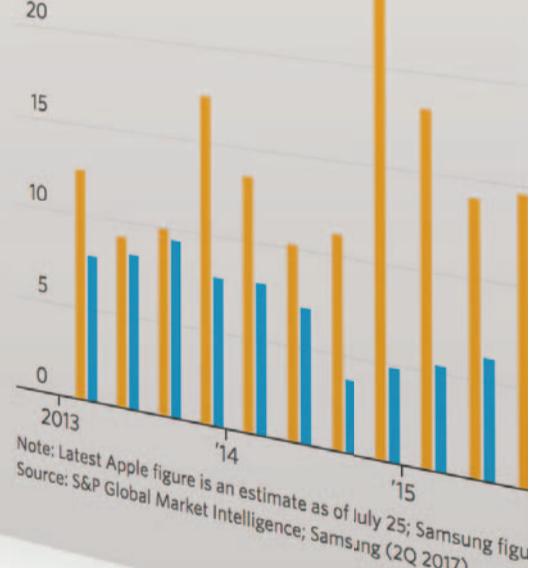
Published July 27, 2017 at 5:30

It has been a year of bad news for Samsung. smartphones began bursting into flames last was imprisoned in February and remains on allegations he denies. But here's the twist: S reported its best quarterly profits ever, beat results.

Quarterly operating profit

Apple ■ Samsung □

\$25 billion



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MARKETS

Is Copper Rally Overdone?

The metal has surged this year, but some analysts say it is due for a pullback

By DAVID HODARI

Copper has led the way in the metals rally, gaining 20% since the end of May, but an increasing number of analysts are predicting a correction, and soon.

COMMODITIES The price of the industrial metal hit a three-year high on Thursday. Behind the gains has been a weaker U.S. dollar and optimism about Chinese growth, factors that have also helped push other base metals much higher, including nickel and aluminum.

Analysts believe the long-term fundamentals for copper remain positive. But they also worry that the rally has taken copper's price beyond what it is worth and that speculative investors, such as hedge funds, are behind the surge and will pull out by year-end.

"When something goes up like this on little to no news, you've got to be cautious that that rise can be sustained," said Robin Bhar, head of metals research at Société Générale SA.

"Fundamentals have been decent, but they're now fully priced into the market and the extent of this rally means we have overextended," he said, predicting copper will fall by 10% by the end of the year.

BNP Paribas SA believes that three-month LME copper is 15% above where it should be valued. The bank looks at factors such as the strength of the Chinese real-estate market and demand from infrastructure projects and where the dollar is trading against the yuan.

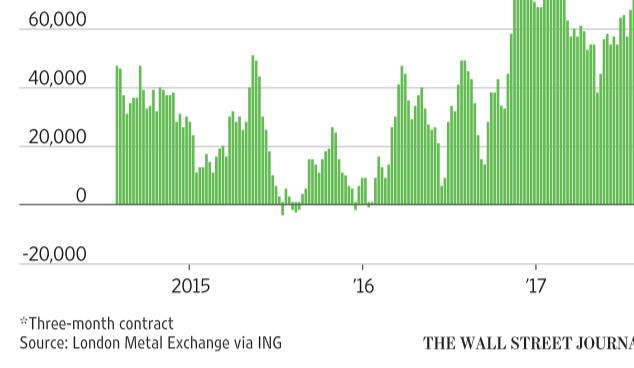
Demand from China is key for copper. China consumed 50% of the world's copper supply in 2016, according to figures from the World Bureau of



Prices of copper are up 20% since the end of May and hit a three-year high on Thursday.

Piling In

Bets on rising copper prices on the London Metal Exchange



*Three-month contract
Source: London Metal Exchange via ING

Metals Statistics

A string of better-than-expected Chinese economic figures has fueled investors' bullishness on the metal.

Copper has also been helped by a fall in the dollar. Most commodities are priced in dollars, so when the greenback falls they become cheaper for those holding other currencies. The WSJ Dollar Index, which measures the dollar against a basket of other currencies, has fallen about 3% in the past three months, weighed down by political uncertainty in the U.S., among other factors.

With bright fundamentals and the price galloping higher,

speculative investors have poured into copper.

On the London Metal Exchange, long positions, or bets on rising copper prices, increased 32% between the end of May and Aug. 22, according to figures from ING.

Some analysts are also starting to compare copper unfavorably to its peers.

"Copper has the same strong demand as...aluminum and zinc but without the supply-side constraints," said Vivienne Lloyd, senior analyst at Macquarie. Both aluminum and zinc prices have benefited from a combination of closed global smelters and Chinese environ-

mental directives that will limit production during the winter months. What copper supply constraints there were may have just eased, Ms. Lloyd said.

On Tuesday, U.S. miner Freeport-McMoRan Inc. said it would give up its majority stake in its mine at Grasberg, Indonesia, to the Asian nation's government. Production at the world's second-largest copper mine had ground to a halt at various points this year as the Indonesian government looked to claw back control over mine operations and amid waves of industrial action. That helped spur price gains this year.

Even some miners think copper's price has climbed too high. "It's true that all of the fundamentals are good in the medium and long term, but I would be very cautious" about the copper rally, Oscar Landerretche, chairman of the world's largest copper miner, Codelco, said Tuesday at a mining conference, according to media reports and an analyst's note.

Still, in the longer term analysts agree with this miner:

Prospects for copper are good.

"We're still optimistic about the fundamentals, 2018 global growth forecasts of 4%, and the conversation around vehicle electrification and renewable power," said Hunter Hillcoat, an analyst at Investec.

Economic Strength Helps Stocks Rise

By MICHAEL WURSTHORN AND MIKE BIRD

Stocks rose Thursday, as strong economic data helped lift major indexes.

The Dow Jones Industrial Average gained 0.25%, or 55.67 points, to 21948.10. The S&P 500 climbed

0.6%, while the Nasdaq Composite added 0.95%. Those gains followed market advances in Europe and Japan.

Fresh data suggested the U.S. economy has continued to grow at a steady, albeit slow, pace. While geopolitical tensions have weighed on stocks in recent weeks, some investors say the strong data, along with robust corporate earnings, have kept markets on an upward path.

"If the economy is growing and global growth is stable, then that's what we're going to lean on until something tells us something drastically different," said Doron Barness, global head of trading at Oppenheimer & Co.

Americans' personal spending rose in July at the fastest pace since April, while personal incomes posted their biggest one-month jump since February, according to the Commerce Department.

Meanwhile, an official gauge of China's factory activity rose in August, even though new export orders declined.

That news lifted shares of commodity producers. In London, shares of the copper miner Antofagasta tacked on 2%, Anglo American rose by 2.8% and Rio Tinto gained 1.8%.

The Stoxx Europe 600 picked up 0.8% to close at 373.88 despite declines in retailers' stocks that followed a warning about the outlook for sales from the French su-

permarket chain Carrefour. The index fell 1.05% in August.

"We are looking at a recovery in the global economy along with stabilization in China," said Joanne Goh, regional equity strategist at DBS Group in Singapore.

As long as the U.S. economy continues to recover, it will be supportive of the reflation trade and recovery in Asia, she said.

The U.S. and Chinese data followed upbeat reports Wednesday showing U.S. gross-domestic-product growth was stronger than initially thought in the second quarter, while hiring among U.S. private employers increased by more than expected.

Shares of energy companies in the S&P 500 were up 0.7% Thursday afternoon in New York, rising in response to gains in the price of oil. Energy stocks and oil prices have swung in recent sessions as Tropical Storm Harvey shut down refineries and hit demand for crude.

Oil for October delivery on the New York Mercantile Exchange closed up \$1.27 a barrel, or 2.8%, at \$47.23, ending the month with a 5.9% loss.

"It's just so beaten down that you're now getting the reversion trade," said Oppenheimer's Mr. Barness. "A lot of people have been short energy," he added, "so some are also moving to cover their shorts."

Marathon Oil, one of the sector's biggest gainers, was up 2%, while Newfield Exploration rose 2.45%.

In Asia, the Nikkei Stock Average closed up 0.7% after weakening in 14 of the past 19 trading sessions, leaving the index down 1.4% for August. Hong Kong's Hang Seng Index added 0.4%, for a monthly gain of 2.4%.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

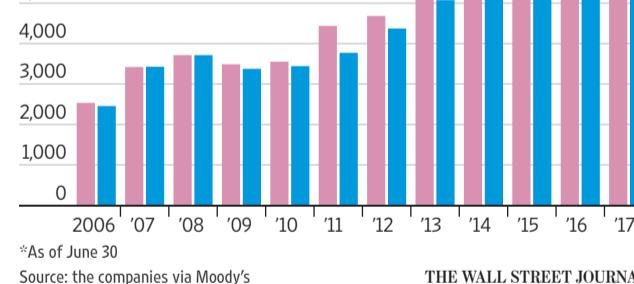
WSJ.com/Heard

Email: heard@wsj.com

Airbus Looks Ready for Takeoff

A Time to Build

Order backlog, number of planes



*As of June 30
Source: the companies via Moody's

will take for Pratt to resolve the issues, which it has promised to do.

But past lessons of aerospace technology delays is that they eventually get resolved, as was the case with Boeing's troubled 787 launch. And with Airbus's delivery schedule on the A320neo swelling to more than 600 planes a year by 2020, sorting out problems now will ensure smoother cash-flow generation in the future.

There is better news on

that front with Airbus's newest plane, the widebody A350, a competitor to Boeing's 787 for long-haul traffic. There have been bumps, notably interiors supplier Zodiac failing to deliver toilets on time. But there are now 100 A350s in service, some having flown for over a year without the major problems that dogged other ambitious debuts. Investors will be relieved when Airbus delivers on its target of around 80 units this year.

Another overhang on the

stock, possible cancellations, aren't the threat that they seem.

With the order book so large, a recent Qatar Airways cancellation of four A350s won't seriously dent cash flows. Other customers simply move ahead in the line. With passenger travel growing at more than 7% this year, above the industry's long-term trend of 4% to 5%, and airlines' profits robust, buyers have little reason to abandon new orders en masse.

Airbus has traveled neck-and-neck with Boeing in terms of shareholder returns over the past 15 years, with the most recent period being an exception. In terms of valuation, though, Boeing's success and Airbus's hiccups have the two trading on their widest gap in terms of enterprise value to forecast earnings before interest, taxes, depreciation and amortization since 2011.

Airplane makers often stumble, but in the end get it right. Waiting for Airbus's problems to be fixed will be too late for shareholders to enjoy the flight.

—Alex Frangos

OVERHEARD

Biotech stocks giveth, and biotech stocks taketh away.

Shareholders of Otonomy found this out on Wednesday. The biotech company had benefited from a soaring stock price.

Shares had nearly doubled since April as investors awaited its late-stage clinical trial to test a new drug for patients with Meniere's disease, a rare inner-ear disorder that can cause episodes of vertigo.

But Otonomy announced the trial was a flop. Chief Executive David Weber said in a statement the biotech company was surprised by weak trial results for patients taking the drug, Otivide, as well as higher-than-expected patient responses from a placebo. As a result, the company is scrapping its development plans for the drug.

Shares plunged 83% on Wednesday. Investors who bought the stock at the April low are nursing significant losses.

When riding risky biotechs, investors shouldn't forget to have an exit strategy.

Big Liquor's Weak Spot Is Vodka

But for their problems selling vodka to Americans, the world's biggest liquor companies would look in better shape.

In full-year results reported Thursday, Paris-based liquor company Pernod Ricard said U.S. sales of its Absolut vodka brand fell 2% over the year through June in a "worsening" market. The top U.S. vodka brand, Smirnoff, also is in decline, according to its London-listed distiller, Diageo.

One issue is consumer demand. Having binged on vodka in the last decade, Americans increasingly favor aged, brown liquor. Last year the U.S. consumed 3.6% more whiskey, 7.4% more tequila and 9.9% more brandy, but only 2.2% more vodka, according to data provider IWSR.

Another headache for Diageo and Pernod is competition.

Two homegrown upstarts have taken the market by storm: Tito's, a craft-marketed brand from Austin, Texas, and New Amsterdam, made by Californian winery E & J Gallo.

The U.S. vodka problem has held back otherwise solid growth for the world's top two liquor companies. A wider worry is that other drinks brands in other countries could go the way of U.S. vodka and be overtaken by cleverly marketed new rivals.

When new brands do go viral, big companies can sometimes buy them, but this is expensive: In June, Diageo announced the acquisition of George Clooney's four-year-old tequila brand, Casamigos, for up to \$1 billion, or almost \$500 for every bottle sold. Could Tito's be next?

—Stephen Wilmot

Why European Stocks Can Survive Strengthening in Euro

Up goes the euro, down go European stocks. Or do they?

To judge by the broad performance of the Stoxx Europe 600, that is the case. After a promising start to the year, the index has faded since May as the euro has charged higher, and shares are now up just 3.4% for the year, in contrast with continued good economic news from the Continent. But the headline is far from the full story.

The gain in the euro—up 13% against the U.S. dollar this year—is causing worries that it will hit profits earned abroad. But it is also boost-

ing returns for non-European investors.

In dollar terms, the Stoxx Europe 600 is up 17%, handily outpacing the 9.8% gain for the S&P 500.

But a stronger euro shouldn't be the only story. Domestic demand is proving an important source of strength for the eurozone, even among its big exporters. For instance, Germany's statistics office says domestic demand rose 1% in the second quarter from the first, although the drag from net trade reduced overall growth to 0.6%.

Europe's economic out-

look remains strong.

Moody's on Wednesday lifted its forecast for 2017 growth to 2.1% and for 2018 to 1.9%, arguing that a rising euro shouldn't derail a homegrown recovery. Recent sentiment surveys haven't suggested that the euro is a drag. Despite the rise in the currency, forecasts of earnings growth have only moderated gently, with FactSet pegging 2017 growth for the Stoxx Europe 600 at 12.5% and 2018 at 8.2%.

And under the surface, some laggards are gaining.

One reason for the euro's rise is the expectation that

yield curve, it should be good news for financial companies.

Eurozone banks, which UBS notes offer a good combination of cyclical exposure and domestic focus, are duly outpacing the broader index, with the euro Stoxx Banks index up 12%.

The speed and size of the euro's gains in recent weeks are undoubtedly weighing on stocks. But if a big part of the currency's rise is down to the brightening prospects for the eurozone, then investors' worries about the exchange rate should prove to be overdone.

—Richard Barley

Parted Ways

Index, exchange-rate performance



Source: FactSet

THE WALL STREET JOURNAL.

the European Central Bank will gently wind down its extraordinary monetary policy. If that generates a steeper



OFF DUTY



A tale of two
(exceedingly
rare) BMWs
WS

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, September 1 - 3, 2017 | **W1**



RECUT THE CORD

Officine Générale Corduroy Jacket, \$540, Shirt, \$235, Corduroy Pants, \$265, mrporter.com, and Scarf, \$155, Saks Fifth Avenue, 212-753-4000; Anderson's Belt, \$200, bloomingdales.com.

Fashion Editor: Rebecca Malinsky

BY JACOB GALLAGHER

AN OTHERWISE pleasant stroll up Madison Avenue one recent Sunday turned into a 1970s flashback for Ralph Auriemma, the creative director of classic-suit purveyor Paul Stuart. Gazing into the windows at Prada's New York store, Mr. Auriemma saw male mannequins clad in bell-bottom corduroys, fur belts and fuzzy angora sweaters, all hallmarks of that stylistically divisive decade. "The '70s were probably the most horrific, ugliest era of menswear

The Time Warp Again

For men's fashion, the 1970s were a decade of distorted shapes and questionable prints. But in among the ugliness were some timelessly cool clothes—the focus of this fall's me-decade redux

ever assembled," said Mr. Auriemma, who was a teenager when Journey ruled the airwaves. "I remember polyester flared pants, platform cork shoes and bold, obnoxious patterns on shirts. And," he added, proudly, "I didn't wear any of it." Nor is he about to start. Yet, at a time when much of men's fashion is embracing, shall we say, challenging aesthetics (see "Off-Putting Is In" on page D2), many of his peers disagree.

The '70s renaissance on the fall runways was not limited to Prada. For his debut at Calvin Klein, Belgian designer Raf Simons went

Please turn to page W2

OFF DUTY

TIES TO THE SEVENTIES



Jacket, \$3,020, Sweater, \$640, and Pants, \$1,200, Prada, 212-334-8888; Shirt, \$345, Stella McCartney, 212-255-1556; Boots, \$135, clarksusa.com



Coat, \$1,235, amiparis.com; Dries Van Noten Sweater, \$500, barneys.com; Pants, \$485, Stella McCartney, 212-255-1556; Converse Sneakers, \$85, nike.com; Sunglasses, \$300, moscot.com



Jacket, \$540, amiparis.com; Dries Van Noten Sweater, \$580, and Shirt, \$325, barneys.com; Pants, \$483, MP Massimo Piombo, 39-027-862-5718; Socks, \$25, falke.com; Boots, \$685, crockettandjones.com

Continued from page W1

with an all-American aesthetic that suggested he'd been binge-watching old episodes of "Starsky & Hutch": Denim-on-denim ensembles, two-pocket western shirts and stacked-heel boots. Three years into the job, Gucci's creative director Alessandro Michele has transformed the Milanese label into a "Partridge Family" fantasy with embroidered jean jackets and kicked-out silk trousers. Eat your heart out, Danny Bonaduce.

If you long ago burned every Polaroid of yourself in a Visa polyester leisure suit, you may share Mr. Auriemma's dismay. Bruce Pask, the men's fashion director at New York department store Bergdorf Goodman, knows that the more-extreme designer versions of these neo-'70s looks—the descendants of glam-rock glitter garb and Sears-catalog surrealism—will be plucked off Bergdorf's racks by what he calls "the early adopters."

But those weren't the clothes we loved at the menswear shows.

What caught our eye were looks that echo and recast the best trends of that time: corduroy suits; roomy, yet refined plaid overcoats; and shearling-collared denim jackets. Kaleidoscopic prints, that might have been tacky then in Qiana nylon, take on a different character reworked in eye-pleasing hues on today's silkier rayon shirts. The 2017 versions of these pieces resemble the kind of working-guy clothes worn by the twins James Franco plays in "The Deuce," the HBO series set in early-'70s New York City that premières Sept. 10.

A little boho, a little preppy: When recalibrated correctly, these particular '70s trends aren't ugly. Instead, they're an opportunity to add a little depth to your look through texture, interesting proportions and muted, earthy colors. For the risk-averse, texture is

the safest starting point. Stella McCartney's smooth velveteen pants (above, right) are something any guy can wear. But don't stop at the trousers, said Mr. Pask. There's nothing easier than a cord trucker jacket or blazer, he advised: "Corduroy, especially, is a great sport jacket option for fall, as it has an interesting, professional look."

Remember Donald Sutherland's pot-smoking professor in "Animal House" (1978) with his velveteen three-piece suit and curly mop of hair? Tailored, comfortable outfits like his (or the Officine Générale corduroy suit on page D1) earn high marks for their rather sexy textures. On the feel-good front, a cherry-red ribbed ski sweater or Prada's plush wool Harrington jacket (above, top left) are slightly more advanced.

"There's something warm and fuzzy" about such textures, said Mr. Pask. Lately, he's been remi-

niscing over the wardrobe of Ryan O'Neal's character in 1970s relentlessly tear-jerking "Love Story": wide-wale corduroy pants, shearling-collared jackets and tweed sport coats—sumptuous combos he calls "evocative" and "romantic," '70s style worth emulating.

The '70s opened the door and allowed men to express themselves.'

What's missing from this season's fabric roster: clingy synthetics, Dacron double-knits and don't-light-a-match-near-it poly. "The era produced man-made fabrics that were revolutionary in their day but ugly," said Steven Stipeleman, who did his share to disseminate the garish '70s aesthetic as a fashion illustrator at Women's Wear Daily. Forty years later, we are more discerning, he said: Designers "extract from the style, making it more polished. When we look at the suits now, the silhouette is softer—they don't look like cardboard."

That sense of refinement applies to a reconsidered color palette, too. Those off-putting mustard yellows, algae greens and Cheeto oranges that bubbled up long ago, making leisure suits and turtlenecks uneasy on the eyes, are as dead as disco; what endures are the decade's autumnal tones, rich not kitsch.

Alexandre Mattiussi, the designer of Parisian label Ami, uses color here and there—a bit of violet on a crewneck, or a cherry panel on a zip up sweater—adding bright touches to earth-toned pieces in low-risk, high-reward pairings. Navy-on-navy-on-navy, or any tone-on-tone combination, would be easier, but it would also be boring and predictable. Instead, mixing elements that are subtle shades apart, like "a blue shirt and light wash jeans with a dark-brown checked jacket," reflect the "nonchalant sophistication of the '70s," he said.

For all of its fashion flaws, the '70s was a time that encouraged men to take chances with what they wore, and didn't censure them for doing so. "In the '50s and

'60s, everyone was a cookie cutter of one another," said Mark-Evan Blackman, a professor of menswear at Fashion Institute of Technology in New York City. That was particularly true for businessmen, he added. "History has shown us that to get ahead, you had to look like someone from the cast of 'Mad Men.'" The early seasons, that is.

When the counterculture trickled up to the mainstream, out went those stodgy gray flannel suits. "What the '70s did was open the door and allow men to express themselves," said Mr. Blackman. Like any good educator, however, he's enthusiastic about learning from mistakes. And when it comes to the era in question, no mistake was bigger, literally, than bell bottoms.

We won't attempt to gaslight you into believing that full-on bell bottoms have a place in your closet. That said, their outlandish lines have influenced the proportions of fall's fuller pants, a change from the narrow trouser cut that has reigned for years. "We're moving out of a trimmed, cropped, skinny look into a more voluminous and accommodating shape," said Mr. Pask.

What's more, the slight flare allows your pant legs to hang neatly over dressy Chelsea boots (check out the versions from Crockett & Jones), as popular now as they were then. Also worth mentioning are brown suede chukkas, so beloved by 1970s Ivy Leaguers. The shoes' napped texture plays well off corduroy, and both styles of footwear offer more versatility than the sort of shock-white boots Alice Cooper wore when accessorizing his arena-rock costumes with snakes.

The welcome change in silhouette doesn't stop at the trousers. Look at the Ami topcoat (above right): Its longer, fluid shape is decidedly comfortable, ideal over an oxford-cloth shirt or rib-knit turtleneck. Thanks to its unstructured shoulders and high-cut armholes, the coat appears mod and modern.

It also exemplifies the benefits of selectively mining '70s design. "What was ugly once is beautiful now," said Mr. Stipeleman. Except for leisure suits: Some things are best left to rot in a YouTube clip from "The Six Million Dollar Man."

OFF-PUTTING IS IN // MANY OF FALL'S NON-'70S LOOKS FLIRT WITH EXTREMES, TOO



We're in a polarizing fashion period, very much as we were 40 years ago. Radical runway trends that some applaud and others abhor include (clockwise from left) Prada's scuba sneakers, a Balenciaga jumpsuit, Palm Angels shiny purple jersey-style top, Gucci's Technicolor crewneck and Amiri's distressed denim. Is this where menswear is headed? Let's revisit the topic in 2057.

OFF DUTY

Bristle No More

Laser hair removal means no more nicked skin, rough stubble or shaving cream mess. But is it safe—and does it last?

BY FIORELLA VALDESOLO

WOMEN IN ANCIENT Egypt removed body hair by plucking it with proto-tweezers crafted from sea-shells. The ancient Greeks burned it off, while Romans used pumice stones to rub it away. Centuries later, at the Manhattan salon J Sisters, Brazilian-born experts spread their gospel of pubic hairlessness via body waxing. The popularity of the no-hair-left-behind Brazilian wax peaked in the early aughts when Carrie Bradshaw famously experienced the agony of one on "Sex and the City." The desire to rid our bodies of hair is certainly not new.

One breakthrough that's been welcomed by the unhappily hirsute is laser hair removal. Developed at Massachusetts General Hospital in the 1990s, the technique directs laser light toward the hair follicle, killing the follicle's stem cells so the hair doesn't regrow.

Initially, the practice was limited to those with light skin and dark hair, because only hair with considerable pigment in it would absorb the laser wavelength. Women with darker skin also risked scarring, since early lasers couldn't reliably distinguish between the darker pigment in skin and that in the hair follicle. Today, more advanced technology can extend the treatment to more women who have been wearily resigned to razors, hot wax and Nair. "We can now safely and effectively treat most patients by using lasers with focused wavelengths suitable to the pigment in the patient's skin," said dermatologist Mathew M. Avram, MD, director Massachusetts General Hospital's Dermatology Laser & Cosmetic Center.

'Lasers are like scalpels. The side effects depend on who's wielding the tool.'

There are still risks involved, however: burns; skin ulcerations that result in a scar; white spots; hyperpigmentation, or dark spots; and, in rare cases, with some patients of Mediterranean or Middle Eastern descent, an increased hair growth called paradoxical hypertrichosis. "Lasers are like scalpels," said New York dermatologist Anne Chapas, MD. "They're tools used to achieve a medical result so the side effects depend on who's wielding that tool."

Laws vary from state to state when it comes to defining laser hair removal as a medical procedure and specifying who can perform it; there's no universal standard of care. In some areas, laser-hair-removal technicians now include salon aestheticians. "It's a common source of malpractice among laser surgery procedures," said Dr. Avram, who co-wrote a relevant study in the Journal of the American Medical Association. His research found that between 2010 to 2012, 90% of laser hair removal lawsuits targeted non-physician operators.

So, do your laser due diligence and proceed with caution before any work occurs, whether you're seeking a hair-free upper lip,



MARCUS MARRIT

chin, underarm, or legs. The safest route? Go to a board-certified dermatologist who specializes in cosmetic procedures. Costs vary, depending on where you live. For example, a laser hair removal session with Dr. Chapas starts at \$400; a bikini line treatment can take 4-to-7 visits. Manhattan medi-spa, Spruce & Bond, charges \$1,700 for its signature 5-session bikini-line treatment.

Ask questions—of any practitioner, medical or otherwise—before you book an appointment: What kind of training does she have? How many laser procedures has she performed? If you have darker skin, how often has she worked on your skin type? What

device is she using and how much experience does she have with it? How often is the device serviced? Ask if the specialist will do a test area to see how your skin reacts.

The ideal time to start is in the fall or winter, when skin won't be regularly exposed to the sun, as exposure (or sunburn) may heighten the skin's sensitivity before and after treatments. Dr. Chapas tells her patients to expect to see results within 4-to-7 treatments spaced 4-to-8 weeks apart. It might seem counterintuitive, but you may be asked to shave before your first appointment. "The surface hairs can get in the way as the laser goes down to the root, a few

millimeters below the skin," said Dr. Chapas. Treatment time varies dramatically, from 5-to-60 minutes, depending on how much hair is being removed; a numbing cream can be applied to dull the pain. Those who have had laser hair removal often liken the pain to a rubber-band-like snap on the skin.

One misconception is that laser hair removal is permanent, when, in fact, you'll need touch-ups every one or two years to address any growth that sprouts from new hair cells. But many women feel the trade-off is worth it to avoid the ingrown hairs that result with other treatments, or simply to escape from waxing hell. Just ask Carrie.

GRIPPING DETAILS
With a short drop from handle to handbag, the strap is ideal to nestle in the crook of your arm or swing by your side. Each bag comes with a padlock (not shown); the key resides in a tiny pouch.

LINKED IN
This rustic canvas is like one used by the French military for cots; the print of unfastened chains riffs on equestrian motifs, such as horse bits and links, featured on Hermès scarfs.



SADDLE UP
What makes the leather supple is skiving, a process of shaping the hide by hand so it's lightweight yet sturdy. The work is done by artisans with years of experience making equestrian gear.

Kelly II Retourne 28 Bag, \$10,600, Hermès, 800-441-4488

POINTS OF DISTINCTION

GRACE NOTES

This unique take on the Kelly bag—a classic named for a movie star—sports a *toile de camp* print

IN 1928, Hermès designer Robert Dumas created the *sac à dépeches* or dispatch bag—a purse with a functional aesthetic that deviated from the ornamental fashions of the time. That idea informed the trapezoidal Kelly bag, which was popular even before it was nicknamed after the sexily patrician actress Grace Kelly ("To Catch a Thief") in the mid-1950s. Women found its easy-to-grip top handle and roomy interior both practical and chic.

"Larger handbags came into fashion in the '50s," said Kristina Haugland, the Philadelphia Museum of Art curator of costume and textiles, who has written two books on Grace Kelly's style. "It wasn't that she had so many [Kelly bags], but she used them a lot."

Today, the Kelly is as iconic as its namesake. In truth, though, it has always been a work in progress. Over the years, there have been many versions that

have been modernized in fresh colors and sizes (the tiniest being a clutch-sized pochette, the biggest, a suitcase-like behemoth with a 20-inch base). But each version retains its handcrafted hallmarks: supple leather; saddle stitching; and hardware that's undergone pearlizing, a technique that polishes and smooths it to glossy perfection.

The latest, rather idiosyncratic and likely collectible iteration of the Retourne version (shown), recalls the brand's origins as a saddlemaker. Note the bag's equestrian-worthy caramel leather and rustic canvas. The *toile de camp* print of unfastening chain links—dubbed *Déchainé*, or "unchained"—is inspired by a drawing in the albums of Émile-Maurice Hermès, whose grandfather founded the firm in 1837. If you're going to invest in a Kelly (no small outlay), why not get this distinctively graceful edition? —*Kimberly Chrisman-Campbell*

OFF DUTY

ON WINE LETTIE TEAGUE



White Blends Dance to Their Own Tunes

RED BLENDS have been sought-after wines for years. And white blends? Not so much. While red blends accounted for just over \$1.8 billion in U.S. retail sales this past year, sales of white blends didn't quite reach \$330 million. Why such disparity between the two types?

Charlie Wagner, director of wine-making at Conundrum Wines in Monterey County, Calif., believes that consumers think of white wines in terms of single grape varieties. "They know what to expect from a Chardonnay or a Sauvignon Blanc. They don't know how they work in a blend," he said.

Mr. Wagner's father and grandfather acknowledged that when they named their white blend Conundrum. The wine was first produced in 1989 at Caymus Vineyards in Napa Valley. A lush, tropical blend of Chardonnay, Sauvignon Blanc, Semillon, Viognier and Muscat Canelli, Conundrum attracted attention when it debuted, doubtless helped by Caymus's status as one of Napa's most famous Cabernet wineries.

The Wagner family followed up with a Conundrum red blend in 2009—the year that red blends really began to take off—as well as a rosé and a sparkling wine this past year. They've since dropped the Caymus name from the label; all Conundrum wines are sold under the Conundrum label. Equal amounts of red and white blends are produced (80,000 to 90,000 cases) but the red blend has grown more quickly than the white, Mr. Wagner said.

I found some delicious wines among the 20 or so white blends I tasted, but they proved a truly disparate group.

Many California producers of white blends purchase grapes, but Murrieta's Well, owned by Wente Vineyards in Livermore, produces a white blend called the Whip from estate-grown fruit, which can mean a



Riesling, Gewurztraminer or Muscat—with the balance to include Pinot Blanc, Sylvaner and/or Chasselas, and each wine must be vinified separately. A perfect Gentil, according to Mr. Hugel, should be "dry wine, aromatic, bright and appealing"—a good description of his 2015 Hugel Gentil (\$14). But the character of a wine can change year to year, warned Mr. Hugel, depending on the grapes used. "It is not a wine made to a recipe," he said.

The winemakers of Friuli in northern Italy also turned from producing blended whites to single-varietals a few decades ago. But one producer, Edi Keber, recently chose to move in the opposite direction. He's gone from producing eight single-varietal wines to a single blend that he called Collio. Not only was the one wine just as good as any of the eight, said Jan D'Amore, Mr. Keber's New York-based importer, but "it's an even better story to tell...an important factor in selling the wine."

While a good story might help propel sales of any one wine, what would it take to lift sales of white blends as a category? And could they ever be as big as the reds? I put these questions to Jeff Wooddy, general manager of Rochambeau Wines & Liquors in Dobbs Ferry, N.Y., who predicted the popularity of red blends a few years before they took off. "I think people are more open to a blended red. There's a long cultural history of red blends," he said. He doesn't see the same openness to white blends; buyers are more often than not "flummoxed" by the wines.

I understood what he meant. I found delicious wines among the 20 or so white blends I tasted, but they proved a truly disparate group. There wasn't predictability or even much continuity from one white blend to another, even those made from the same grapes—and a single wine, as Mr. Hugel noted, could be different one year to the next. Drinkers looking for connective threads might well be "flummoxed"—which, by the way, sounds like a pretty good name for a white blend.

► Email Lettie at wine@wsj.com.

OENOFILE // FIVE RELIABLE AND VERY DRINKABLE WHITE BLENDS



2015 Murrietta's Well

The Whip, \$19

A vibrant blend (Chardonnay and Sauvignon Blanc are key) from California's Livermore Valley. Fermented in oak and stainless steel, it has a bright acidity and floral aromas thanks to Viognier and Muscat Canelli.



2016 Weingut Neumeister Gemischter Satz, \$16

Though Gemischter Satz is commonly produced around Vienna, this fresh, minerally white made from seven grapes (including Riesling) hails from the Steiermark region of Austria.



2015 Hugel Gentil, \$11

The Hugel family of Alsace changes its Gentil blend from year to year. This soft, aromatic white features the "noble" grapes of Alsace—Riesling, Pinot Gris, Gewurztraminer and Muscat—as well as others.



2015 Edi Keber Collio, \$32

A full-bodied, generously proportioned wine with a long and powerful finish, this white blend from the Friuli region of Italy is a blend from producer Edi Keber's best Friulano, Malvasia and Ribolla Gialla vineyards.



2015 Château Sainte-Marie Vieilles Vignes Entre-Deux-Mers, \$12

Bordeaux's Entre-Deux-Mers region is known for cheap, simple whites. This zippy, bright Sauvignon Blanc-Semillon-Muscadelle blend is a cut above and a great buy.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Tomato-Watermelon Salad With Feta and Olives



The Chef
Julia Sullivan

Her Restaurant
Henrietta Red in Nashville, Tenn.

What She's Known For
Cooking at once modern and cozy. A way with shellfish, from raw to roasted. Fresh, bright dishes kissed with the flavor of wood fire.

CEASE WEARING white after Labor Day if you must, but by all means go on eating tomatoes and watermelon, which will remain in season another month. Better still, eat them together in this luscious late-summer salad, the first Slow Food Fast contribution from chef Julia Sullivan of Henrietta Red in Nashville, Tenn.

"There's that saying, 'What grows together, goes together,'" said Ms. Sullivan. "Watermelon brings out the savoriness and sweetness in tomatoes, and vice versa. If you take a bite of each, side by side, you can see how similar they actually are."

Firm little cherry tomatoes provide pop that plays off the larger, softer heirloom

tomatoes, and cool, crisp cucumbers lend further textural variety. A bright confetti of pistachios, crumbled feta, chopped olives, and fresh mint and basil brings in briny and bold flavors, and a lemon-jalapeño vinaigrette pulls it all together.

This is an exceptionally easy weekend lunch or weeknight supper—though Ms. Sullivan does advise taking care with the placement of the ingredients, which aren't tossed together but arranged by hand, one by one, like a floral centerpiece. "I plate this so that with every couple of bites, you taste all the components," she said. It makes for a very pretty presentation, too. —Kitty Greenwald

TOTAL TIME: 15 minutes SERVES: 4

2 large heirloom tomatoes, cut into wedges

3 pounds seedless watermelon, cut into large bite-size pieces

20 cherry tomatoes, halved

3 Persian cucumbers or 1

English cucumber, sliced into thin rounds

Flaky sea salt

½ cup chopped toasted pistachios

¾ cup crumbled feta

½ cup pitted and roughly chopped Castelvetrano olives

Finely grated zest and juice of 1 lemon

½ cup olive oil

1 jalapeño chili, stemmed, seeded and minced

¼ cup roughly torn mint leaves

¼ cup roughly torn basil leaves

olives evenly over and around vegetables.

3. In a small bowl, whisk together lemon zest, lemon juice, olive oil and minced jalapeño until emulsified. Season with salt to taste.

4. Drizzle dressing generously over salad.

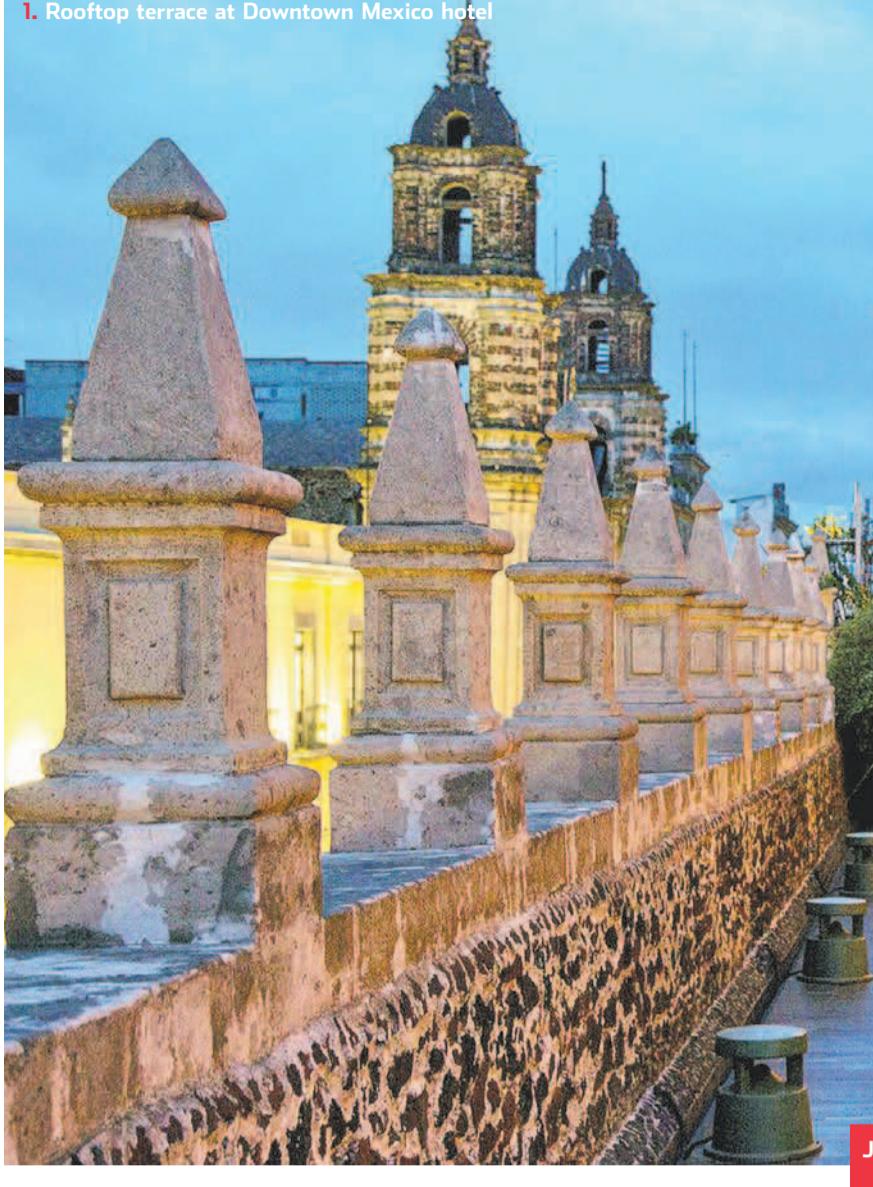
Scatter mint and basil evenly over top. Serve immediately.



THE BITE STUFF A combination of salty, sweet, acidic and unctuous elements makes this salad a satisfying study in contrasts.

OFF DUTY

1. Rooftop terrace at Downtown Mexico hotel



6. Museo Diego Rivera Anahuacalli



5. Tetetlán



LINDSAY LAUCKNER GUNDLOCK FOR THE WALL STREET JOURNAL; FREEVECTORMAPS.COM

THE FASHION DESIGNER
Carla Fernández
Founder of CDMX-based
eponymous stores



THE ART DOYENNE
Patricia Sloane
Associate curator of Museo
Universitario de Arte Contemporáneo (MUAC/UNAM)



THE ARCHITECT
Mauricio Rocha
Founder and principal architect of Taller de Arquitectura



THE STAR CHEF
Jair Téllez
Chef and founder of
Amaya and Laja restaurants and co-founder of MeroToro restaurant



RIVERA RESERVOIR // Museo Diego Rivera Anahuacalli [6]. The most amazing tribute to Rivera, it's in a massive building he designed for his collection of pre-Hispanic art and artifacts. Museo 150, Coyoacán, museoanahuacalli.org.mx

SATURDAY SPECIAL // Bazaar Sábado. I adore shopping in this renovated 18th-century home for textiles and magnificent Mexican jewelry from great artisan families. Only Saturdays. San Jacinto 11, San Ángel

AL FRESCO APERITIF // Downtown Mexico [1]. You'll find a lively scene in this 17th-century palace spiced up with bold art. I go to its terrace bar to enjoy a cucumber mezcal cocktail and the best downtown view. From about \$150 a night, Isobel la Católica 30, downtownmexico.com

BUZZY BITES // Tetetlán [5]. This is the restaurant of the moment. I love the crickets dried with lemon and the fire-roasted avocados. Av. de Las Fuentes 180, Jardines del Pedregal, tetetlan.com.

RETRO DIGS // Camino Real Polanco. This midcentury masterpiece has never lost its coolness. I recommend a room next to the pool and near the gardens of Chapultepec Park. From about \$130 a night, caminoreal.com

A MONUMENTAL MARTINI // St. Regis Hotel terrace. The King Cole Bar presents a good martini at sunset and a view of the shimmering angel on the Independence Monument. Paseo de la Reforma 439, Cuahtémoc

MARKET MUNCHIES // San Juan Market. It's an unsurpassable food market filled with edible eccentricities like kangaroo or crocodile meat. Find a merchant for midmorning ceviche or tapas. Calle de Ernesto Pugibet No. 21

SALSA AT THE SALON // Salón Los Angeles [2]. In this cathedral of culture, celebrating its 80th year, live orchestras play while you swirl to salsas. Calle de Lerdo 206, Cuahtémoc, Guerrero. salonlosangeles.mx

TOP TACOS // El Venadito. Join the line to fuel up with a tacos al pastor at my favorite taco stand. Across the street, stop to admire the mid-20th-century Chapel of San José del Altillo. Av. Universidad 1701, Colonia Agrícola, Chimalistac

BEYOND MARIACHI // Fonoteca Nacional. This splendid archive of Mexican music is housed in an 18th-century hacienda where poet Octavio Paz last lived. And it's on Avenida Francisco Sosa [4], one of the city's most beautiful colonial-era streets. Av. Francisco Sosa 383, Coyoacán, fonotecanacional.gob.mx

CORN FED // Merendero las Lupitas [3]. At this outpost for Northern Mexican food, I order the atole, a hot corn-based drink, and the egg and bean dishes. Calle Jardín, Santa Catarina, merenderolaslupitas.com.mx

PARK IT // Santa Catarina Plaza. Find a bench to soak up the charms of the 16th-century chapel Capilla de Santa Catarina.

GIFT STOP // Fonart. This is one of several well-curated stores funded by the government to support traditional Mexican crafts. The selection of pottery is outstanding. Av. Patriotismo 691, Colonia Mixcoac, fonart.gob.mx

BRAIN FOOD // Taquería El Progreso. This sidewalk restaurant is my favorite place for a CDMX specialty, cow head tacos (tacos de cabeza). Cow brain is supremely flavorful. Calle Maestro Antonio Caso 30, Tabacalera

FRENCH-MEX // Havre 77. When I'm not in front of a stove, I crave the steak frites and oysters at this French-Mexican brasserie from chef Eduardo García, a former migrant worker and star chef. Havre 77, Colonia Juárez, Cuahtémoc, havre77.com

MOODY MEZCAL // La Clandestina Mezcaleria. This is my favorite dive bar for artisanal mezcal. It's dark and soothing, and serves one-of-a-kind bottles. Alvaro Obregón 298, Colonia Condesa

Plus, Don't Miss Museo Nacional de Antropología. Deservedly the most visited museum in CDMX, it holds a wealth of pre-Hispanic culture. Av. Paseo de la Reforma y Calzada Gandhi s/n, mna.inah.gob.mx // **Museo del Templo Mayor** is the remains of the pyramid of former Tenochtitlán peoples, which was discovered in the 1970s during the excavation of a parking lot. templomayor.inah.gob.mx // **Los Danzantes.** Head here for contemporary interpretations of Mexican food like spaghetti with *huítlacoche* sauce, made from corn smut, a fungal corn growth that adds nutrients and flavor. Plaza Jardín Centenario 12, Coyoacán, losdanzantes.com // **San Ángel Inn.** This former monastery offers a patio for cocktails and snacks like the tasty *escamoles* (edible ant larvae). Calle Diego Rivera 50, sanangelinn.com // **Museo Universitario de Arte Contemporáneo (MUAC).** One of the city's most iconic modern structures houses a stellar collection of contemporary art. Escolar, Ciudad Universitaria, Coyoacán, muac.unam.mx

OFF DUTY



JOURNAL CONCIERGE
An Insider's Guide

2. Salón Los Angeles



Mexico City

A capital this mammoth and magnetic requires a well-honed cheat sheet. Meet four discerning tipsters

MANSIONS OF FADED colonial glory, picturesque plazas, an enviable restaurant scene and more museums than one could reasonably consume are drawing ever more travelers to Mexico's capital city. Like a Big Apple of Latin America, it's a melting pot of nationalities, including the largest number of U.S. expats in one city.

A mere 20 years ago, visitors largely steered clear of the crime-plagued capital. In 1997, the federal district received the right to elect its own officials, triggering a seismic shift in the city's political scene and a new era of rein-

vention. Young architects, chefs, designers and hoteliers began making their mark. These days, though many parts of the country continue to generate headlines for drug-related violence, the tourists areas of Mexico City remain generally calm.

Of course, the Mexican capital can also be a traffic-knotted mess. For that reason, our local experts advise taking in just one or two of its 16 distinctive neighborhoods a day. And for a truly local experience, leave time for a glass of mezcal to wash down the giant ant larvae. —Dyan Machan

4. Avenida Francisco Sosa



3. Beans and tamale at Merendero las Lupitas



RIVERA RESERVOIR // Museo Diego Rivera Anahuacalli [6]. The most amazing tribute to Rivera, it's in a massive building he designed for his collection of pre-Hispanic art and artifacts. Museo 150, Coyoacán, museoanahuacalli.org.mx

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OFF DUTY



EMPIRE BUILDINGS The historic center of Gjirokastra, where many dwellings date back to the Ottoman period. Below right: The garden at Taverna Kuka.

FRANCESCO LASTRUCCI FOR THE WALL STREET JOURNAL

An Ottoman Time Capsule

Pashas and other iron fists once ruled this Albanian 'City of Stone.' Now preservationists are taking the lead

BY CATHRYN DRAKE

GJIROKASTRA, in southern Albania, may not be the most obvious destination for a late-summer European getaway. But this hill town of 66,000 is immensely charming and affordable and a two-hour drive from the fine beaches of the Albanian coast. Still not convinced? A veritable time capsule, Gjirokastra served as a trading hub for some 500 years under the Ottoman Empire (1385 to 1912) and the setting for a real-life game of thrones.

Throw in a medieval castle, a Communist-era underground bunker and a U.S. "spy plane," and Gjirokastra might just be the most intriguing small town you've never heard of.

The weekend I spent in Gjirokastra, I stayed in the Babameto House, set just beneath the hulking Gothic citadel. Although the accommodations are austere (even the private rooms have shared baths), the structure is anything but. A 19th-century Ottoman kulla ("tower") house, with elegant rows of windows and warm wooden interiors, Babameto is the latest of many historic restorations undertaken in the last decade by the nonprofit Gjirokastra Foundation.

I met the foundation's executive director, Sadi Petrela, upon my arrival at Babameto, and we took in the panorama beyond the garden walls: fairy-tale palaces arrayed on the surrounding hills, an 18th-century minaret hovering above a patchwork of slate roofs, and, farther off, stark mountain ridges. The foundation has spearheaded over 50 projects, including rehabilitation of the cobblestone streets and revitalization of the bazaar in the Old Town, nicknamed the "City of

Stone" for the hundreds of rock-hewn buildings. The grandest project may be the Zekate House, an 1811 mansion, now a museum, where visitors can wander the ornate period interior. As Mr. Petrela and I strolled over to Zekate, on the other side of town from Babameto, he felt compelled, per local custom, to chat with each person he knew along the way—which was nearly everyone. I noticed few foreign tourists during my visit to Gjirokastra. After a couple of days, even the women hanging out on stoops and the men nursing Turkish coffee at cafes greeted me like a local.

Zekate House originally belonged to a high official of the notorious warlord Ali Pasha. Ali seized Gjirokastra and made it a stronghold for his rebellion against the Ottoman region, only to be executed by order of the Sultan. Built during this time of civil unrest and merciless banditry, Zekate was constructed like a fortress, with thick stone walls, massive reinforced doors and small windows. In the living quarters, on the top floors, sits a sumptuous reception salon with low-lying divans lining the walls, soaring carved-wood ceilings, and a grand fireplace adorned with an intricate floral motif echoed in the wall frescoes. After Mr. Petrela and I toured Zekate, we sat down for coffee with the Džekos, the elderly couple who inherited and manage the house. "The small building where they live now was for the servants," Mr. Petrela said. After the Communist regime nationalized the mansion, he explained, the Zekate family was reduced to poverty.

Indeed, the Communists took over many historic buildings in Gjirokastra; upon the party's fall, in 1991, all were returned to the families who owned them. The founda-

tion isn't just working to return these buildings to their former glory. Integral to each project is a business plan that will hopefully entice family members, many of whom have left to seek work abroad, to return to their hometown. The Babameto House, for example, will be turned over to the owners next year, once it generates enough income as a hostel to repay renovation costs. "We want to demonstrate to the owners that these houses can produce money and have a promising future," Mr. Petrela said.

Gjirokastra's Communist past is being preserved, too. The next day, Mr. Petrela invited me to join a tour of the Cold War Museum, which opened in 2014 after various bureaucratic struggles. The museum encompasses a labyrinthine bunker built in secrecy in the 1970s and only discovered decades later. This musty network of tunnels connects some 80 rooms, still labeled with their official functions and filled with corroded metal furniture.

The evolution of the vast fortress looming above the bunker embodies the vicissitudes of Balkan history. Ali Pasha and King Zog, Albania's ruler in the early 20th century, expanded the structure during their reigns and used it as a prison, as did the Nazis and Communists, who also used it as torture chambers, until as late as 1963. Now the National Armaments Museum, it houses an impressive collection of World War II artillery, including a U.S. Air Force "spy plane" captured in 1957. "When we built the museum up in the castle, we were accused by the government of corruption and being nostalgic of Communism," Mr. Petrela said. "But it is a very important part of our history, absolutely."

The castle serves as a festive space too. The evening I was there,

the outdoor stage hosted a concert by the raucous brass band Fanfara Tirana and popular singer Hysni Zela—a fusion of syncopated Balkan and rock rhythms accented by flourishes of clarinet. I joined in on the exuberant circle dances that erupted spontaneously among the youthful audience and faked it rather well.

The flutter of lace curtains

greeted me as I awoke at Babameto the next morning. Looking out at the Ottoman palaces dotting the hills, I remembered a passage written in 1933 by British travel writer Patrick Leigh Fermor. Gjirokastra, he wrote, was "immeasurably old and at the same time brand new and totally unknown." Nearly 100 years later, the description still holds true.



THE LOWDOWN // TOURING GJIROKASTRA, ALBANIA

Getting There Fly into Albania's capital, Tirana, and rent a car or take a furgon (minibus) for the four-hour drive south.

old structure (from about \$41, kalemi-hotels.com).

Staying There

Babameto House, a restored Ottoman palace, functions as both hostel and hotel with double rooms and a dorm room (from about \$30 a night for a double room, facebook.com/BabametoHouse). In the Old Town, Kalemi 2 occupies a recently converted building that's more than 300 years old; it offers splendid views and spacious rooms (from about \$54 a night, kalemi-hotels.com). The simpler Kalemi Hotel, farther uphill, is in another restored centuries-

old structure (from about \$41, kalemi-hotels.com).

Eating There Taverna Kuka serves excellent local specialties such as the midjhe (fried mussels) and qifqi (herbed rice balls fried with an egg) in a trellised garden ([Rugra Astrit Karagjozi](http://Rugra_Astrit_Karagjozi)).

Shopping There At GjiroArt, on the main street of the bazaar area, you can find embroidered homewares, handwoven carpets and blankets, and other items made by local artisans, many of whom cooperate with the Gjirokastra Foundation's artisan training program (gjirokastra.org/gjiroart/design.html).

SOUVENIR

GOLDEN ARCHES The Una Storia ring from Florence's Aika Fushimi boutique.



QUARANTOTTO

FLORENTINE FLOURISHES TO-GO

Traveler keepsakes from artisan jewelers inspired by Florence's medieval past

FOR A GOLDEN memento of Florence, head for the jewelry shops that famously line the Ponte Vecchio—and don't set foot in any of them. Bypass the bridge, the tour groups and the flashy international brands for an austere stone building tucked into an alley across the Lungarno degli Acciaioli (the street along the Arno's north bank). The medieval walls of 2 Vico Marzio, once a convent, now enclose the workshops of more than 20 orafi and incassatore—traditional Florentine goldsmiths and engravers.

On the ground floor is Nerdì Orafi, a family-owned outfit whose modest atelier turns out custom jewels—artfully mismatched emerald earrings, engraved signet rings—for connoisseurs and Italian aristocrats. But Nerdì also fashions ready-to-wear pieces, including Etruscan-inspired hammered chains and flowery Renaissance-influenced bracelets. Their most popular pieces are the understated florin pendants. Replicas of the Florentine gold

coins that dominated European trade for centuries, the necklace charms have the city's fleur-de-lis badge on one side, and its patron saint, John the Baptist, on the other. The large 18k gold version—sized between a nickel and a quarter—costs about \$322; silver costs a tenth the price. *Vico Marzio, 2, nerdiorafifirenze.it*

For a more whimsical take on the past, cross the river to the Oltrarno quarter, where locals outnumber tourists and where Japanese jeweler Aika Fushimi opened her Quarant'otto boutique two years ago. Ms. Fushimi's signature piece, the Una Storia ring (about \$2,050), mimics the arches of the hushed courtyard of the Basilica di Santa Croce. A man and a woman stand between tiny gold columns. It could be a tryst, it could be a first encounter. Or maybe they're just two more tourists, falling in love with Florence. *Vico Maggio, 6, www.quarantotto.co.jp*

—Sara Clemence

OFF DUTY

Spin Me Right Round

Beach boardwalks. Lobster rolls. Unbridled nostalgia. A family road trip to sample Rhode Island's classic carousels is quite a ride

BY MICHAEL TORTORELLO

STEP RIGHT UP and pick a horse. The Slater Memorial Park Carousel, in Pawtucket, R.I., offers riders their choice from a revolving menagerie of 44 steeds, 3 dogs, 2 chariots, 1 giraffe, 1 camel and 1 lion. Every one is a winner.

Children take the selection seriously. You can tell by the way they size up the mounts and then rush aboard the platform, lest anyone beat them to their picks. Grown-ups, poor judges of wooden horse-flesh, don't see the point. The horses, the dogs, the chariots, the giraffe—they all end up where they started at the exact same time. Yet a family road trip to visit historic U.S. wooden carousels may take you somewhere unexpected: a bygone America of steam power, immigrant woodworking shops, trolley-car amusement parks and beach boardwalks. During the golden age of carousels—1880 to 1930—builders competed for business by developing highly original styles of carving, painting, and ornamentation. Of the 5,000 merry-go-rounds they fabricated in this country, only 200 or so survive.

If you narrow your geographic range to Rhode Island, you can visit four classic American carousels—two of them National Historic Landmarks—while driving less than 70 miles in your own motorized chariot. In early fall, with the kiddos riding school buses again, the carousels run weekends only. Crack the whip, and you might finish this tour a little after lunchtime. But then what kind of fool would try to hurry a carousel? Put on a swimsuit (the unofficial state uniform) and stop at Misquamicut Beach. Catch a AAA Red Sox game in Pawtucket. Almost anything you want to see in the Ocean State lies within 25 minutes of a classic carousel.

For road-trippers driving north from New York, Watch Hill makes a logical first stop. The Flying Horse Carousel, dating to 1876, is the oldest continuously operating ride in the U.S. Local legend has it that a roaming carnival abandoned the carousel in this seaside resort

Though this carousel dates back to 1895, few whirl faster.

colony. In 1883, the herd of wood horses took up residence in front of the town beach, housed in a decagonal pavilion with cobblestone columns. And the attraction has stayed here ever since.

No other working carousel resembles the Flying Horse. True to the attraction's name, its steeds hang down from wooden sweeps (or rafters), with chains at the haunches and vertical iron rods attaching to the horse near the horn



MERRY MAKING Clockwise from top: Pawtucket Carousel, in Slater Park; Watch Hill Beach; an ice cream stop at Atlantic Beach Park; playing croquet at the Ocean House hotel in Watch Hill; Jordan Williams saddled up on the 1895 Pawtucket Carousel.

of the saddle. The carousel's maker, the Charles W.F. Dare Company, of Brooklyn, N.Y., also manufactured children's perambulators and toys, such as rocking horses. You can detect that influence in the quadrupeds' bent forelegs and primitive heads. Carousel fanciers label the style "Country Fair." That doesn't mean the horses lack character. Real horsehair fills out the tail; leather forms the saddle and stirrups; agate marbles serve as eyes. You feel like you're riding a functional antique, or your kids are, at least. The weight limit on the Flying Horse is 100 pounds—suited to only the lightest of jockeys.

If this merry-go-round seems rarefied, the neighborhood strives for the same tone. The boutique windows that line Bay Street display sailcloth purses, Turkish towels, pricey espadrilles. At the stately Ocean House hotel up the hill, guests play croquet on the groomed lawn, while

diners on the veranda choose from lobster rolls two ways: hot (with tarragon and celery), or cold (with Vermont creamy butter).

Compared with the thoroughbreds of Watch Hill, the horses running 5 miles up the coast at the Atlantic Beach Park Carousel appear to be a mongrel lot. The National Carousel Association, a preservation group, identifies this merry-go-round as a 1915 machine by the prolific Herschell Spillman Company. Allan Herschell, a Scottish immigrant, manufactured boilers and steam engines near Buffalo, N.Y. After talking his partners into experimenting with a "steam riding gallery"—industry parlance for a carousel—his company began to manufacture 100 of them a year.

At the Atlantic Beach Carousel, some of the 39 jumping horses (and one zebra) were likely produced in the mid-20th century at the Arrow Development Co. (which also created early rides for



Disneyland). Their coats are a single color: either white or gray. Call them workhorses.

Discriminating equestrians should climb aboard one of the dappled show ponies crafted by Marcus Charles Illions, one of several Jewish immigrant furniture makers who found his way into the business. Illions was a carousel artist of the highest rank and creator of the dramatic "Coney Island" style. The animals' musculature, carved out of pliable basswood, appears dynamic. nostrils seem to flare, manes to flutter.

Listen for the oom-pah-pah of a vintage band organ nearby, a belt-driven, automatic instrument (much like a player piano) with horns, percussion and xylophone. You really can't ignore it. The organ blares a mid-20th-century repertoire: "Love Me Tender," "Don't Worry Baby," "Que Sera Sera (Whatever Will Be, Will Be)." This is the soundtrack of your life whipping by in three-minute intervals.

If the kids don't care to examine the finer points of folk art—or to see their parents mist up—you can buy a little time by handing them \$10 for the arcade next door. Make it

dled to a donkey and a couple of pygmy goats.

Redevelopment drove Charles Looff from his workshop in Greenpoint, Brooklyn to Crescent Park, in East Providence. At the time, the turn of the 20th century, Crescent Park could claim to be one of largest shore resorts in the world, a 300-acre fun-land that drew 50,000 to 75,000 visitors on a weekend day. Looff apparently lived on the grounds, in a six-room apartment attached to his carousel shed. The Crescent Park carousel became Looff's showroom: the place to exhibit his latest and most elaborate models.

The most popular horses prance on the outside of the four rows. Each revolution of the carousel offers riders a fleeting chance to grab a brass ring. Not just a figure of speech, these 2-inch-diameter hoops extend from a mechanical arm at the perimeter of the ride. Traditionally, a single gold ring can be redeemed at the end for a free ride. When you get near, chances are you'll be thinking the same thing carousel riders in Crescent Park have thought for 120 years: This time around, I can't miss.

THE LOWDOWN // COASTING IN RHODE ISLAND

Staying There Ocean House—a five-minute uphill stroll from the Flying Horse Carousel—recreates the Victorian age of Watch Hill luxury: a seaside resort of squash courts, full-service beach cabanas and mornings at the spa (from \$795 a night, [oceanhouserri.com](#)).

Eating There The simple pleasure of a carousel ride doesn't pair well with a 10-course tasting menu. A better bet: lob-

ster rolls, raw shellfish and ice cream. Blount Clam Shack serves respectable whole-bellied fried clams, clam cakes, and lobster rolls right next door to the Looff Carousel in Crescent Park (335 Water St., [blountretail.com/crescent_park/home](#)). Matunuck Oyster Bar, mid-coast in South County, prepares all those seafood staples for a more discriminating palate, and adds what might be Rhode Island's most popular raw bar, with

its own farmed oysters (629 Succotash Rd., [rhodyoysters.com](#)). Ten minutes from the carousel in Slater Park lies Three Sisters, a sandwich and homemade ice cream shop with flavors for little jockeys (cake batter, cookies and cream) and mature equestrians



(dirty garden mint). (1074 Hope St., Providence, [threesistersri.com](#)).

► For a few prime beaches in Rhode Islands, see [wsj.com/travel](#).

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OFF DUTY

RUMBLE SEAT DAN NEIL



Rare Bavarians: BMW i8 and M4 Dinan S2

I HAD SEEN SHADOWY figures loitering near the BMW i8 that was plugged in beside my house. They came by in the evening, usually in pairs, one tall—the dad or mom—and one small. Then I started getting jolly flash traffic from neighborhood parents. What is that thing?

It turns out that, from the eye level of a 6-year-old, BMW's techno-luxury statement car looks like Jackson Storm, the rival to Lightning McQueen in the movie "Cars 3." That BMW failed to exploit this accidental resemblance constitutes gross marketing malpractice, but let that go. The point is, for two weeks, I was King of the Dads.

You pinky-ringed minions of Babylon can ride around in your Ferraris and Lambos if you want. Kind of ordinary, though. For rarity, for sheer automotive rarefaction, the flagship of BMW's billion-euro i Division makes those cars look like link sausages. BMW will sell only about 300 of these cars in the U.S. this year, though not for want of trying. It is, for starters, wildly expensive. Our black-and-blue tester cost \$152,695, about the same as an Acura NSX, which on a racetrack would leave the i8 for dead, blackened, fly-blown carnage. The i8 has charms other than raw performance, and for that price it bloody well ought to.

Here is a brief, real history of BMW's i Division. It was born in alarm and dismay at the turn of the decade, when German automakers got their first look at the Tesla Model S. They realized they had been out-engineered and they had guessed wrong on electrification. The i Division was set up to model—in technology, design and manufacturing—BMW's next chapter of sustainable, low-consumption, socially accountable transportation. But it was also a riposte, a fending off of Tesla.

The company even built a temple to its future: the assembly hall in Leipzig, Germany, with its grand concourse designed by Zaha Hadid. Here BMW deployed its visionary LifeDrive vehicle architecture. In an automotive-manufacturing first, the passenger safety cell, or tub, is fashioned from lightweight carbon fiber reinforced plastic in a beguilingly human-free process that takes hours instead of days. For anyone watching, and Germany's autoworkers certainly are, the i8 and sister car i3 preview the industry's radical and hastening automation. If ever the i Division were merely a virtue-signaling pilot program with unserious volume expectations, Dieselpgate put an end to that. The company has announced more than 40 new plug-in models, with the new iPerformance imprimatur.

No one in Munich actually knows how the Ultimate Driving Machine will weather the next decade. Everything that the future holds for automobile—connected, shared, self-driving, electric—sounds to traditionalists about as appealing as cat-food flavored



SPROUTING WINGS The BMW i8, a techno-luxury sports coupe, is a wildly expensive brand experiment.

toothpaste.

In this respect, the i8 is a rolling soul search, an experiment in brand. What are the tactile feedbacks, the synaptic connections, the satisfactions of a post-combustion era BMW? The i8's presentation to the driver is serenity by wire, cool and technical, informative-forward. You press the start button and instead of a quickening fire of combustion there's swooping electronic sound, an ear-icon. None of the familiar, the analogue remains.

Trickiest, philosophically, is the balance the i8 strikes between performance and efficiency—call it sufficiency of sportivity, a phrase for which there simply must be a compounded German word. Behind the seats is a tiny, purring 1.5-liter turbocharged three-cylinder gas engine and six-speed automatic transmission, producing 227 hp and 236 lb-feet of torque.

BMW will sell only about 300 of these cars in the U.S. this year, though not for want of trying.

In the nose of the car is an AC synchronous electric motor (129 hp, 184 lb-ft of torque) driving the front wheels through a two-speed gearbox. When the hybrid chakras are aligned, the all-wheel drive system output is 357 hp and 420 lb-ft of torque, pitted against the car's dense 3,455 pounds.

Romp the e-throttle at a green light and the i8 will surge hummily to 60 mph in 4.2 seconds, a syrupy squirt. If you give the car enough stick and enough runway, it will hit a top speed of 155 mph, says BMW. Once in a while you can hear the turbos chuff, but the engine growl filling the cabin is synthesized and pumped through the au-

dio system speakers.

The i8 is certainly potent, responsive and refined. The dual-sourced powertrain is a minor miracle of hybrid integration. But the i8 is not particularly fast. It might be the slowest mid-engine carbon-bodied sports car with pain-in-the-ass doors I've ever driven.

And, as a sign of just how fast things move, this state-of-the-art machine is already a bit dated by its battery tech. With a usable capacity of about 5 kWh—roughly a third that of the pack in a Chevy Volt PHEV—the lithium-ion cells will carry the car only about 15 miles before the three-cylinder gas engine kicks in. To avoid tailpipe emissions I was plugging in three times a day.

The first-gen i3 also suffered from underperforming batteries. However, BMW increased the pack capacity 50%, to 33 kWh. It's reasonable to expect these more energy-dense cells will turn up in the i8, perhaps as soon as December at the Los Angeles Auto Show, when BMW will unveil the i8 convertible.

You won't see one of those every day, if ever.

IF THE I8 is New School BMW, the M4 is the Old School. Actually, it's more like standardized testing, since the Bavarian's compact performance four-seater has been a perennial benchmark for spendthrift enthusiasts since the 1990s. And if you were to take a factory-fresh M4 for a rage up a canyon road you might ask yourself, "Could these cars get any better?" Yes, they could. All you need is (more) money and the name Steve Dinan.

Mr. Dinan's company has been pumping performance and pizazz into BMWs since the Carter Administration at its shop in Santa Clara County, Calif. And while I typically avoid aftermarket performance tuners and the evil they do, Mr. Dinan's work—notable for the balanced,

thoughtful insanity of the cars—stands apart from the usual scoundrels. Note the factory-matching 4-year /50,000 mile warranty.

For a recent dash from San Francisco to Napa to Monterey and back, I borrowed a BMW M4 Dinan S2, which in tuner-speak means a Signature 2 (stage 2) package, with engine, suspension and cosmetic upgrades, totaling \$13,282 above the cost of the donor M4 (\$67,700).

The car that comes back from Dinan has been cured of itself in three distinct ways. First, sound: The intercooled/turbocharged S55 engine has a strained and hollow sound

out of the box. Dinan's plumb-

ers install a resonant stainless-steel exhaust system and, aft of the catalytic converters, a high-flow cross-pipe. The popping, can-full-of-bees din emerges from dual-quad exhaust tips the diameter of Crisco cans. Ungawa.

Second, power: The engine mods include an XXL cold-air intake, upsized charge-air intercooler, and a hot-rodded chip, adding 123 hp over the stock M4 for a total of 548 hp and 549 lb-ft of torque. Moreover, all this power hangs out at the screaming end of the tachometer, well over 4,000 rpm. So that cures whatever alleged lack of emotionalism

the M4 suffers.

Steering sharpness and precision: Dinan's magic kit includes way stiff springs and dampers and hatefully stiff (optional) Pirelli P Zero Corsa tires that are a ballsy 10.5-inches wide at the rear. Critically, Dinan replaces all the rubber bushings with Teflon-coated machined ball joints, hardened housings, and billet aluminum rear toe links. The suspension mods make the Dinan drive hard and thrashy, stiff as a Bavarian buckboard. The road static in the steering wheel will make your hands tingle. The steering is as sensitive as sunburn.

Just the way I like it.



DANA MATTIOLI MERGERS & ACQUISITIONS REPORTER

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THE WALL STREET JOURNAL.

*This castle hath a pleasant seat.
The air nimbly and sweetly
recommends itself.'*
—William Shakespeare, 'Macbeth'

Friday - Sunday, September 1 - 3, 2017 | W9

Ye Olde Castle for Sale

For those in search of their own magical kingdom, ancient castles dot the European countryside. And with sales currently in the dungeon, buyers may get a bargain.



SOTHEBY'S INTERNATIONAL REALTY

MODERN-DAY PALACE In Scotland, Craigcrook Castle dates to 1542 and has since then been enlarged and embellished. The castle, which is currently listed for about \$7.74 million, comes with more than 4 acres of land. The market for high-end properties is 'difficult,' says Anna Henderson, an associate with estate agent Galbraith in Edinburgh.

BY RUTH BLOOMFIELD

CASTLES ARE THE ULTIMATE trophy homes—vast, imposing and steeped in enough atmosphere to satisfy the most devoted "Game of Thrones" fan.

Becoming king—or queen—of a bona fide castle in Europe is a relatively simple business right now. The prime country-house market remains weakened after the recession, creating buying opportunities at a wide range of price points.

But, as Oliver Sanger can attest, while owning a castle might be a joy, finding an exit strategy can be a slow, slow process.

Dr. Sanger, a psychiatrist, and his wife didn't set out to buy a castle. With a residence on Manhattan's Upper East Side, they wanted a vacation home somewhere in Europe that was quiet and sunny. They homed in on the area around Perpignan in southeast France and, during a visit to view potential properties, they saw Château de Corbère outlined on a hilltop in the distance.

Intrigued, they went to have a look, and when

the housekeeper told them the 11th-century château was for sale it seemed like fate. They agreed to pay \$1 million for the property and its 25 acres of grounds.

That was 23 years ago, and in that time they have renovated the 6,997-square-foot, eight-bedroom, eight-bathroom château, created a garden and spent holidays there with their children and grandchildren.

Dr. Sanger, who is in his early 80s, said the real thrill was in restoring the château. "We had

Please turn to page W12

HOUSE CALL | BOB NEWHART

THE FIRST LAUGH WAS AT HOME

The comedian used humor to communicate with his father; gag phone calls from work led to a No. 1 comedy album.

Bob Newhart, 87, is a stand-up comedian and actor who won three Grammy Awards in 1961 for his first comedy albums. He starred in two successful TV sitcoms, "The Bob Newhart Show" in the 1970s and "Newhart" in the '80s, as well as in films such as "Catch-22." He spoke with Marc Myers.

I came to comedy through a series of funny accidents.

When I was young, I never envisioned stand-up as a way to make a living. I was always the guy on the edge of the crowd saying things to people next to me and they'd laugh. I couldn't help myself. Stand-up was something I had to do.

I grew up in Chicago during the Depression. My father, George, worked for American Radiator, but he was among the last ones hired so he was the first one let go. Jobs were hard to come by then.

Fortunately for us, my grandfather on my mother's side owned the four-story building on North Menard Avenue where we lived. Our apartment was on the second floor.



FUNNY BUSINESS

Bob Newhart at his townhouse in Los Angeles, where he lives with his wife, Ginnie.

My grandfather ultimately lost the building and bought a smaller two-story one. We moved there and lived upstairs and my grandparents lived downstairs. Then he lost ownership of that one, so they moved in with us.

As the economy picked up, my father went to work at W.C. Morris, a company that sold plumbing and heating supplies. He was a good salesman who eventually had a 15% stake in the business.

When I was 12, we moved to a two-story, mixed-occupancy duplex on North Mason Street. When my grandfather on my father's side died, my grandmother moved in with us. She took my bedroom, and I slept in the dining room.

My father and I never had a close relationship. My mother, Pauline, filled the gap and often took me to see the Cubs.

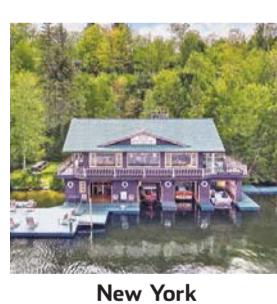
My father was funny, and humor dominated the little contact I had with him. I remember us in the same room telling each other what was funny about the books we were reading. Like any kid, I

Please turn to page W10

HOUSE OF THE DAY
wsj.com/houseoftheday



Florida
A car buff's retreat in Palm Beach Gardens



New York
An Adirondack camp on Lake Placid



New York
A Mamaroneck home doubles as an art gallery

AMANDA FRIEDMAN FOR THE WALL STREET JOURNAL

AMANDA FRIEDMAN FOR THE WALL STREET JOURNAL

DANIEL MILSTEIN

MANSION

ANNOTATED POOL

A Place to Chill When the Days Are Hot

A Franklin, Mass., couple created a backyard spa with bar, sofa, fire pit, waterfall, slide and music

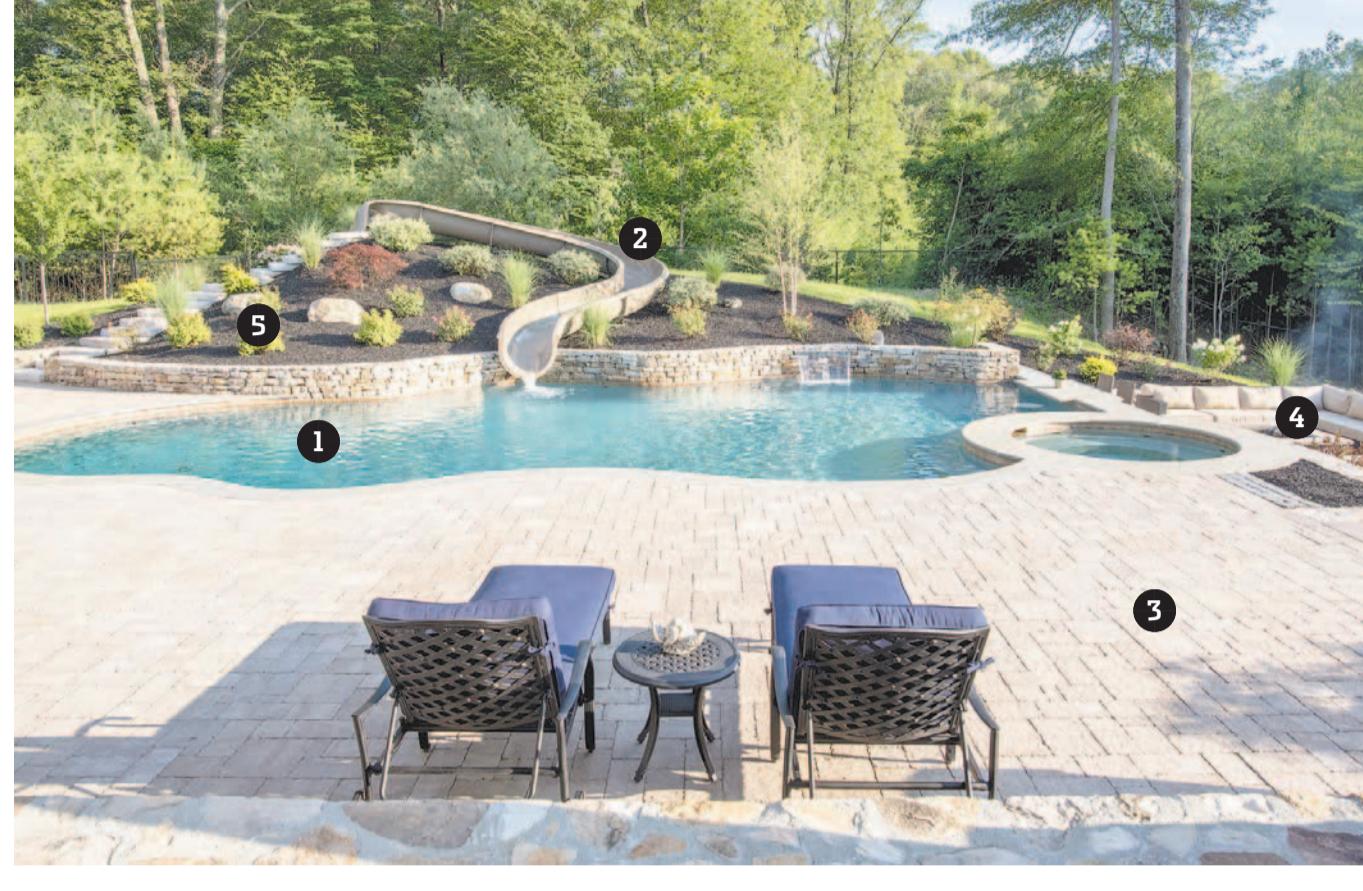
LIVING THROUGH HARSH New England winters, this Boston-area couple wanted to make the most of summer. To that end, they built a backyard pool with a slide, waterfall and swim-up bar. An outdoor entertaining area is outfitted with a fire pit, a plush sectional sofa and a spa.

The couple, who are in their 40s, have three children, the eldest of whom is 11. Their newly built home is located in Franklin, Mass., about an hour's drive from Boston, where the husband works in finance.

They turned to Andrew Everleigh of Chelmsford-based Environmental Pools to "design something with functionality but that the kids would enjoy." The project, which cost about \$500,000, began in July 2016 and was completed by Memorial Day 2017—with a winter break in-between.

Here are some of the components of the pool. Prices are approximate and can vary based on the materials and scope of the project.

—Beth DeCarbo



AL RANIERI (3)

1. DIVE IN

The saltwater pool is made of gunite, a mixture of cement, sand and water shot through a hose onto a reinforced frame. The interior has a pebble finish. The water goes from 3½ feet deep to 7½ feet. A waterfall adds visual interest and sound.

Price: \$70,000 for the pool and equipment

2. SLICK

To create a popular water-park perk, Mr. Everleigh designed a 32-foot water slide at the deep end. Water is pumped down the fiberglass chute to keep the slide cool and slippery.

3. ROCK CITY

The entire pool area measures about 2,200 square feet. Tech-Bloc pavers make up most of the stonework decking; the coping around the edge of the pool is bluestone. Retaining walls are made of Yankee special stacked stone.

Price: \$104,000 for the decking, coping and retaining walls

4. SOME LIKE IT HOT

An entertaining area can comfortably seat eight to 10 adults and features a

wood-burning fire pit. Nearby is a bar with bar stools and a refrigerator so drinks can be served.

Price: \$5,500 for the fire pit; \$4,000 for the sectional sofa by Madbury Road; \$1,300 for two Inter-Fab bar stools and \$3,000 for the Lynx refrigerator

5. GREENERY

The family wanted low-key landscaping that would be low maintenance. Grasses, Japanese maples, knockout roses and other plants were selected because they don't drop a lot of debris into the pool, Mr. Everleigh said.

Price: \$25,000

6. SIGHT AND SOUND

Extensive landscape lighting makes the pool area usable at night. Colored LED lights are also in the pool and spa. A sound system, controlled via smartphone, includes outdoor speakers camouflaged as rocks.

Price: \$13,500 for lighting and Sonos sound system

7. INSIDE JOB

A pool house includes a storage closet and a half-bath. The exterior wall features an outdoor shower for rinsing off.

Price: \$45,000

BOB NEWHART'S ROAD TO COMEDY



BOB NEWHART

COMEDIC CAST Bob Newhart played psychologist Dr. Robert Hartley on his 1970s sitcom. The cast, clockwise from top left: Bill Daily, Marcia Wallace, Peter Bonerz and Suzanne Pleshette.

Continued from page W9

was trying to get my dad's attention. I don't think I was very successful at it.

I probably got my first laugh at home. When someone laughed at something I said, I liked how laughter sounded. I also wanted to hear that sound more. I still like hearing that sound.

My sense of humor got me through high school. Initially, I was good at imitating film stars. I had played the drums as a kid, so timing wasn't a problem.

My early hero was comedian Jack Benny. I loved how he'd take his time telling a joke on the radio and TV.

I stammered as a kid. You can hear it in my routines. But it was never a problem. I found that people finish your sentences when you start to stammer. They try to help you out, so you wind up off the hook.

I attended Loyola University and majored in business management and minored in accounting. I always had a head for numbers. Then I went into the Army during the Korean War. When I was discharged, I went to law school under the GI Bill. Then I left to work as an accountant.

But accounting was painfully dull. To break up the day, I'd call my friend Ed Gallagher, who worked for the Leo Burnett ad agency in Chicago. We'd do improv bits over the phone.

For example, I'd pretend he was my boss and that I was calling from the yeast factory where we just had a fire. I'd tell him that the fire department had put out the blaze but that I had to run up to the next floor because the water from the hoses had caused the yeast to rise. Then Ed would ask me questions.

A friend of ours, Chris Peterson, thought the bits were funny. He said if we made a demo record, he'd make copies and send them out to radio stations. So we did, and Chris made 100 records of our five-minute routines.

Then Ed was offered a job at the BBDO ad agency in New York. I had to find another partner or go out on my own. That's when I convinced myself to try to make a living

ing at comedy as a solo act. But it was a slow process, and I took part-time jobs to make ends meet. In the late 1950s, I worked behind the counter at the Illinois unemployment office. I was paid \$65 a week, but the claimants got checks for \$55 and they only had to come in one day a week. So I left.

Finally Dan Sorkin, a DJ friend at WCFL in Chicago, told Warner Bros. about me. They said if he recorded me, they'd listen to the tape.

By then I was doing comedy routines about Abe Lincoln, a driving instructor and a submarine commander. We taped those and others, and Dan gave Warner Bros. the reel.

I love my new home office. I have to be alone with my legal pad when I work on routines.

Executives there liked it. They recorded me live at a club in Houston, and "The Button-Down Mind of Bob Newhart" reached No. 1 on the Billboard album chart in 1960, the first time a comedy album had achieved the top spot.

As my stand-up career evolved, I became known for keeping a straight face and for a slight, endearing stammer. The stammer is real. As for the straight face, that's just my delivery.

Today, after living in the Bel Air section of Los Angeles for 40 some years, my wife, Ginnie, and I recently downsized to a townhouse in Century City.

I love my new home office. I have to be alone with my legal pad when I work on routines. Ginnie hates the office because it's a mess. But there's a certain order to it that I realize.

Ginnie and I met in 1963 through comedian Buddy Hackett. When Buddy and I were first introduced, we started talking and I told him I had an accounting degree.

He said, "You mean you don't have to do this?" I laughed and said, "No, Buddy, I have to do this."

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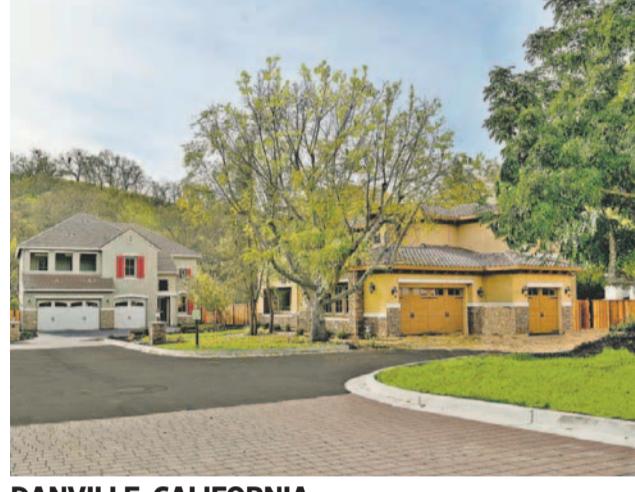
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MANSION

YE OLDE EUROPEAN CASTLES FOR SALE

Continued from page W9

all the fun of talking to French workers about fenestration and stained glass—I loved it,” he said.

Around four years ago, however, the Sangers decided to sell. They own a more convenient vacation home in Ontario, Canada, and none of their children want to take the château on. Unfortunately, their decision has coincided with a fractious political period in France, and the château remains on the market, listed for about \$3.82 million with Savills.

Potential buyers of the château could be someone looking for a “second, third, or fourth” home with real wow factor, said Stewart Cook, managing director of Classic French Homes, a Savills affiliate based in southwest France. “There is a bit of a snob element,” he added. “Some buyers are definitely looking for a property that makes a bit of a statement of success, wealth and making it.”

They might also find a bargain. Mr. Cook currently has a château in the Dordogne under contract. It is owned by an English couple who spent around \$3.82 million on the purchase and renovations. The buyers, a French couple, are paying about \$2.03 million for the property.

Many châteaux were built during the 100 Years War, waged between England and France between 1337 and 1453. They have thick stone walls and floors, and an array of battlements, towers and turrets. The front door is often guarded with a metal portcullis. The French government classifies châteaux as being at least 6,458 square feet.

Alongside these officially recognized châteaux, the French countryside is littered with later château-style country houses.

Mr. Cook said that châteaux of either vintage tend to be valued at between \$110 and \$275 per square foot—around the same as for a prime country house, although if a château also comes with land, this will be reflected in the price.

Despite competitive pricing, as Dr. and Mrs. Sanger know, the château market is difficult. Traditionally propped up by international buyers, sales have floundered after a series of shocks: the eurozone crisis, the recession and political upheaval across the globe. “I reckon...[prices]...are 50% of what they were in the peak of 2007,” Mr. Cook said.

In Italy, the Apennine Mountains, which run like a spine through the country, are dotted with castles, as are the northern regions of Piedmont and Lombardy, close to Italy’s border with the rest of mainland Europe.

While some Italian castles date close to the start of the last millennium, the Renaissance, between the 14th and 16th centuries, was a particularly busy period for castle building.

“Every region was constantly invading one another, so there was a lot of need for these heavily fortified buildings,” explained Rupert Fawcett, a partner at Knight Frank and head of its Italian department.

These castles were built with defense in mind, rather than what Mr. Fawcett describes as “Disneyland looks.” Buyers can expect impregnable stone edifices with turrets and slit windows to repel enemy arrows and bullets.

While there are few castles openly on the market in Italy, Mr. Fawcett said that in reality, would-be buyers can take their pick. “I would say that every castle in Italy would be for sale if you approached the owners,” he said.

Currently listed with Knight Frank for \$8.12 million is Castello Baronale, 31 miles east of Rome. The 32,291-square-foot castle, almost 700 years old, has nine bedrooms, seven bathrooms, plus a ballroom, library, gymnasium, spa and movie theater.

Pricing a castle is—naturally—difficult. “It is not an exact science,” said Mr. Fawcett. He tends to work on the local price per square foot, and then add a premium for the property’s “historical factor.” While owners often believe the age and relative rarity of a castle deserves a hefty dividend, Mr. Fawcett says buyers are rarely of the same opinion—which has led to something of a buyer/seller standoff.

Buyers looking for an Italian castle to call home are an “extraordinarily eclectic mixture,” according to Mr. Fawcett. “We have had some Russian interest, and there is often North American interest in ‘coming back’ to Italy if they have roots here,” he said.



PRICE REDUCTION A château in southwestern France is currently under contract. It is owned by an English couple who spent around \$3.82 million on the purchase and renovations. The buyers, a French couple, are paying about \$2.03 million for the property. Above, the pool, a living room and the stone stairwell.



ITALIAN ELEGANCE Currently listed for about \$8.12 million is Castello Baronale, 31 miles east of Rome. The 32,291-square-foot castle, almost 700 years old, has nine bedrooms, seven bathrooms, plus a ballroom, library, gymnasium, spa and movie theater, according to the listing agent, Knight Frank. Above, a living room.



FRENCH FLAVOR Oliver Sanger's 6,997-square-foot, eight-bedroom, eight-bathroom château in southeast France is currently listed for about \$3.82 million. Above, the pool of the home, which sits on 25 acres.

Like Italy, Scotland is famous for its castles, but as in France the line between ancient castles and castle-style country houses is often blurred. Many homes styled as castles are in fact examples of Scots Baronial architecture, a style that revived key features from Scotland's medieval castles and defensive watch towers, as well as French châteaux, and was popular in the 18th, 19th and early 20th centuries. A Scots Baronial property will have a roofline decorated with towers and turrets, often topped with battlements.

Three miles from central Edinburgh, Craigcrook Castle is a classic example of an ancient castle that has been enlarged and embellished since its site was first built on in 1542. It has been used as offices since the 1970s but has potential to be renovated back into a 6,701-square-foot family home or a boutique hotel. The castle comes with more than 4 acres and is listed with Sotheby's International Realty for about \$7.74 million.

These kinds of properties are scattered across Scotland, said Anna Henderson, an associate with estate agent Galbraith, and attract global interest when they come to the market.

Interest, however, doesn't always translate into actual sales. The prime country market across the whole U.K. hasn't yet recovered from the recession. Buyers are increasingly nervous about the cost of running landmark historic homes, and in 2016 the Scottish government increased the buying tax to 12% on homes sold for £750,000, about \$900,000, or more, slowing the top end of the market.

What this means is that castles put on the market in Scotland can sit there, sometimes for years, while owners hang on for the right offer.

“The market is difficult,” agreed Ms. Henderson. “However most sellers are not forced sellers, so they do have the luxury of time.”

A King's Ransom



\$41.82 million

Castillo di Fosini

2,152-square-foot castle

Set in its own private hunting grounds near Siena, Italy, this castle is less a single home and more an entire village—with the main castle, two farmhouses, more than a dozen outbuildings and almost 5,000 acres of land, including vineyards. The castle needs restoration. Agent: Sotheby's International Realty

\$1.03 million

Balbithan House

Nine bedrooms, three bathrooms

This Scots Baronial-style sits on almost 10 acres and is 13 miles from the city of Aberdeen. The property, which measures 7,907 square feet, was originally a watchtower, dating from 1560, but was extended and remodeled during the 17th, 18th and 19th centuries. Agent: Galbraith

\$1.77 million

Château near Parisot, France

Six bedrooms, six bathrooms

A recently renovated stone château dating from the 16th century sits on 8 acres. Although it has been updated, the château retains many of its original features, including two medieval towers and two look-out posts. The property includes a swimming pool, guesthouse and outbuildings. Agent: Leggett Prestige

ITALY SOTHEBY'S INTERNATIONAL REALTY