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DJIA 22028.10 ▲ 1.06% NIKKEI 19545.77 ▲ 1.41% STOXX 600 379.43 ▲ 1.04% BRENT 53.84 ▲ 0.11% GOLD 1348.70 ▲ 0.20% EURO 1.1961 ▼ 0.63% DLR \$109.14 ▲ 1.21%

What's News

Business & Finance

Chinese authorities are ordering domestic bitcoin exchanges to shut down, delivering a heavy blow to trading hubs that helped popularize the virtual currency. **A1**

◆ Record demand for private equity is prompting industry executives to take unusual action—selling all or part of their firms. **A1**

◆ The U.K. financial regulator has summoned Standard Chartered officials to a meeting over claims of misconduct at an Indonesian power plant builder. **B1**

◆ The Japanese government is likely to raise more than \$10 billion by selling another chunk of Japan Post. **B1**

◆ Austria is considering selling a 100-year bond that would be the first such deal to be sold into public markets in the eurozone. **B5**

◆ SES announced a deal for a new fleet of smaller, easily reprogrammable Boeing satellites. **B2**

◆ Robo advisory service United Income has been launched to target investors who are retired or close to retirement. **B5**

◆ SoFi is ensnared in a controversy over workplace culture and the treatment of women at Silicon Valley startups. **B3**

◆ Equifax faced continued criticism over its response to a data breach and problems with a website set up to help consumers. **B5**

World-Wide

◆ Millions are without power in Florida after Hurricane Irma swept through, bringing wind, rain and coastal flooding to much of the state. **A1**

◆ The storm's turn up the west coast of Florida imperiled a region that has undergone major development in recent decades. **A6**

◆ St. Martin is struggling to contain rumors after communication was knocked out across the island. **A6**

◆ North Korea threatened to inflict the "greatest pain and suffering" on the U.S. if the U.N. Security Council imposes fresh sanctions over its latest nuclear test. **A1**

◆ As Congress returns to work this week, a leading question is whether last week's bipartisanship will prove to be durable. **A7**

◆ Saudi Arabia sought to reassure citizens of its commitment to revamp the country's oil-dependent economy. **A4**

◆ The U.S. will deploy one of its most advanced surveillance drones to the southern Philippines. **A3**

◆ A case against Turkey's opposition paper was reopened, testing the government's resolve to prosecute its critics. **A4**

◆ A Taiwanese human-rights activist pleaded guilty in a Chinese court to charges that he had plotted to overthrow Communist rule in China. **A3**

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A boat in Miami is seen washed ashore after Hurricane Irma passed through the area. Storm surges flooded streets downtown.

Storm Weakens, Moves On

Millions in Florida are without power, though hurricane's damage isn't as bad as feared

MIAMI—Millions of people were without power in Florida a day after Hurricane Irma

By Arian Campo-Flores, Leslie Scism and Jon Kamp

swept through, bringing whipping winds, drenching rains and coastal flooding up the

entire state.

Early reports suggested Florida may have dodged the worst of the potential damage that the powerful hurricane could have delivered to the state of 20.6 million people. By midday Monday, Irma had weakened to a tropical storm as it moved over Georgia, but flooding worries remained in northern Florida cities such as Jacksonville.

About 62% of the state was without power—6.2 million customers—Monday, and cleanup crews were beginning to remove downed trees from

roads while law-enforcement authorities escorted utility trucks so crews could get the lights back on.

"Unfortunately we've got a lot of damage in our state," Gov. Rick Scott said, speaking on CBS early Monday.

Irma made landfall in the Florida Keys Sunday morning as a Category 4 hurricane, before hitting Marco Island as it headed north toward Tampa Bay. It was the second Category 4 hurricane of the season to hit the U.S., after Harvey hammered the Texas coast last month, flooding Houston and

causing at least 50 deaths. Lixion Avila, senior specialist with the National Hurricane Center, said it is extremely rare to have two Category 4 storms hit in one season.

Unlike Harvey, which lingered for days while producing historic rainfall, Irma swept through, climbing up much of Florida's Gulf Coast in about a day. While there were

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◆ Heard: Irma misses insurers' danger zone B1

◆ Hurricanes add to problems for oil bulls B7

China Clamps Down on Bitcoin Trading

By CHAO DENG

BEIJING—Chinese authorities are ordering domestic bitcoin exchanges to shut down, delivering a heavy blow to once-thriving trading hubs that helped popularize the virtual currency, pushing it to recent record highs.

China's central bank, working with other regulators, has drafted instructions banning Chinese platforms from providing virtual-currency trading services, according to people familiar with the matter. Regulators told at least one of the exchanges that the decision to shutter them has been made, one of the people said, while another said the unwinding may take several months.

Beijing isn't banning people from investing in virtual currencies, and China hosts some of the world's largest bitcoin miners—the operations that generate the cryptocurrency. Ending commercial trading in all virtual currencies is likely to further diminish use of bitcoin in a large and once-promising market, and sends a signal to regulators elsewhere weighing how to bring order to virtual currencies in their own markets, analysts said.

While China has in the past accounted for as much as 90% Please see BITCOIN page A2

◆ Heard on the Street: Beijing and bitcoin don't mix B8

SEEKING: PART-TIME WORKERS IN BAD JOBS

In tight labor market, companies see the underemployed as big talent pool

By JENNIFER LEVITZ

RICHMOND, Va.—Pressed for workers, a New Jersey-based software company went hunting for a U.S. city with a surplus of talented employees stuck in dead-end jobs.

Brian Brown, chief operating officer at AvePoint, Inc., struck gold in Richmond. Despite the city's low unemployment rate, the company had no trouble filling 70 jobs there, some at 20% below what it paid in New Jersey. New hires, meanwhile, got more interesting work and healthy raises.

Irvine, Calif.-based mortgage lender Network Capital Funding Corp. opened an office in Miami to scoop up an attractive subset of college graduates—those who settled for tolerable jobs in exchange for living in a

city they loved.

"They were not in real careers," said Tri Nguyen, Network Capital chief executive. He now plans a similar expansion in Philadelphia.

Americans have traditionally moved to find jobs. But with a growing reluctance by workers to relocate, some companies have decided to move closer to potential hires. Firms are expanding to cities with a bounty of underemployed, retrieving men and women from freelance gigs, manual labor and part-time jobs with duties that, one worker said, required only a heartbeat to perform.

With the national jobless rate near a 16-year low, these pockets of underemployment

Please see JOBS page A8

Pyongyang Warns On New Sanctions

By JONATHAN CHENG

SEOUL—North Korea threatened to inflict the "greatest pain and suffering" on the U.S. should the United Nations Security Council impose fresh sanctions against the country over its latest nuclear test, as South Korea backed calls to squeeze Pyongyang's oil imports.

"In case the U.S. eventually does rig up the illegal and unlawful 'resolution' on harsher sanctions, the DPRK shall make absolutely sure that the U.S. pays due price," North Korea's Foreign Ministry said, using the acronym for the country's formal name, the Democratic People's Republic of Korea.

Pyongyang's warning came

as diplomats negotiated the details of a U.S.-drafted resolution that was scheduled to go to a Security Council vote on Monday. The proposed sanctions would target North Korea's oil imports, which come largely from China and, to a lesser extent, Russia.

North Korea said it would regard any new sanctions as an attempt by the U.S. "to strangle and completely suffocate" it, and added that it had developed nuclear weapons as a means of deterring American hostility.

At a news conference Monday, South Korean Foreign Minister Kang Kyung-wha reaffirmed that oil should be part of any U.N. resolution in

Please see KOREA page A3

Fund Managers Rush Into Private Equity

By SIMON CLARK AND WILLIAM LOUCH

Record demand for private equity is prompting industry executives to take unusual action—selling all or part of their firms.

Some of the world's largest publicly traded fund managers are snapping them up.

Private-equity firms are us-

ing money from the stake sales to hire more staff, create new kinds of funds and settle the often thorny question of how to buy out retiring founders.

Such sales are sometimes interpreted as signals the private-equity market is peaking. Why would such savvy dealmakers sell at any time other than the top, the thinking

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WHY WE CAN'T STOP SHARING BREATH MINTS

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BEST ANDROID PHONES RAISE THE BAR FOR APPLE

PERSONAL TECHNOLOGY, B4

U.S. Pauses to Reflect on 9/11



TRIBUTE: Monday marked the 16th anniversary of the attacks of Sept. 11, 2001. An officer at the memorial in New York, above. A7

Fear No Weevil: Town Embraces Its Peculiar Monument

* * *

Enterprise, Ala., pays homage to a pest; soap, radio, mugs

BY BETH DECARBO

ENTERPRISE, Ala.—Towering 13 feet over Main Street, a robed goddess holds aloft a menacing six-legged creature, a true monument to weevil.

With other landmarks in the Deep South under fire, the Boll Weevil Monument stands alone. "There's no other place that has a monument to a bug," says local merchant Jessica Goodson.

For almost a century, the city has embraced the boll

weevil, once a hated villain that laid waste to cotton crops.

At All About Art, co-owned by Ms. Goodson and her mother, a clav trav featuring a boll weevil

is a best seller. Nearby, Shopaholic offers boll weevil tea towels, boll weevil wine glasses and boll weevil coffee mugs, mostly purchased by tourists who come to see the monument.

"Last year, 63% of my sales came from out of town," says Debbie Gaydos, the store's owner.

The boll weevil first appeared in the U.S. in 1892, according to a history by the Alabama Agriculture Experiment

Please see WEEVIL page A8

Boll-Weevil Statue

Boll-Weevil Statue

WORLD NEWS

Why Trump Is Free to Show Independence



CAPITAL JOURNAL

By Gerald F. Seib

A few weeks after Donald Trump won the presidential election last year, The Wall Street Journal/NBC News poll asked Trump voters why they went for the man who had just shocked the world.

Four in 10 Trump voters said a primary reason was

that he would change business as usual in Washington. By contrast, only one in 10 said they picked Mr. Trump because they thought he would pursue traditional Republican policies.

Those two numbers explain why now-President Trump probably is on safe ground in his sudden pivot to wooing Democratic leaders in Congress, while openly scorning those of his own Republican Party.

A large share of Trump

voters picked him because they thought he would rattle the status quo—and by that they meant the status quo of both parties. Mr. Trump wasn't a true ideological conservative, and his supporters knew that.

He was barely a Republican, and his supporters also knew that. In the first moment of the first Republican primary debate, after all, Mr. Trump alone among the candidates refused to say he'd support the eventual GOP nominee or forswear running as an independent if he didn't get the nomination.

In sum, Mr. Trump ran as a virtual independent. He used the Republican Party apparatus when he had to, particularly when he rented it as a substitute campaign infrastructure. But the party's congressional leaders had no love for him, and he none for them. After he won, he stood on the steps of the Capitol on Inauguration Day and delivered an angry address that attacked the entire Washington power structure arrayed around him, without regard to party.

Given all that, it's actually surprising it took Mr. Trump this



Donald Trump with Mitch McConnell at the White House last week.

long to really break with his own party and to exercise an option that was always available to him: the option of trying to govern as he ran, which was as an independent in pursuit of working-class Democratic support.

Indeed, one of the great what-ifs of the current political era is this one: What if Mr. Trump had decided to adopt this tack at the very beginning of his administration?

Bolstered by the support of those populist and working-class Democratic voters, he could have opened his presidency by

majority countries he said were terrorist hotbeds, and an attempt to repeal the crown jewel of recent Democratic domestic policies, the Affordable Care Act.

He also accepted Republican congressional leaders' assurances that they would produce a new health plan and a tax cut in short order, opening the way for the bipartisan favorite of infrastructure spending by year's end. The effort failed, Mr. Trump was embarrassed and infuriated, and that helped spur his decision to turn to Democrats to strike a deal on hurricane relief and short-term budget problems.

At this point, if Mr. Trump really wants to operate as a political independent, and attract the support of politically independent Americans to bolster the effort, picking a fight with Republican leaders probably will only help him. In recent Journal/NBC News polling, the share of independents who had a negative view of the GOP outstripped those with a positive view by a hefty 31 percentage points.

But that isn't what happened. Instead, Mr. Trump opened his presidency with two issues guaranteed to drive away Democrats: a ban on travel to the U.S. by residents of seven Muslim-

majority countries he said were terrorist hotbeds, and an attempt to repeal the crown jewel of recent Democratic domestic policies, the Affordable Care Act.

That means Democrats probably have license to cooperate with Mr. Trump on raising the debt ceiling,

funding government and improving infrastructure, and on some trade matters. But the party base figures to rise up against the kind of large-scale tax cut and defense-spending increases Mr. Trump envisions and revolt if he doesn't agree to extend legal status for "Dreamers," immigrants brought to the U.S. as young children.

So cooperation with Democrats has distinct boundaries. But nobody should be surprised Mr. Trump is choosing to test those boundaries at this point.

STAKES

Continued from Page One

goes. Blackstone Group LP, the world's largest private-equity firm, sold shares to the public as the stock market peaked in 2007. The shares subsequently slumped, taking six years to bounce back.

The rise in stake sales comes as private-equity firms are paying higher prices than ever for companies and raising record-breaking funds. Private-equity firms delivered double-digit returns in 12 of the past 14 years and only lost money once in that time, according to Preqin Ltd. data.

This makes them attractive targets for asset managers seeking more profitable alternatives to offering cheap and popular passive investments such as exchange-traded funds.

BlackRock Inc., Neuberger Berman Group, Schroders PLC and Aberdeen Standard Investments are all buying. Private-equity funds charge an annual fee of 1.5% and keep 20% of the profits from asset sales. An ETF typically charges a 0.26% fee.

"Is it a bubble? My answer is no," said Alan Cauberghe, head of private assets at Schroders, one of the U.K.'s biggest fund managers, which bought Zurich-based private-equity investment firm Adveq Management earlier this year. "Private equity gives us the opportunity to create long-standing relationships with clients as opposed to clients who buy an ETF today and sell it back tomorrow."

Traditional fund managers debated how to respond to the popularity of passive investments at a conference in London on Sept. 5. Jupiter Fund Management PLC Vice Chairman Edward Bonham Carter

cautioned that private equity is becoming "a crowded space," though he acknowledged its appeal.

"It is high fee model," he said. "Managers can make four, five, six times the amount they can make as a more conventional active fund manager."

A bubble in private equity isn't inevitable because firms have plenty of room to grow, according to Jim Strang, an executive at Hamilton Lane, a major investor in private equity. "Private equity, despite how much it has grown, is still tiny," he said. "If you think about the scale of the industry in the context of the global public investment market it's a very small part."

Some see parallels to the heady fundraising period before the 2008 financial crisis.

Private-equity assets have more than doubled in the last decade to \$1.75 trillion at the end of 2016. But that is still equivalent to less than 3% of the \$71.5 trillion of publicly traded shares.

The proceeds of Adveq's sale to Schroders went to its founders. Other private-equity firms have sold stakes to raise money to hire staff to create funds in new asset classes, ranging from private debt to infrastructure and real estate.

Creating new funds enables private-equity firms to put more money to work, said Michael Rees, who co-founded Dyal Capital Partners in 2011 specifically to buy shares in private-equity firms and hedge funds. Dyal, a unit of New York-based Neuberger Berman, raised \$5.3 billion for its third

fund earlier this year.

"Investors want more private equity, so private-equity firms want to offer bigger funds and different strategies," Mr. Rees said in an interview. "To do that, they need more capital and so they come to firms like us."

Dyal has snapped up stakes in top-performing private-equity firms Vista Equity Partners and Silver Lake as well as buyout giant TPG Capital's special situations arm, TPG Sixth Street, in the last 18 months.

Aberdeen Standard is raising \$1 billion for its first fund to buy stakes in private-equity firms. Credit Suisse Group AG is raising a new fund to buy stakes, as is Petershill, a unit of Goldman Sachs Group Inc.

"Many firms seek to launch new products and strategies," said Aberdeen Standard executive Ajay Chitkara. "Strategic capital can help managers achieve these objectives."

Mark McCombe, who oversees private equity at BlackRock, the world's biggest asset manager, told a conference in London earlier this year the investible "universe is increasing significantly" as more investors expand into private assets including infrastructure. In June, BlackRock completed its acquisition of First Reserve Energy Infrastructure Funds.

In addition to asset managers buying into private-equity firms, some sovereign-wealth funds and family offices are muscling into the industry with teams capable of doing their own private-equity deals.

"If you think about why investors continue to be attracted to the asset class, it is fundamentally down to one thing, the performance," Mr. Strang said.

As investors scramble to gain access to the asset class, the best performing firms are taking advantage by significantly increasing fund sizes and, in some cases, not setting a limit—known as a hard cap—on the amounts they can raise.

Apollo Capital Management LP this year raised \$24.6 billion for the world's biggest buyout fund. CVC Capital Partners raised €16 billion (\$19 billion) for Europe's biggest buyout fund.

The sheer scale of funds available to private-equity firms is unsettling some investors, who see parallels to the heady fundraising period before the 2008 financial crisis. Private-equity firms raised a record \$233 billion in the first half of 2017, according to Preqin.

Prices for U.S. and European leveraged buyouts were at or near record highs above 10 times earnings in the first half of 2017, according to Fitch Ratings. Soaring asset prices are a concern. A recent survey found that 86% of investors identified pricing as their main worry for the industry in 2017, according to Preqin.

"It is feeling very, very frothy," Rhonda Ryan, a managing director at investment adviser Pavilion Alternatives Group, said in an interview.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

Catalans Rally for Right to Break Free From Spain



STANDING TOGETHER: Thousands gathered in Barcelona to show support for an independent Catalonian nation and the right to vote in an independence referendum, which has been banned by Spain.

BITCOIN

Continued from Page One

of trading activity, Chinese exchanges BTCC, Huobi, OKCoin and others represented more than 20% of global volumes in the past 30 days, according to the database Bitcoinity.org.

The price of one bitcoin was at around \$4,158 Monday evening in Beijing, roughly flat for the day, but down about 16% from a record high on Sept. 1. Prices dropped after regulators moved to cool the market, issuing a ban last week in China on initial coin offerings, a kind of fundraising via virtual currencies.

The People's Bank of China didn't respond to a request for comment.

Beijing has ramped up scrutiny of the domestic bitcoin market and other virtual currencies since the beginning of the year—part of a major government effort to root out financial risks.

Officials earlier this year circulated a draft of anti-money-laundering rules for the exchanges, a powerful warning, even though the regulations were never formalized, according to people familiar with the matter.

The stakes for Beijing grew as prices of virtual currencies like bitcoin soared, adding to the risk of further speculation by domestic investors. Analysts and investors said one reason bitcoin prices rose last year was that Chinese investors began buying up the asset and selling the yuan in belief that the Chinese currency would fall.

Virtual currencies in theory can allow holders to bypass the traditional banking system to move money outside of China's capital-controlled borders.

Officials from the central bank, cyberspace administration and banking, securities and other regulatory bodies considered various options for months but ultimately came to a consensus to shut down virtual currency exchanges, said the people familiar with the matter.

"Too much disorder was naturally a basic reason" for the ban, said one of the people.

Trading volumes have already plummeted in China, with authorities stepping up efforts to rein in the exchanges. Analysts said more activity is moving underground, where individuals can send virtual currencies to each other using private addresses, which serve like safe-deposit boxes.

The people said regulators will likely have to tolerate non-commercial trading of virtual currencies. "The government also doesn't have the power to control" that, said one person.

Speculation about a ban increased over the weekend, after a respected local financial news organization, Caixin, reported that such a move was coming. One of the people familiar with the matter said that regulators expect exchanges to report back on how they plan to unwind their businesses.

The ban was surprising for many, given that Chinese authorities have allowed bitcoin exchanges to operate within the mainland for years. The central bank defined bitcoin as a "virtual good" back in 2013 and had banned banks and third-party payment institutions from engaging in bitcoin-related activities.

While exchanges got a scare, they were quickly allowed to continue operations.

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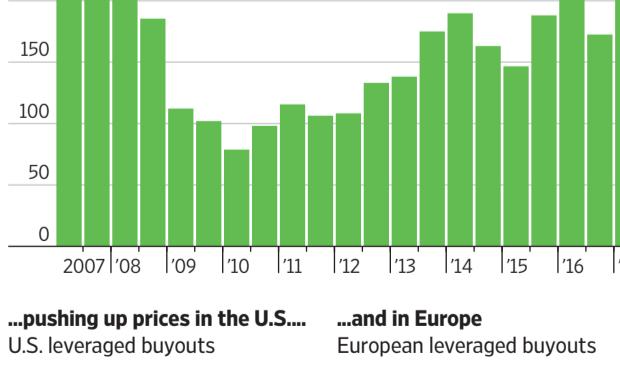
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Paying Up

Money pouring into private equity hit a new record this year....

Funds completed every six months

\$250 billion



...pushing up prices in the U.S....

U.S. leveraged buyouts

12 to 1 ratio to earnings*

10

8

6

4

2

0

'07 '09 '11 '13 '15 '17

...and in Europe

European leveraged buyouts

12 to 1 ratio to earnings*

10

WORLD NEWS

U.S. to Deploy Drone in Philippine Battle

Advanced device to provide surveillance in campaign against Islamist militants

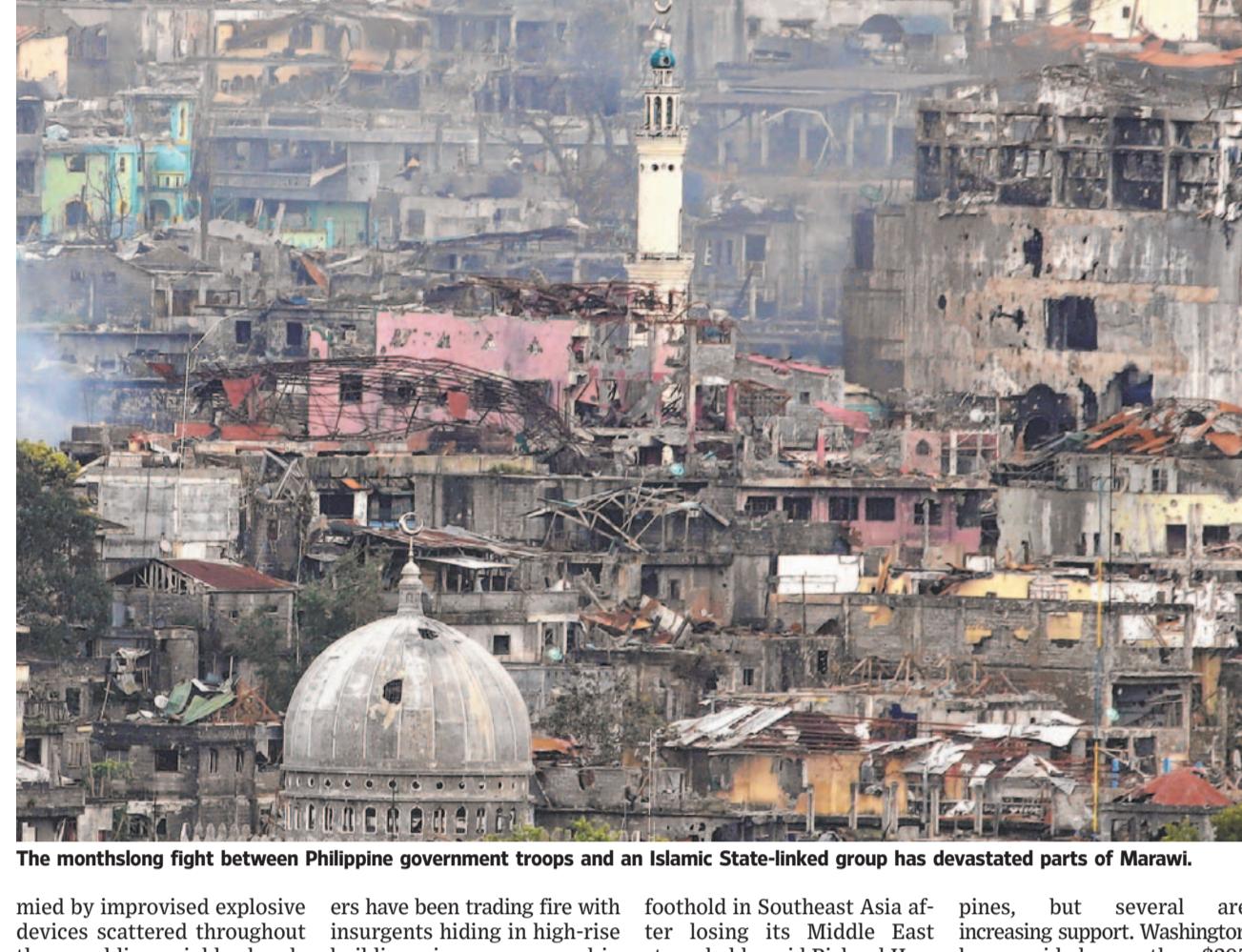
By JAKE MAXWELL WATTS

The U.S. will deploy one of its most advanced surveillance drones to the southern Philippines, joining other powers in escalating foreign involvement alongside the government's beleaguered forces as a battle with Islamic State-linked militants grinds into a fourth month.

The Gray Eagle Unmanned Aircraft System, an upgraded version of the well-known Predator, will provide surveillance support to the Philippine military, the U.S. Embassy said on Monday. The drone is capable of carrying cameras with infrared capability, radar and missiles and can remain airborne for 25 hours.

The military is struggling to clear an estimated few dozen militants dug in positions in the southern city of Marawi, which hundreds of fighters invaded and occupied on May 23 in a dramatic attempt to launch a caliphate, or Islamic state, in a predominantly Muslim part of the southern Philippines.

The ill-equipped military, inexperienced in modern urban warfare, is fearful of inflaming religious tensions if it levels the mosques where the militants have holed up. The military also said it is trying to free an unknown number of hostages. After vowed to launch a final battle two weeks ago, the army was sty-



ROMEO RANOC/REUTERS

The months-long fight between Philippine government troops and an Islamic State-linked group has devastated parts of Marawi.

mied by improvised explosive devices scattered throughout the crumpling neighborhoods once occupied by militants.

A key battle took place late last month over a bridge providing access to the area where the militants are holding out. At least 16 soldiers and 59 militants died in the past two weeks.

For months, military snip-

ers have been trading fire with insurgents hiding in high-rise buildings, in mosques, and in the rubble of houses. The military has been taking back territory house by house, engaged in close-quarter combat as it pushes the militants into an even smaller area.

The prolonged fighting has concerned other countries that Islamic State could gain a new

foothold in Southeast Asia after losing its Middle East strongholds, said Richard Heydarian, assistant professor of political science at De La Salle University. If other nations don't come to Manila's aid, he said, "the situation is going to get out of control."

No foreign troops are currently involved in direct combat operations in the Philip-

pines, but several are increasing support. Washington has provided more than \$295 million in military assistance to the Philippines over the past three years, including the recent donation of two small manned surveillance aircraft.

Australia on Friday said it was in discussions with the Philippines to bolster a troop presence it maintains there to

provide training and tactical advice. Australia has already deployed two maritime patrol and surveillance aircraft. Singapore, too, has offered the use of a transport aircraft and a detachment of unmanned aerial vehicles for surveillance.

The Philippine military on Monday said its operations in Marawi "remain relentless." Spokesman Brig. Gen. Restituto Padilla Jr. told a press conference the military wouldn't negotiate with terrorists.

Gen. Padilla said the militants remain in control of an area of only about 250 square meters, but it includes "among the biggest and thickest buildings. That is what is becoming a challenge for us now."

The military said more than 650 militants have been killed in the fighting, while 145 soldiers and 45 civilians have also died. Some analysts said they doubt the figures, noting difficulties in distinguishing between militants and civilians.

As much as 90% of the city—formerly with a population of 200,000—has been destroyed, much of it by airstrikes by government forces. Thousands of people remain displaced.

President Rodrigo Duterte's government has sought to accelerate a long-stalled peace process with larger, older rebel groups in the southern island of Mindanao, parts of which have been strongholds of Muslim and nationalist resistance in the predominantly Roman Catholic country for decades.

He has advocated for decentralizing power now concentrated in Manila.

Trump Meeting Najib To Bolster Asia Alliance

President Donald Trump will host Malaysia's premier this week, in a visit that shows how hard his administration is working to court Asian allies to pressure North Korea over its nuclear-weapons program.

By Alan Cullison
and Aruna Viswanatha
in Washington, D.C.,
and Ben Otto in
Jakarta



Prime Minister Najib Razak at National Day celebrations in Kuala Lumpur last month.

A Justice Department spokesman declined to comment, but people familiar with the case said the Department wasn't involved with planning Mr. Najib's visit and stressed that the Malaysian leader hadn't been charged.

People familiar with the situation said the White House and State Department are responsible for U.S. diplomacy, but that it was unusual that Mr. Trump would be meeting with Mr. Najib, given the corruption case.

Other U.S. officials said the visit should be worthwhile if only because it will offer a chance to discuss North Korea with Malaysian officials, and press them to do more to crack down on Pyongyang.

Mr. Najib will be the second Southeast Asian leader to visit Mr. Trump in Washington, following a trip in May by Vietnam's prime minister.

Mr. Najib also met with former President Barack Obama—on a 2014 trip by Mr. Obama to Malaysia, for golf that year in Hawaii, and at a 2015 summit—but he never visited Mr. Obama at the White House.

Mr. Najib's White House visit is the first by a Malaysian leader since 2004.

With fast-growing economy and straddling ocean-going trade routes to much of Asia, Malaysia could be a crucial partner to any effort to isolate North Korea.

But for years it has been a conduit for Pyongyang to do business in ways that United Nations investigators say have helped the regime evade global sanctions. A loose regulatory environment makes Malaysia an easy base for illicit transshipment, financing and foreign exchange transactions, experts on North Korea have said.

The White House declined interview requests last week on the visit, which is expected to include a photo session of the two leaders. People familiar with the case also said the meeting could complicate any future criminal case stemming from the allegations, if defendants in subsequent cases could use any photos of Mr. Najib meeting with Mr. Trump or other senior White House officials in their defense.

Last month, the White House said Mr. Trump was looking forward to discussing with Mr. Najib ways to strengthen ties, calling Malaysia "one of America's closest partners in Southeast Asia."

Taiwanese Activist Pleads Guilty

BY CHUN HAN WONG

BEIJING—A Taiwanese human-rights activist pleaded guilty in a court here to charges he had plotted to overthrow Communist rule in China, a case seen as a marker of soured ties between Beijing and Taipei.

Lee Ming-che stood trial on Monday alongside an alleged Chinese accomplice, Peng Yuhua. Both faced charges of "subverting state power" through activities conducted mainly on social media, a municipal court in the central Chinese city of Yueyang said on its official microblog.

Subversion of state power is a broadly defined crime that Chinese authorities have used to jail critics and quash dissent. Taiwanese media reported that the case against Mr. Lee, 42 years old, marked the first time China brought such charges against someone from Taiwan—a self-ruled island estranged from the mainland since Communist forces drove off the Kuomintang government in 1949.

Mr. Lee disappeared in March after traveling to China, spurring concern among some Taiwanese who fear Beijing may be seeking new ways to punish Taiwan President Tsai Ing-wen for not endorsing a political principle holding that the island is part of "one China."

Continued from Page One response to North Korea's sixth and most powerful nuclear test this month.

"Whatever makes it into the final text and is adopted by consensus hopefully will have significant consequences in terms of greater economic pressure on North Korea," said Ms. Kang, a former senior U.N. official. She said it was up to the Security Council members to determine whether to impose a complete ban, or merely a reduction, on oil exports to North Korea.

Beijing and Moscow, which hold vetoes in the U.N. Security Council, are likely to resist such measures.

Russian President Vladimir Putin said last week in a meeting with South Korean President Moon Jae-in that Russia exported very little oil to North Korea, adding that he opposed a cutoff of oil supplies.

"We are worried that cutting off oil exports will inflict damage on North Korea's hospitals and on ordinary people," Mr. Putin said, according to an ac-

tion of the meeting from South Korea's presidency.

China exports roughly 500,000 tons of oil to North Korea a year, according to estimates by the Nautilus Institute for Security and Sustainability in Berkeley, Calif., while Mr. Putin put Russian exports at about 40,000 tons a year.

China is concerned about any moves that could bring about the collapse of the North Korean regime, which would likely lead to greater instability and potentially put a U.S.-backed Seoul government on its northeastern border.

Meanwhile, China's central bank issued a notice Monday ordering banks and certain other financial institutions to implement U.N. Security Council resolutions. Though it didn't name specific resolutions, the People's Bank of China notice instructed the banks to update their systems with the names of sanctioned people and entities, to conduct reviews of any past transactions, freeze any accounts if found and prevent the transfer or use of any funds in them.

Before the latest central bank notice, China's four big state-owned banks confirmed they

have barred North Koreans from opening new accounts. Two of them, China Construction Bank and Agricultural Bank of China said they have also deactivated accounts held by North Koreans, closing off withdrawals.

Separately, Ms. Kang said the South Korean government hadn't discussed with the U.S.

"my fellow countrymen for their understanding" if they see her husband plead guilty "against his free will."

Prosecutors say the charges stem from activities dating back to 2012, when Mr. Peng set up online chat rooms where members often promoted Taiwanese and Western political systems while criticizing Communist Party rule in China.

Mr. Peng allegedly drew up plans for setting up a company that would use social-media platforms to agitate for the overthrow of China's existing political system, according to charge sheets published by the court. The company was to be named "Plum Blossom," Taiwan's national flower.

In court-published videos, Mr. Lee said he oversaw "education" work on Mr. Peng's behalf, writing and distributing essays that criticized China's Communist Party, government and political system, as well as making similar comments on social media.

An employee at a community college in Taipei, Mr. Lee performed volunteer work for Covenants Watch, a Taipei-based alliance of human-rights groups. Activists say Mr. Lee has been supportive of civil-society groups in China, often discussing human-rights issues with Chinese friends and mailing books to them.

In phone conversations, U.S. national security adviser Lt. Gen. H.R. McMaster has discussed with his South Korean counterpart the possible deployment of "strategic assets" to the Korean Peninsula, according to South Korea. That term typically refers to stealth bombers, aircraft carriers or nuclear weapons. The U.S. withdrew its nuclear weapons from South Korea in 1991.

Ms. Kang said although Defense Minister Song Young-moo had mentioned tactical nuclear weapons as an option to lawmakers last week, "at the government policy-making level, there has not been a review" of the issue. She acknowledged that "public opinion is swinging in that direction, so we watch that very closely."

Ms. Kang also played down signs of friction between Washington and the left-leaning administration in Seoul. Mr. Moon has continued to extend an olive branch to North Korea, reiterating his call for peace talks, as U.S. President Donald Trump has moved to further isolate Pyongyang.

Chao Deng and Xiao Xiao in Beijing contributed to this article.

KOREA

Continued from Page One response to North Korea's sixth and most powerful nuclear test this month.

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WORLD NEWS



Protesters holding up copies of the Cumhuriyet daily newspaper before Monday's reopening of the trial of its employees in Istanbul.

Turkish Journalists on Trial

BY NOUR MALAS
AND ERDEM AYDIN

ISTANBUL—Witnesses took the stand in the reopening of a trial of journalists and executives from one of the last remaining opposition papers in Turkey, a high-profile case that has become a barometer of the government's resolve to prosecute its critics despite international condemnation.

The 17 journalists and executives from Cumhuriyet, Turkey's oldest newspaper and a consistent critic of Turkish governments over the decades, went on trial in July for allegedly supporting or aiding terrorist groups. An 18th defendant, an accountant for the newspaper, was recently added to those on trial. The defendants face between 7½ and 43 years of imprisonment if convicted on charges including aiding a terrorist organization.

Much of the evidence cited in the indictment involves communication the journalists have had with a broad range of people who the government says may have been involved in an attempted military coup last year or whom it calls terrorists. Two other people not currently linked to the newspaper are being tried in the same case.

The journalists on trial have broadly argued, either in testimony or through their law-

yers, relatives and friends, that the allegedly incriminating communications simply showed they were doing their jobs.

International monitors observing the trial have called the charges absurd and baseless. The government's case "relies on weak evidence cherry-picked to support a predetermined theory," a group of international observers, including Reporters Without Borders, said in a joint statement following the first hearing in July. "Viewed in light of events in Turkey in recent years, it is difficult to dismiss arguments that this case is another politically motivated effort to criminalize journalism."

Government representatives say the trial is following the due course of law, referring further questions to the judiciary.

"The whole goal of the case...is a desire to stop Cumhuriyet from being a critical voice," said Turhan Gunay, the newspaper's book-supplement editor, in a recent interview after his release from detention. Mr. Gunay, 72 years old, was one of seven defendants released in an interim ruling in July, when the trial first opened.

Four of the newspaper's most prominent faces remain in jail, including its editor in chief, Murat Sabuncu, and in-

vestigative reporter Ahmet Sik, who delivered a speech critical of the government at his opening testimony in July. The paper's chief executive, Akin Atalay, and columnist Kadri Gursel are also still imprisoned, along with Emre Iper, the accountant.

The remaining defendants are being tried without detention or in absentia.

The case has become a barometer of the government's effort to prosecute its critics.

Witnesses called by the prosecutor on Monday include a former Cumhuriyet editor in chief, and former board members of the Cumhuriyet Foundation, a foundation that owns the newspaper.

Relatives of the defendants, lawyers, other journalists and international monitors packed the courtroom on Monday in Silivri, on the outskirts of Istanbul.

The July hearing, held in a smaller courtroom, was swarmed by hundreds of people over the course of three days and often went on late into the night.

Appearing in that earlier hearing for the first time after

months of detention, journalists swung between defiance and humor in their statements.

Musa Kart, the newspaper's cartoonist, joked that he expected a sea view in the courtroom after staring at the wall in his jail cell for so long.

Mr. Kart was released later that evening. Mr. Sik, the investigative reporter who remains in jail, ended his statement saying, "down with tyranny, long live freedom!"

In an interview last month, Yonca Sik, Mr. Sik's wife who leads a campaign for his release, was upbeat. "Ahmet always told me: 'Don't hope, they won't let me free.' But I think: why not? I will have hope. I will dream about your release, and I will make plans for our future," she said.

Turkey is the largest jailer of journalists in the world, with at least 81 journalists in prison at the end of last year, according to the Committee to Protect Journalists, an advocacy group. Turkish monitoring groups put the number of journalists in jail at more than 100.

Dozens of media organizations have been shut down since last year's failed military coup, which President Recep Tayyip Erdogan blames on an Islamist cleric, Fethullah Gulen, and his followers. Mr. Gulen had denied any involvement in the attempted coup.

"Energetic and full of laughter, Lorena was the heart of our office in Mazar," the ICRC's head of delegation in Afghanistan, Monica Zanarelli, said in the statement. "Lorena was a skilled and caring physiotherapist who assisted patients, especially children. The violent fluctuations of life seem particularly cruel to-day."

Earlier this year, the ICRC suspended its operation in Afghanistan after an attack on a convoy delivering relief to a remote northern area of the country. Local officials blamed Islamic State militants for the attack that killed six ICRC workers. Two local workers of the committee taken hostage in February this year were released last week.

—Habib Khan Totakil and Ehsanullah Amiri
—Associated Press



BREAKFAST: Mexicans line up for food in Oaxaca state, where 76 people died in Thursday's quake. Chiapas and Tabasco states reported 19 dead. Mexico was hit by Hurricane Katia on Friday.

Saudis Recommit To Economic Changes

BY MARGHERITA STANCATI
AND NICOLAS PARASIE

Saudi Arabia sought to reassure citizens and potential investors of its commitment to revamp the country's oil-dependent economy after a series of setbacks that slowed the effort.

The government has backtracked on some politically sensitive moves in recent months, postponing an increase in fuel prices and reinstating some government employee perks. It is now redrafting part of the plan to allow more time for implementation.

"It is important to adjust and adapt to unexpected situations," Saudi Arabia's Ministry of Culture and Information said on Saturday. "Such flexibility should not undermine the stability and predictability needed to allow the private sector to plan its new investments and expansions."

Saudi Arabia last year rushed to put in place a plan to end the kingdom's dependence on oil and overhaul a sluggish bureaucracy on a strict timeline. The changes underscore the challenge the Saudi leadership is facing amid worries about a public backlash and the limited capacity of the kingdom's bureaucracy.

The Saudi economic plan, called Saudi Vision 2030, was unveiled in April 2016 by Prince Mohammed bin Salman, 32, who in June leapfrogged his older cousin Mohammed bin Nayef to become crown prince.

Since then, the government has pared spending and narrowed its budget deficit. The more-austere stance has

Tens of thousands of foreigners traveled to Iraq and Syria to live in Islamic State's self-styled caliphate. The territory under their control has rapidly shrunk over the past two years as Iraqi and Syrian forces have retaken several cities and towns.

"We couldn't practice our religion in Azerbaijan. We couldn't wear the niqab (a veil that covers the face) because there were intelligence officers everywhere," said Feyruza, who is originally from Dagestan in Russia.

"We were told that in Iraq they had implemented Islam and we came here and it was true. We lived our lives as Muslims and we were very happy until the warplanes came and destroyed everything," she said.

She and other women said they had been living in Tal Afar since early 2015. They said they knew nothing about the group's widely publicized atrocities.

"We didn't see any killings," said a woman named Aybenis.

—Associated Press

India's Vigilante Cow Protectors

Court urges crackdown on Hindus who confront suspected Muslim bovine smugglers

BY NIHARIKA MANDHANA

PANIPAT, India—Across this northern town, clusters of young men embarked on patrols one recent night, some along a highway, others in shadowy alleys and on rooftops. Their mission: to rescue cows they suspect are being transported for slaughter.

Much of India bans killing the animal, which is revered by hundreds of millions of Hindus. The vigilantes, sometimes working with police, nab men they believe are cow smugglers, a job that sometimes involves high-speed car chases and even deadly shootouts.

"We are a 100% committed to saving cows from being mutilated and killed," said Rinku Arya, a 36-year-old father of three who spends most nights scouring streets.

The activities of such groups, with thousands of members, have come under increased scrutiny at a time of heightened sectarianism and polarized debate in India over cows. Last week, India's Supreme Court instructed state governments to appoint special police officers and step up highway patrols to restrain them, in response to a petition seeking stronger action against vigilantes.

Prime Minister Narendra Modi's party, which has roots in Hindu nationalism, has made cow-protection a priority—part of a broader electoral strategy that relies on harnessing religious votes and promising economic development. It tightened anti-

slaughter laws in numerous states and stirred the issue during election campaigns.

Hindu groups that form the backbone of support for Mr. Modi say their ire is directed against Muslims who kill cows, either unlawfully or by supplying them to the handful of states where slaughter is permitted. They cast cow slaughter as a symbol of Muslims' longstanding hostility toward Hindus. Is-

they help enforce the law, not break it.

On a poorly lit highway one recent night, as vehicles slowed down at toll booths, a dozen members of the Gau Raksha Dal, or Cow Protection Group, leapt noisily onto trucks. They peered in, banged the sides to unearth hidden animals and searched for leaks of cow urine. Vehicles that aroused their suspicion were encircled and

accused of cattle theft and slaughter, five India men, above with their faces covered, were detained by New Delhi police in July.

lam, practiced by 14% of Indians, doesn't prohibit beef-eating.

Many Muslims say in this charged environment, even rumors or suspicions involving cows are being used as pretexts to target their community. Mob attacks on Muslims, including killings, have for months made headlines. In response to an uproar from a section of Indians, Mr. Modi has condemned such violence.

Cow-vigilante outfits say

pulled over for questioning.

They were joined by two constables from a recently created cow-protection police unit who watched as the vigilantes sprinted, shouted and interrogated. "We'll intervene if they find something," one policeman said.

Such "joint operations" are ideal, Mr. Arya said, but the police aren't always reliable partners, leaving the group to sometimes act alone.

Their primary targets are

criminals involved in the illegal cow trade, the men said.

"Cows are broken down and each part sold for a hefty sum—it makes my blood boil," said 21-year-old Vikram Arya, who isn't related to Rinku Arya and who uses the reverential term "cow mother" when referring to the animal. Other groups act on information about alleged beef-eating.

Seasoned cow smugglers fire pistols and hurl rocks when confronted, police and vigilantes said. Five men from the cow-protection group have died in the past decade, the first Mr. Arya said. Its members sign releases that the group isn't responsible for such outcomes.

Mr. Arya said he and his associates use weapons for self-defense. Other vigilantes said they sometimes thrash their foes to send a message.

In an interview, one member recounted an incident from 2014, when, tipped-off by locals during a nighttime patrol, he said he discovered a Muslim man butchering a cow in a dark, wooded area and stabbed him to death. He hadn't been caught, he said.

The group relies on a network of informers: watchmen, storekeepers, villagers and tollbooth operators. When Mr. Arya receives a tip—men spotted feeding drug-laced food to stray cows or animal horns seen bobbing atop vehicles—he mobilizes his men using phone calls and WhatsApp. "We have boys who are available 24 hours a day," he said.

weighed on the economy, damping consumer confidence, hurting the private sector and causing the unemployment rate to rise. It reached 12.7% this year.

As the kingdom struggles to quickly create new sources of wealth, it continues to rely heavily on oil sales. The International Monetary Fund expects economic growth to be close to zero this year.

Under Prince Mohammed, the government has taken some bold steps, such as reducing subsidies for fuel, electricity and water. But he has also backed away from parts of the plan that have proved deeply unpopular with ordinary Saudis.

In April, the government reinstated allowances and perks for state employees that it had canceled months earlier, a move that was aimed in part at boosting consumer confidence. A planned increase in domestic energy prices, which was expected to take place in July, hasn't happened yet.

"Before, the approach was: Let's march ahead and push economic reform regardless of the pain," said John Sfakianakis, a former economic adviser to the Saudi government and the Riyadh-based director of research for the Gulf Research Center. "That is changing because the reality on the ground paints a different picture."

The government currently employs about 70% of working Saudi citizens, and is trying to shift that burden to private companies. The government this weekend said it has allocated 200 billion Saudi riyals, or about \$53 billion, to support the private sector, including by funding industrial projects.



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U.S. NEWS

Storm's Shift Set Off Scramble

By CAMERON McWHIRTER

As forecasts for the path of Hurricane Irma shifted west in recent days, millions of people living along Florida's Gulf Coast who thought they would be spared the worst of the monster storm found themselves scrambling to prepare or get out.

"My thought process was pretty different at the beginning of the week than it is now," said Matthew McWatters, who lives in Fort Myers, Fla. "We all thought it was going to the East Coast and instead it has decided to come over and get us."

The storm had been moving through the Caribbean for days and forecasters had warned that its path was uncertain. Last week, forecasts were projecting that it would make landfall in southeast Florida.

But as the storm headed to the Gulf Coast, residents from Marco Island to Tampa and St. Petersburg were forced to switch their plans and flee, or hunker down as best they could. Evacuation orders on the west came later than they had along Florida's East Coast.

In the Florida Keys, Monroe County officials announced mandatory evacuations on Tuesday and in Miami-Dade County, they began Wednesday for special needs residents.

But Pinellas County, home of St. Petersburg, still was expanding mandatory evacuation zones on Saturday, just a day before the storm was supposed to strike.

Bryan Norcross, a senior hurricane specialist with the Weather Channel, said that the southwestern part of the state was consistently in the hurricane forecast cone. "Everybody is going to say, 'Well, they forecast it to go east and it went west,'" he said. "In actuality, they forecast it to come to Florida and it came to Florida."

Asked about officials' response to Irma's western turn, Gov. Rick Scott said he thought officials had worked quickly to open shelters and "a lot got opened in the last two days."

Above, a trailer home near Naples, Fla., that was damaged by Irma. Although the hurricane has weakened to a tropical storm, flooding concerns remained in northern Florida.

IRMA

Continued from Page One
pre-storm worries that Irma could be the worst natural disaster on record, quick post-storm assessments suggested losses would be far below early fears.

On Monday, the remnants of Irma had cleared Miami. The sun emerged from the clouds, and a light breeze blew. Though the storm battered the region, the extent of the damage will become clear only after assessment teams conduct their surveys.

In the Brickell financial district downtown, waters that had risen 3 feet or more Sunday had retreated, leaving the ground caked with mud and crowded with debris. Toppled trees and downed power lines littered neighborhoods.

No deaths in Florida were immediately linked to the storm, according to the Associated Press. There were several fatalities in traffic accidents. In the Caribbean, Irma

killed at least 22 people and battered islands with winds in excess of 150 miles an hour.

AIR Worldwide estimated private-sector insured losses of \$20 billion to \$40 billion from Irma, well below the more than \$100 billion forecast by some firms on Friday.

While rain is expected to total as much as 20 inches in some places, "Irma's forward motion should prevent the kind of accumulations and resulting flooding seen two weeks ago in Texas" from Harvey, AIR analysts said.

The estimate includes wind and storm-surge damage to residential, commercial and industrial properties, automobiles, and some other coverages, but excludes federal flood-insurance losses. It also excludes losses to inland marine, marine cargo and hull and pleasure boats, among some other things.

Wells Fargo Securities says private-sector insured Irma damage is now estimated in the \$40 billion range or less and will likely fall short of Hurricane Katrina's \$50 billion

of losses in 2005.

"While this storm was not the big hit to Miami that models had called for most of last week, this will still be a significant loss for the insurance industry," the firm said.

Florida officials had been preparing for the worst hurricane damage since Andrew killed 61 in the U.S. in 1992

Early post-storm assessments pegged losses at being far below initial fears.

and caused nearly \$48 billion in economic damage in 2017 dollars, according to the National Oceanic and Atmospheric Administration—the costliest storm in U.S. history until Katrina.

In Miami, at least two construction cranes collapsed, and the roof peeled off a two-story building. Storm surges flooded streets in the city's

downtown, and Miami International Airport suffered "significant water damage," the airport's CEO said on Twitter. Tornadoes were also reported near Fort Lauderdale.

The Florida Keys, in Monroe County, were hit with up to 12 inches of rain and a 10-foot storm surge, according to the National Weather Service. U.S. Route 1, the county's only highway, was flooded. Communication to the area was spotty, and friends and family members posted frantic messages on Facebook, saying they hadn't been able to reach their loved ones since mid-morning.

Flooding concerns remained in northern Florida. The National Weather Service said early Monday in a tweet that the headwaters of the Santa Fe River had exceeded a flooding record set in 1964 during Hurricane Dora. The surge also caused flooding to break Dora's record in downtown Jacksonville, the weather service said.

As the weakened storm moved north, its winds period-

ically whipped through Gainesville, home to the University of Florida, after a night with multiple tornado warnings. Irma knocked out power throughout the region and downed trees, and officials warned people to stay off the roads.

Around the state, more than 6.5 million people were ordered to evacuate, and the state reported 77,000 people were seeking refuge in 450 shelters. In the days leading up to Irma's arrival, evacuees streamed out of Florida, creating traffic jams along the highways and a dearth of accommodation up through Georgia.

Gov. Scott said Monday that getting ports back open to import fuel remained a priority. "We need to get the tankers in here as fast as we can," he said.

He also said officials will be assessing the integrity of the dozens of bridges that string the Florida Keys together along U.S. Route 1.

—Cameron McWhirter contributed to this article.

Building Boom Puts Millions in Path

BY LAURA KUSISTO AND NICOLE FRIEDMAN

Hurricane Irma's turn up the west coast of Florida imperiled a region that has undergone major development in recent decades, from wealthy enclaves such as Naples to middle-class subdivisions in Tampa Bay and nearby Pinellas County.

Like many cities in Florida, parts of Tampa are built on filled-in marshland. Many homes, apartment buildings and even a major trauma center are close to sea level.

A 2015 report by catastrophe modeling firm Karen Clark & Co. found that Tampa is the most vulnerable city in the U.S. to storm-surge flooding. The ranking was based on losses to residential, commercial and industrial property by a once-in-100-years hurricane. It estimated such a storm would cause \$175 billion of damage to Tampa.

The hurricanes that hit New Orleans and Houston showed the enormous risk of building homes in low-lying areas.

Florida real-estate developers ramped up construction over the past five years as the state rebounded from the housing crash, propelled in part by an aging U.S. population seeking warmer climates.

Tampa posted a 25% increase in new building permits for single-family homes during the first seven months of this year compared with the same period a year earlier, according to U.S. Census data compiled by the National Association of Home Builders. That was one of the largest increases in construction activity in the U.S.

Home prices have shot up 10% in Tampa over the past year, according to real-estate data firm Zillow, faster than in pricier locales such as Naples and Miami and in the rest of the nation overall. They re-

Major Growth

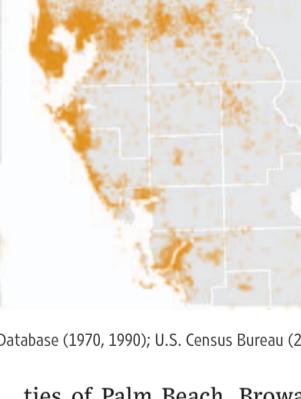
Central Florida's west coast has undergone rapid development in low-lying areas that are vulnerable to storms.

Population: Each dot (•) = 500 people

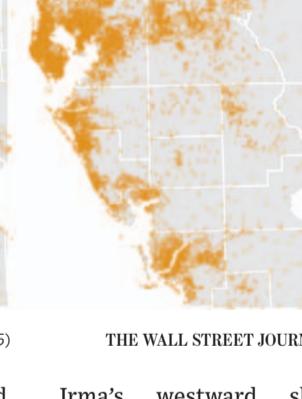
1970



1990



2015



Sources: Brown University Longitudinal Tract Database (1970, 1990); U.S. Census Bureau (2015)

main 13% below the peak touched during the housing boom a decade ago, better than Miami's 17% deficit.

Tampa's population has increased 12% since 2010, according to U.S. Census data. Roughly 50% of the population lives on ground less than 10 feet above sea level, according to the Karen Clark report.

"You have this gigantic exposed area that is very low-lying and pretty crowded, pretty dense," said Mark Hafen, assistant director of the School of Public Affairs at the University of South Florida, who lives in Tampa.

The westerly shift of Irma, which weakened to a Category 2 hurricane on Sunday and a tropical storm on Monday, might have spared Florida bigger property losses. Florida's west coast up to Tampa has property valued at about \$1 trillion, as determined by replacement cost rather than market value, according to catastrophe modeling firm AIR Worldwide. In comparison, the eastern coun-

ties of Palm Beach, Broward and Miami-Dade have property worth about \$1.5 trillion, according to AIR.

Last week, catastrophe modelers said a major hurricane directly hitting Miami could cause more than \$100 billion in insured losses. While the insured losses could still reach the tens of billions, the worst-case scenarios likely have been avoided, said Karen Clark, chief executive of the modeling company bearing her name.

The total value of residential property in Hillsborough County, which includes Tampa, is some \$111 billion, according to Zillow, much less than Miami-Dade county's roughly \$382 billion.

Building codes across the state were strengthened in the wake of Hurricane Andrew, which battered south Florida in 1992. Resiliency experts predicted this storm will offer a test of whether they have been made strong enough—and, they hope, confirm that they are needed.

Irma's westward shift means that most of the damage from the hurricane could come from a storm surge rather than high winds. That means less of the economic damage will be covered by insurance. Storm surges cause flooding, which isn't covered under standard homeowners insurance policies.

Maria Ilcheva, a senior researcher at the Metropolitan Center at Florida International University, said her surveys revealed that a declining number of homeowners in Tampa have been purchasing flood insurance over the past five years largely because the area hasn't been hit by a major hurricane in most people's lifetimes.

Within flood zones, most homeowners are required to buy flood insurance, which is usually provided by the federal government's National Flood Insurance Program. Those who purchase a home with cash or have paid off their mortgage aren't always required to have insurance.

St. Martin Struggles To Contain Chaos

BY MATTHEW DALTON

ST. MARTIN—Two days after Hurricane Irma knocked out communications across this sun-soaked island, rumors spread that inmates at a prison had escaped with firearms and were roaming the countryside.

Unsure if the reports were true, authorities rushed to set up checkpoints and then established contact with the prison.

The reports were alarming, said Annick Girardin, the French minister for the country's overseas territories. "We were able to verify that it wasn't true."

The hurricane has left residents of this island in the dark, cut off from almost all communication and gripped with fear over the disintegration of law and order. Looting has been widespread, residents say, while French police and soldiers have had little presence on the ground. Armed neighborhood groups have stepped in to fill the void.

"The state has been very, very weak," said Tristan Kealidites, an 18-year-old baker.

French authorities on Sunday said they were moving swiftly to restore order and

services on this storm-battered island, facing rising public discontent over the government's response to the hurricane's devastation.

Residents here awoke to their fourth day without electricity, running water or phone service—but spared additional damage after Hurricane Jose veered north on Saturday night. Now they are pondering whether to stay, given that much of the island's basic infrastructure has been damaged.

Garbage and debris remained piled up on the street. Long lines formed at gas stations. People piled into the few undamaged houses, seeking to get inside before near-complete darkness descended.

Irma cut a swath of destruction across St. Martin, damaging 95% of the island's structures, according to some estimates. Residents said they saw little presence of French police or soldiers on the streets to maintain order or provide essential supplies.

Authorities defended their response to the catastrophe, citing the challenges of delivering aid to one of France's far-flung island territories.



Two men viewed the rubble of their restaurant on St. Martin.

U.S. WATCH

9/11 ANNIVERSARY

Hundreds Gather to Remember Victims

Hundreds of people gathered Monday morning in lower Manhattan where the Twin Towers once stood, to commemorate the 16th anniversary of the deadly terrorist attacks of Sept. 11, 2001.

The annual event, organized by the National September 11 Memorial and Museum, began at 8:40 a.m. with the singing of the national anthem and the reading of the names of those killed in the 2001 and the 1993 attacks on the World Trade Center. The ceremony also calls for six moments of silence, marking significant events of the tragic morning 16 years ago.

Family members of victims, along with first responders, public officials, and more were in attendance. The names of the nearly 3,000 fallen were read by victim's relatives.

A crowd of mourners gathered around a stage, many holding photographs of their relatives and American flags. Outside the ceremony on Greenwich Street, four firefighters stood in formation, saluting an American flag. Actor Aneesa Folds sang the national anthem.

—Thomas MacMillan

TEXAS

Eight People Dead In Plano Shooting

Eight people were dead, including a suspected gunman, after a shooting Sunday night at a home in the Texas city of Plano, police said.

According to a police spokesman, an officer was responding to reports of gunshots at a residence around 8 p.m. local time when he heard gunfire coming from inside the home.

As he entered the home, the officer confronted the alleged gunman, and shot and killed him, Mr. Tilley said.

Police searching the home found seven other dead adults and two more people who had been wounded. The conditions of the two wounded individuals weren't immediately known. Police didn't have a motive for the shooting.

—Dan Frosch

U.S. NEWS

Bipartisanship Test Awaits Trump

By ELI STOKOLS

As Congress returns to work this week, absent some members whose states were hit by Hurricane Irma, a leading question is whether last week's burst of bipartisanship will prove to be durable.

President Donald Trump, who made a deal with Democrats on disaster relief and the debt limit, returned Sunday to the White House after monitoring Hurricane Irma from Camp David. He told reporters he planned to head to Florida "very soon" to assess the storm's damage.

U.S. House lawmakers canceled Monday votes to accommodate colleagues affected by the storm.

When Congress picks up its agenda again, Senate Armed Services Committee Chairman John McCain (R., Ariz.), who is managing the National Defense Authorization Act, aims to authorize \$640 billion in military spending.

That would break the \$549 billion spending cap for fiscal 2018 imposed by a 2011 law, and be in addition to \$60 billion in authorized spending that doesn't count toward the caps.

Republicans hold 52 seats in the Senate, and 60 votes are needed to advance the bill. Mr. Trump campaigned on a more robust military budget but has largely stayed on the sidelines of the congressional battle.

The stage could be set for fights over the response to North Korea's nuclear program, the military strategy in Afghanistan and a possible new round of military-base closures. All those issues could be covered in amendments to the defense bill.

In an interview with CNN's Jake Tapper on Sunday, Mr. McCain blasted the president's debt-limit deal last week with Democrats, which he said was "devastating to national defense" in that it freezes last year's funding levels in place.

One of the several hundred amendments to defense-autho-



ANDREW HARRER/PRESS POOL

President Donald Trump listens Monday during a ceremony marking the terrorist attacks of Sept. 11, 2001 at the Pentagon.

rization bill that could reach the Senate floor this week, according to a GOP Senate aide, is a measure from Sen. Tom Cotton (R., Ark.) to remove the automatic spending curbs, known as the sequester, that took effect in 2013 and affect both military and nonmilitary spending.

"If we continue on this road, we've lost our advantage over our potential adversaries, not to mention putting the lives of these brave men and women at risk because we're not giving them the training, the equipment and the capabilities they need," Mr. McCain said Sunday.

On the House side, lawmakers aim to finish work on an appropriations bill that will be the basis for negotiations for funding the government be-

yond Dec. 8, when the three-month agreement that Mr. Trump reached with Democrats expires.

That bill could be a vehicle to advance legislation to protect "Dreamers," the younger undocumented immigrants brought to the U.S. illegally by their parents.

Important to the agenda's advancement will be whether Mr. Trump continues to work with Democrats.

The president was pleased with the media coverage of his reach across the aisle, administration officials said, when he negotiated a relief package for Hurricane Harvey and Hurricane Irma that was tied to a three-month increase to the federal debt ceiling.

The president's decision to accept the proposal brought to

him by Senate Minority Leader Chuck Schumer (D., N.Y.) and House Minority Leader Nancy Pelosi (D., Calif.), grew largely out of frustration with GOP leaders, who have yet to significantly advance his priorities and lawmakers who, in some cases, had criticized him harshly, White House officials said.

But Mr. Trump is under no illusion they are his allies and he recognizes they would undercut him given the chance, White House aides said.

Democrats are looking to use the new rapport to press their leverage on big-ticket items that require 60 Senate votes.

"If it's depending on Democratic votes, it increases our leverage," Mrs. Pelosi (D., Calif.) said last week. "It gives us

a possibility for passing the Dream Act on that bill."

The fates of some 690,000 undocumented immigrants are now up in the air following the administration's decision last week to rescind President Barack Obama's Deferred Action for Childhood Arrivals program, which has spared them from the threat of deportation, in six months.

Congress also faces reauthorizing a children's health-insurance program.

Some lawmakers are also pressing to take steps to shore up the Affordable Care Act's individual insurance market, though such a move could face resistance from conservatives and Mr. Trump.

—Siobhan Hughes, Kristina Peterson and Peter Nicholas contributed to this article.

Peter Paul Rubens, "Portrait of Clara Serena Rubens", c. 1616.
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VALUES WORTH SHARING

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IN DEPTH

JOBS

Continued from Page One
ment are a wellspring for companies that recognize most new hires already have jobs but can be poached with better pay and room for advancement. That's preferable to competing for higher-priced workers at home.

Mark Williams, the chairman of the board for the Site Selectors Guild, a trade association for firms that help companies scout new locations, said a supply of underemployed workers has joined transportation access and the cost of doing business as factors in deciding where to open plants and offices.

Mutual benefit

The matchups pay off for all sides. Companies find qualified workers and keep a lid on labor costs. Employees find better jobs without the financial and emotional cost of relocating, said Sam Schulhofer-Wohl, a senior economist and research adviser with the Federal Reserve Bank of Chicago.

And new employers often return experienced people to full-time work, said Nicholas Bloom, an economics professor at Stanford University, yielding better paychecks and more opportunities for advancement.

Having a deep pool of underemployed people helped Thornton, Colo., where unemployment is below 3%, recently land a new Amazon.com Inc. sorting center slated to hire 1,500 full-time employees, according to a local official. An Amazon spokeswoman said the local workforce is "definitely important" in expansion decisions. (The company last week announced plans to seek a location for a second headquarters. Amazon declined to comment beyond its written materials, which don't mention underemployment as a factor.)

Some job categories that employ largely part-time workers have grown faster than other types of employment. The number of people working at bars and restaurants has risen nearly 25% since the end of the recession in June 2009, while private-sector employment was up about 15%.

Additionally, the number of people working in temporary help was up 73% over the same period, in part because many businesses shifted some in their workforces to temporary positions to limit the cost of full-time benefits.

One measure of underemployment is the share of workers in part-time jobs who would prefer to work full time. That makes up some 5.3 million U.S. workers, or about 3.2% of the civilian workforce, federal data from August show. That proportion of underemployed is down from a high of nearly 6% in 2010 but above the 2.8% average in the decade preceding the recession.

In Tulsa, Okla., prospective employers usually cut to the chase and ask for estimates of the city's underemployed, the so-called hidden-labor market, said Brien Thorstenberg, the senior vice president of economic development for the



Brian Brown, chief operating officer of AvePoint, which opened an office in Richmond.

years tending lawns and working at a restaurant after leaving a manufacturing supervisory job where staff reductions made him worry about workplace safety, Mr. Himmelback said.

A big payday

To make ends meet, Mr. Himmelback, a married father of two, took few days off. But the irregular hours, pay dips during winter and the feeling he wasn't using his full abilities weighed on his health, family life and psyche, he said: "You're just a working peon, so to speak."

He had lived in North Tonawanda, N.Y., all his life and said he "never thought of moving. All my family is here."

Now, Mr. Himmelback is a full-time assistant manager at Lynch's new warehouse, just minutes from his home. His pay rose to about \$45,000 a year, up from \$30,000, with more benefits and fewer hours. Mr. Himmelback said he can afford to let his 11-year-old son play on a travel baseball team, and a regular schedule gives him a chance to coach.

The arrangement also works well for Lynch, which saves on time and shipping costs by having a warehouse closer to the Canadian company's U.S. customers.

Network Capital Funding, the mortgage banking and finance firm in the Southern California city of Irvine, had found it increasingly difficult persuading recruits to relocate. Many millennials aren't "willing to take that risk," said Mr. Nguyen, the chief executive.

Network Capital had a few employees working remotely in Miami, where they reported an oversupply of underemployed. The company opened its Miami office in June 2015 with three people. It now has 50 employees, including college graduates who escaped jobs as waiter, filing clerk and shoe salesmen.

Kerissa Nelson joined in February, more than a year after she earned a degree in criminal justice. Ms. Nelson, age 25, had been working part time as a "brand ambassador," hawking vodka at a beach bar, one time, and helping fans play videogames at a baseball festival. The job sometimes required her to wear embarrassing get-ups, she said, and it paid about \$1,000 a month.

"I wanted something that matched the time and energy I spent obtaining my degree," Ms. Nelson said. Her job at Network Capital more than tripled her income, she said, and carried an opportunity for raises.

Company salaries are about 15% to 30% less in Miami, Mr. Nguyen said. His mortgage bankers, who rely largely on commissions, are paid the same, he said: "The big difference is that people in California are happy with it, and the people in Florida are ecstatic because it goes a lot farther."

New Jersey's AvePoint, which develops and sells software to help corporations manage and protect data, first considered expanding to Virginia in 2015. It faced stiff competition for qualified workers from other technol-

ogy firms in its home market of Jersey City, N.J., across the Hudson River from New York City.

With help from a consultant, AvePoint reviewed some 20 locales. The firm searched for a midsize city with a highly educated population, Mr. Brown said, and where people took jobs "that were less than their level of education just to stay."

Richmond fit the bill. The city of about 223,000 has cobblestone streets and a popular dining scene. There is white-water rafting and kayaking on the James River, which runs through Richmond, the state capital and home to several universities, including Virginia Commonwealth University.

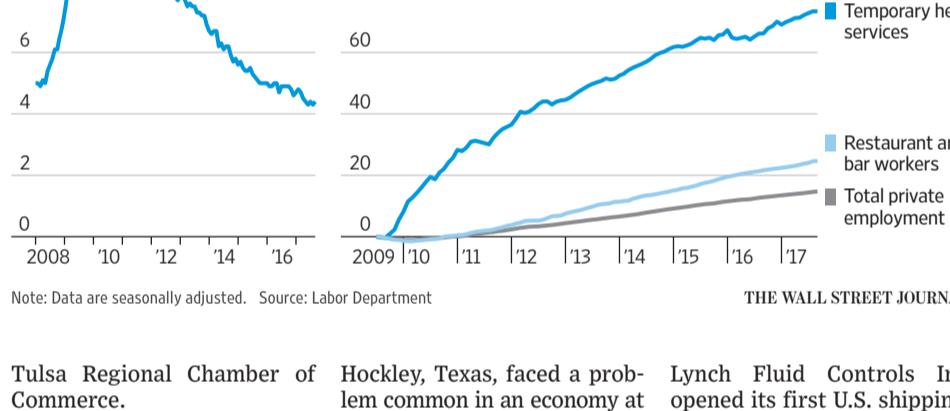
The city's unemployment was 4% in July, but underemployment was about 12% in the second quarter of 2017, according to the state's economic development authority.

By opening a Richmond office, AvePoint was eligible to receive as much as \$450,000 in state incentives, Mr. Brown said, but that wasn't a deci-

The underemployed are the new target audience for firms in a tight labor market.

Part-time Paychecks

During every recession, the percentage of people working part-time for economic reasons spikes...



Tulsa Regional Chamber of Commerce.

Tulsa based its talent-pool estimates on worker surveys distributed through local technical and community colleges that gathered information about income, age, skills and a desire for better opportunities.

The chamber in June released a survey showing a 13.5% underemployment rate, compared with an unemployment rate of between 4% and 5%. The analysis revealed a sizable group of people who have been working for three to five years but aren't using the full range of skills from their technical training.

"When it's a tight labor market, it's nice to know," Mr. Thorstenberg said.

Untapped talent

Paula Harvey, vice president of human resources and safety for Schulte Building Systems Inc., a manufacturer of metal buildings based in

Hockley, Texas, faced a problem common in an economy at or near full employment.

Schulte, which employs 600, closed a small engineering office in rural Tennessee last year after losing staff. The company could have offered higher pay, Ms. Harvey said, but it made more sense to hire a team of engineers in Louisiana who had been laid off from a similar company.

The hires didn't save money—the Louisiana workers had more experience—but the company quickly landed a battle-tested team, Ms. Harvey said.

The company is now considering plans to expand to either Ohio or Indiana, states that have lost manufacturing jobs, Ms. Harvey said. Pay there would likely be lower than in the Houston area but still attractive, she said: "There may be folks living in that area who are underemployed or misemployed who would be excited to work for us."

Last fall, Toronto-based

Lynch Fluid Controls Inc. opened its first U.S. shipping-and-receiving warehouse near Buffalo, N.Y.

After assessing several cities, Lynch chose the western New York area, which has suffered a loss of industrial employers over past decades. Unemployment has shrunk but more than 132,000 people, many in prime working years, are underemployed, according to research commissioned by Invest Buffalo Niagara, a regional economic-development group.

"They may be in jobs, but they may be jobs they don't like or don't have the opportunity for advancement," said Ernie Lynch, the president of Lynch, which makes components for hydraulic and motion-control systems.

Mr. Lynch hired a Buffalo recruiter who found one of the company's first hires in her own backyard. That was landscaper Tracy Himmelback, 49 years old. He had spent the previous three

mascot Bo Weevil.

"When people ask, I tell them, 'Yeah, I'm a boll weevil,'" he says.

Stephen Schmidt, director of public relations, says the school is considering reworking the costume: "Little kids are scared of the pincers."

Mr. Lindgren, when in costume, sometimes hands out candy to children fearful of the buggy get-up. "But the little ones, no matter what, they're going to be terrified," he says.

Engineering students at Enterprise High School used 3-D printers last year to create miniature boll-weevil ornaments. About 300 sold at \$10 a pop.

"They didn't realize how big it was going to be," Ms. Grantham says.

Enterprise State Community College, which calls itself the Weevil Nation, has for years employed a boll weevil mascot in bright green costume to roam the sidelines at games. "I've had a lot of people say I look like a frog or I look like a lizard," says William Lindgren, a sophomore who gets a \$1,000 scholarship a semester to dress as school

anatomically correct version with six legs instead of four.

Thieves struck again in 1974

and took the whole statue. It was recovered, but badly damaged. In 1981, just the bug was stolen and never found. Its replacement was ripped off in 1992. The last straw came in 1998, when two teenagers stole the whole shebang, leaving the monument a wreck. It is now on display at the nearby Depot Museum, and a pristine replica stands on Main Street.

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LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

HPV Vaccine a Tough Sell for Some Parents

New research from the CDC finds 43% get the full set of shots, while over 80% get Tdap and meningitis vaccines at the same age

A RECENT REPORT on HPV vaccinations in teenagers found that only 43% are completing the vaccination series required to prevent several types of cancer. More than 80% get other vaccines recommended at the same age.

Preventive steps against human papillomavirus, which is transmitted sexually, are recommended for boys and girls at age 11 or 12. The Centers for Disease Control and Prevention recommends that children under 15 get two doses at least six months apart. The organization suggests those who get their first dose at 15 or older get three doses over the course of six months. The virus can cause various types of cancer, including cervical, throat and anal cancers.

Getting the full series is "an area where we can definitely see improvement," says Shannon Stokley, associate director for science for the immunization services division at CDC, and one of the authors on the report. "We're excited that people are coming in and starting the series. But now we need to work on getting them back in so they're getting all the doses to complete the series."

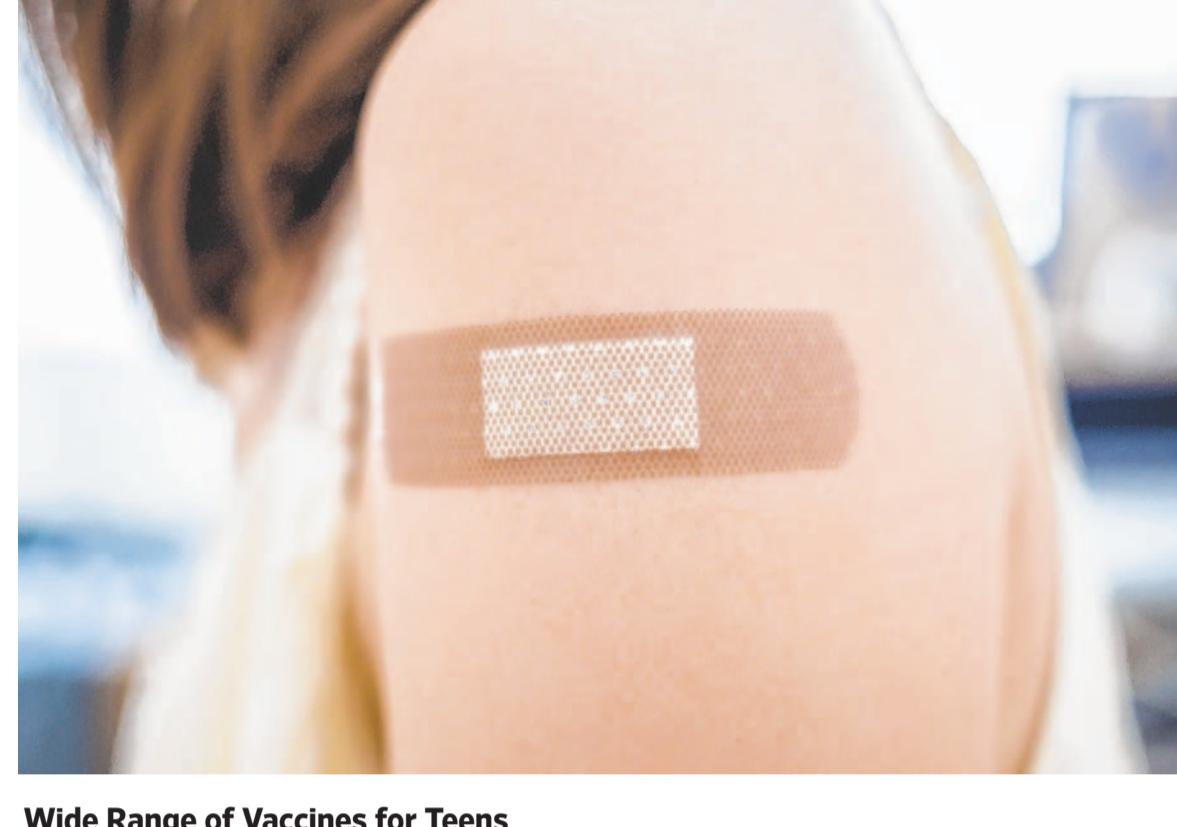
She says researchers are unsure how much protection getting just the first dose of the vaccine provides.

HPV vaccine usage has likely been hurt by antivaccine sentiments that have spread in recent years. It also carries a stigma from being associated with a sexually transmitted infection, causing some critics to say it might encourage sexual behavior in teens or isn't a worry for children who aren't yet sexually active.

But major medical associations support the vaccine, which they say helps prevent cancer. H. Cody Meissner, chief of the division of pediatric infectious disease at Floating Hospital for Children at Tufts Medical Center in Boston, says studies have demonstrated that children who are vaccinated at younger ages produce more antibodies to the virus.

The HPV vaccine can be administered to children as young as age 9. Some health-care providers advocate beginning the vaccine series at 9 rather than 11 or 12, says Dr. Meissner, who is also a member of the American Academy of Pediatrics' committee on infectious diseases.

HPV causes more than 30,000 cases of cancer every year. The HPV vaccine protects against about 90% of those cancers. More than 70% of the U.S. population will experience at least one HPV



Despite efforts to get more doctors and parents on board with vaccinating children against HPV, experts say more work is needed.

The Tdap vaccine—which protects against tetanus, diphtheria and pertussis, or whooping cough—is also recommended at a similar age, and 88% of teens got that in 2016, according to the report. Also, 82% of teens got the vaccine that protects against meningitis.

Doctors should administer the HPV vaccine at the same time as the Tdap and meningococcal vaccines, Dr. Meissner says, but that's clearly not happening. "There are lots of missed opportunities," he says.

Experts hope the rates of full HPV vaccination increase soon. The CDC changed its recommendation in 2016 to two doses of the HPV vaccine from three doses for those who begin the series before age 15.

One new finding from the survey was that teens living in rural areas were much less likely to receive the vaccine than those in urban and large metropolitan areas.

Dr. Stokley says researchers were pleased to see that the percentage of teenagers receiving the first dose of the HPV vaccine went up 4 percentage points last year, to 60%.

Additionally, the gap between boys and girls getting the vaccine has narrowed to 9 percentage points. Fewer boys receive the vaccine because the recommendation for them to get it was made in 2011, five years after the recommendation for girls.

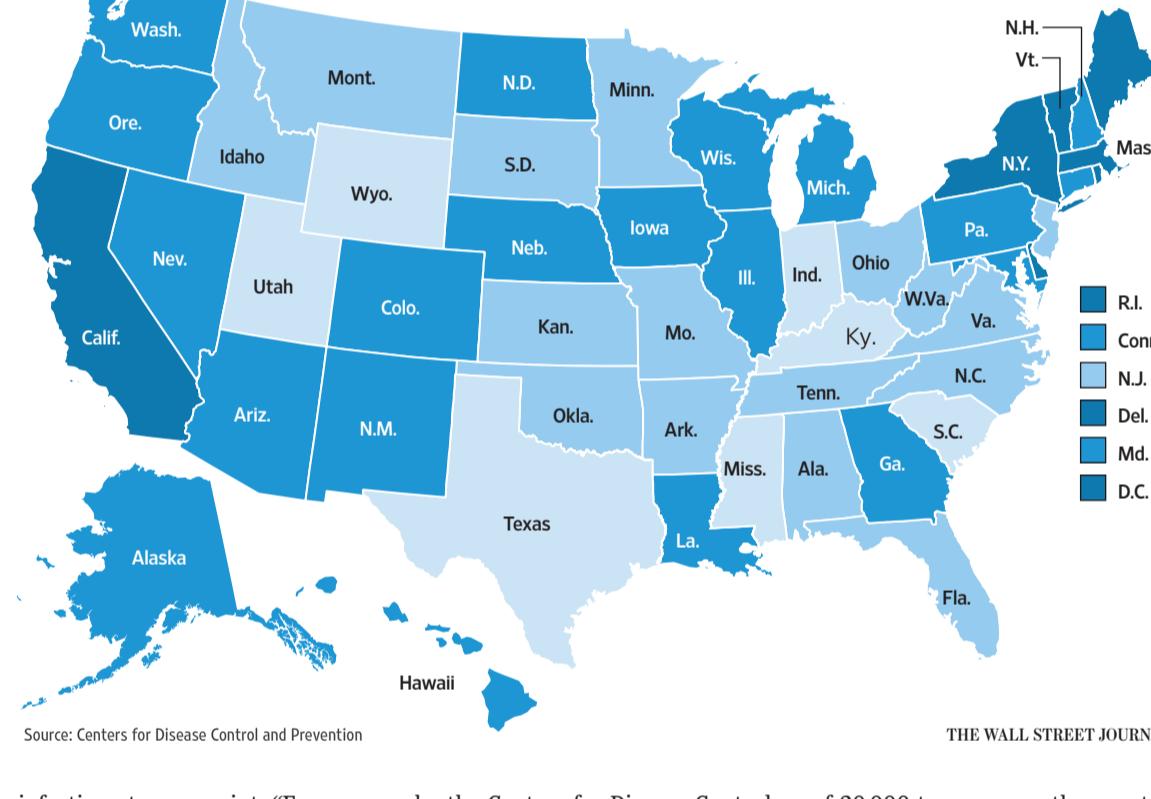
Jennifer Young Pierce, an associate professor of gynecology-oncology at the Medical University of South Carolina, says she was disappointed to see that her state ranked last in the country for the percentage of teenage girls who completed the HPV vaccination series, with only 30.8% completing it.

Dr. Pierce is co-founder and co-chair of the group Cervical Cancer-Free South Carolina, which is hosting a statewide conference in January to bring awareness to the issue and develop ways to improve HPV vaccination rates. She has also been involved in regional town halls and training sessions for doctors to preach the importance of HPV vaccination.

"There's still this perception that cervical cancer is not that bad and HPV-related disease is easily treatable, which is frankly not true," she says.

Wide Range of Vaccines for Teens

Percentage of adolescent boys and girls who have received one or more doses of HPV vaccine



Source: Centers for Disease Control and Prevention

THE WALL STREET JOURNAL.

infection at some point. "For a parent to decide not to vaccinate his or her child is very, very disturbing," Dr. Meissner says.

The annual survey, administered

by the Centers for Disease Control and Prevention, was published in August in its Morbidity and Mortality Weekly report. The telephone survey included the parents

of 20,000 teens across the country. They were interviewed and their children's vaccination data was confirmed with health-care providers.

LIFE & STYLE

WHY WE CAN'T STOP SHARING BREATH MINTS

BY JILLIAN BERMAN

For makers of breath-freshening mints and gum, there is no such thing as over-sharing. From big candy companies to small artisanal confectioners, the makers of mints are tinkering with product design, packaging, and marketing, all to encourage us to share.

A mint is "a social currency," said Jeff Wurtzel, a marketing brand director for Mars Wrigley Confectionery, which makes Wrigley's gum, Life Savers, Altoids and other breath-freshening treats. "You connect with someone else by offering something small."

U.S. retail sales for mints have grown by 26%, between 2012 and 2017, to \$1.5 billion, according to data from Euromonitor International, a research firm headquartered in London. A growing appetite for spicy food and continuous snacking are helping create more opportunities for breath fresheners, said Jared Koerten, a lead analyst at Euromonitor. Companies are rolling out packaging and products, spurring growth in the category, industry representatives say.

Wrigley's recent marketing campaigns for Extra gum revolve around the idea that sharing something as small as a mint or piece of gum can help facilitate a connection, Mr. Wurtzel said. This year, the company plans to launch Extra Chewy Mints, which will come in a plastic package with an opening designed for easy sharing.

Originally, many mints were eaten to aid digestion. But it didn't take long for sharing to become integral to the product, according to Beth Kimmerle, a food consultant and the author of "Candy: The Sweet History." Beginning in the late 1800s, mints were sold in decorative tins to encourage hosts to offer them to friends after meals. "Everybody went in for one," Ms. Kimmerle said.

Makers of mints embrace the notion of breath fresheners fueling friendly interactions

Makers of mints embrace the notion of breath fresheners fueling friendly interactions. In the early 1900s, Altoids were packaged in a tin to keep the mints fresh, according to Mr. Wurtzel. But the container turned out to have unexpected sociable benefits. "It's literally in your hand and it's an extension of you when you open it," Mr. Wurtzel said of the Altoids tin.

Mints can play a communal role in offices and restaurants. At the Minneapolis location of Industrious Office, a co-working space, the community manager, Marie Adrian, keeps a bowl of individually wrapped mint Life Savers on her desk. The mints have become a post-lunch routine for many peo-



ple, creating a natural "touch-point" with the space's members, Ms. Adrian said.

"When you're taking a mint, it might be for yourself, but you're probably also considering other people," she said.

Simply Gum, a small confectionery company in Manhattan which promises to use all natural ingredients, launched Mints by Simply Gum this year in part through marketing on social media. The

company asked fans to tag friends with the hashtag #compliment and awarded some free mints.

"We're all about creating a fun moment for people," said Adeena Cohen, the director of marketing and business development at Simply Gum.

A few years ago, a Tic Tac ad campaign portrayed offering the mints as a "social spark," according to Todd Midura, the vice president of marketing of Tic Tac North

America. The clear package lets anyone nearby see them and the opening at the top makes it easy to shake a few into someone's palm.

All that sharing doesn't just spark sociability. It means more business for Tic Tac and other mint makers. "If you've got people sharing, it adds more occasions," Mr. Midura said. "Before you pass around that pack and it's empty."

OPINION

REVIEW & OUTLOOK

The Difference China Makes

The rise of China at the expense of U.S. influence is having political consequences throughout Asia. Witness the crackdown in Cambodia on opposition leader Kem Sokha, who was arrested by more than 100 police officers on Sept. 2. Now charged with treason, he is being held in a remote prison on the Vietnamese border. On Monday Prime Minister Hun Sen threatened to ban Mr. Sokha's Cambodian National Rescue Party if it doesn't renounce him.

Mr. Sokha is accused of conspiring with the U.S. to create a "color revolution" in Cambodia. The charge against him is based on a four-year-old video, available on YouTube, in which he discusses advice from U.S.-government sponsored academics on democratic campaigning. He could face 30 years in prison.

The arrest is part of a wider crackdown. In recent weeks, the government expelled the Washington-funded National Democratic Institute, withdrew the licenses of radio stations rebroadcasting Voice of America and Radio Free Asia content, and closed down an American-owned newspaper, the Cambodia Daily, for alleged tax violations.

The timing of the crackdown is no surprise. Cambodians will choose a National Assembly next July, and Hun Sen typically begins a legal assault on the opposition a year before an election.

What's new is the severity of the charges against Mr. Sokha and the anti-American emphasis. The Cambodian government depends on aid from the U.S. and other Western nations for more than 30% of its budget. The U.S. and European Union also grant Cambodian products preferential tariff treatment, and the U.S. is the largest buyer of Cambodian exports. While Hun Sen has fulminated against foreigners in the past, he would try to maintain democratic ap-

pearances to preserve good relations with Western donors.

As U.S. influence ebbs, Cambodia cracks down on opponents.

Cambodia backed Beijing's territorial claims in the South China Sea. Beijing last week declared support for Hun Sen's "effort to uphold national security and stability."

Another shift is under way domestically. Cambodians are increasingly angry about government land grabs, illegal logging and other forms of corruption. In the 2013 general election, the opposition won nearly 45% of the popular vote. In June's local elections, it won control over 30% of the townships. Violence and harassment against government critics seem to deepen the backlash against the ruling Cambodian People's Party.

The two trends may cause Hun Sen to change his playbook ahead of the next election. In the past he halted his attacks on the opposition before the campaign, which is when the world pays attention to Cambodia. Poll observers would endorse the election as tolerably fair, and Western aid would continue.

This time Hun Sen has another option. With Beijing's backing, he can throw his rivals in prison, rig the polls and ride out losses of Western aid. Casting the U.S. as the opposition's puppet-master would distract public anger and intimidate critics.

Such a strategy may not be Hun Sen's first choice, but he is testing the waters. A strong and united response from Western donors may deter him from convicting Mr. Sokha and banning the opposition. But China's growing support for the region's authoritarians will continue to undermine progress toward democracy.

'It Is Chilling to Hear . . . '

Our editorial Monday on the spectacle of U.S. Senate Democrats questioning the Catholic faith of Notre Dame law professor and judicial nominee Amy Barrett struck a nerve. Many readers are stunned that politicians would suggest that having "orthodox" religious views could disqualify someone from the American judiciary.

Also concerned is John Jenkins, President of the University of Notre Dame. Fr. Jenkins is no conservative but he can spot an attack on religious belief, and on Saturday he wrote to Sen. Dianne Feinstein, the ranking Democrat on the Senate Judiciary Committee who led the assault on Ms. Barrett. Here is the letter in full:

Dear Senator Feinstein:

Considering your questioning of my colleague Amy Coney Barrett during the judicial confirmation hearing of September 6, I write to express my confidence in her competence and character, and deep concern at your line of questioning.

Professor Barrett has been a member of our faculty since 2002, and is a graduate of our law school. Her experience as a clerk for Judge Laurence Silberman of the U.S. Court of Appeals and Supreme Court Justice Antonin Scalia is of the highest order. So, too, is her scholarship in the areas of federal courts, constitutional law and statutory interpretation. I am not a legal scholar, but I have

heard no one seriously challenge her impeccable legal credentials.

Notre Dame's president has some pointed words for Senate Democrats.

"dogma lives loudly in [Professor Barrett], and that is a concern when you come to big issues that large numbers of people have fought for years in this country." I am one in whose heart "dogma lives

loudly", as it has for centuries in the lives of many Americans, some of whom have given their lives in service to this nation. Indeed, it lived loudly in the hearts of those who founded our nation as one where citizens could practice their faith freely and without apology.

Professor Barrett has made it clear that she would "follow unflinchingly" all legal precedent and, in rare cases in which her conscience would not allow her to do so, she would recuse herself. I can assure you that she is a person of integrity who acts in accord with the principles she articulates.

It is chilling to hear from a United States Senator that this might now disqualify someone from service as a federal judge. I ask you and your colleagues to respect those in whom "dogma lives loudly"—which is a condition we call faith. For the attempt to live such faith while one upholds the law should command respect, not evoke concern.

Respectfully,
Rev. John I. Jenkins, C.S.C.
President

Trump's Hurricane Rebuilding Job

President Trump knows the construction industry and can talk in great detail about laying concrete. So the urgent need for more construction workers following Hurricanes Harvey and Irma ought to get his attention.

Even before the hurricanes, construction firms around the U.S. reported trouble finding enough workers. The U.S. Bureau of Labor Statistics reported 225,000 construction job openings in June, up 30% in the past year and 125% since 2012. According to a survey this month by the Associated General Contractors of America, 86% of firms nationwide anticipate hiring workers in the next year.

The worker shortage is especially acute in fast-growing metro areas in the South such as Atlanta, Houston and Miami. In Texas, 69% of contractors said they struggled to fill positions. About 60% of contractors in the South are having trouble finding carpenters and concrete workers while half need more day laborers.

Older construction workers have left the workforce since the last housing boom. About a third moved to higher-paying industries such as energy and manufacturing. Fewer young men are pursuing the trades or a vocational education, and some can't pass a drug test.

Big Labor and the restrictionist right say employers simply need to increase wages. But in Texas 57% of contractors reported increasing base pay while a quarter offered bonuses—and they're still struggling to recruit workers.

Between 2013 and 2016, the base pay for a day laborer increased 30% in Houston. Carpenters there earn about \$25 an hour, 55% more than three years ago. Large contractors with government contracts can perhaps pay more.

A construction labor shortage will add costs and time to the recovery.

Houston area. The National Association of Home Builders estimates that up to 20,000 workers will be needed to rebuild homes after Harvey—and many more to repair businesses, schools and infrastructure. Some rebuilding jobs simply won't get done if labor costs rise to make them unprofitable.

After Hurricane Katrina in 2005, much of the clean-up and rebuilding was done by immigrants, many illegal. That saved money and sped up the recovery. Undocumented workers make up 29% of construction workers in Louisiana, 23% Texas and 15% in Florida, according to the Pew Research Center.

All employers must complete an employment eligibility verification form, and those who hire undocumented workers risk losing workers in immigration raids. But the U.S. Department of Homeland Security is now demanding that federal contractors use E-Verify to check whether workers are legal, and this deters some workers who could help.

The Bush Administration temporarily waived worker-ID requirements after Katrina, and Mr. Trump should do the same. Congress also ought to authorize more guest-worker visas for construction as part of the Irma relief bill, and any undocumented worker who assists with rebuilding should receive one. Consider this a down payment on solving the economy's larger labor shortage.

Can New York City Reinvent Itself Again?

By Andy Kessler

New York is a hell of a town, but technology is threatening its leadership in almost every category. High-speed trading and shadow banking threaten its strongholds in finance. Digital publishing and social media continue to disrupt magazines and newspapers. Streaming is upending television broadcasting, while enterprise software is displacing lawyers and accountants. New York's public services—from schools to subways—are antiquated.

For centuries New York has evolved. With its deep port, the city dominated U.S. trade through the late 1800s. But that wasn't enough to employ the swarms of immigrants coming through Ellis Island. So the city transformed, creating higher-paying jobs.

By 1910 some 40% of all New York workers were employed in manufacturing—the garment industry, sugar refining, publishing and even bread making. My grandfather was in the millinery business. Manufacturing lasted even through the 1960s. I remember seeing shirts made in the Empire State Building. Total employment in the city peaked in 1969.

As post-World War II technology drove transportation costs down, manufacturing moved to the suburbs (and eventually Asia). Most large American cities stagnated.

But New York transformed itself again, this time into a service economy with high-paying jobs in finance, media, fashion, law, accounting and health care. Today well over 90% of New York employment is in services, according to the New York state government.

But the city has arrived at a nasty inflection point again. New York risks becoming another Detroit. New York needs to embrace entrepreneurs, not repel them. No more Zuckerbergs heading west.

What form of transformation lies ahead? Some suggest New York must become the next Silicon Valley. That's been tried before and always fails (see Research Triangle, Bangalore, Cambridge, England, or Skolkovo, Russia).

Instead New York needs to build on the technology that comes out of Silicon Valley and elsewhere, especially artificial intelligence and fintech, and use these advances to transform New York's businesses.

Understanding these trends, then-Mayor Michael Bloomberg in 2011

launched an "applied science" competition, offering city land for a new campus. Stanford and Cornell wanted in, with the latter focused on "digital technology and its transformation of individuals, society and the economy."

This week one of the first new urban campuses in generations, Cornell Tech, opens on Roosevelt Island. As a Brooklyn-born Cornell engineer, I played a tiny role.

While New York shouldn't try to create its own Silicon Valley, it definitely needs to adapt the Bay Area ethos: Focus on research. Encourage risk taking. Embrace failure. Reward collaboration. Attract immigrants and venture capitalists. Build networks of experienced workers. Take advantage of nearby universities. Get professors to train the next generation of students and to work with local business leaders to spin out important technologies. The status quo only brings woes.

But there's a long way to go. The city is 8.5 million strong, but it took until 2012 to get the number of jobs back to the 1969 peak. The New York metro area is a \$1.5 trillion economy—about the same size as Canada.

For this transformation, an enlightened set of tax and capital-formation policies are critical to attract money and experienced entrepreneurs. A break on capital-gains taxes would do wonders. Wall Street can be the funding source for innovation as the structure of business reinvents and makes a brand new start.

Hence the eventual 2-million-square-foot Cornell Tech campus, which will ultimately host thousands. This and other programs are needed to stir up the melting pot and see what emerges from the primordial ooze of professors, entrepreneurs, students, venture capitalists and business leaders. This is the recipe for transformation.

And my role? During Mr. Bloomberg's competition, Cornell asked me to write an opinion piece about who should win. Given the obvious conflict of interest, I declined and instead wrote something another alum might use to frame the pitch. Shortly thereafter, the Bloomberg team said the press wouldn't influence their decision. Cornell instead ended up using a form of what I wrote as the introduction to its proposal. And you just read it.

Mr. Kessler writes on technology and markets for the Journal.

A Costly Trump Vacancy



Venezuelan dictator Nicolás Maduro announced in May that he planned to draft a new constitution and shut down the opposition-controlled National Assembly. His opponents in Washington and South Florida lobbied the Trump administration

to pressure the regime to withdraw its proposal by banning Venezuelan oil imports.

The White House instead issued sanctions against 13 high-ranking regime officials in late July. On July 30 Maduro went ahead with the rigged elections for his handpicked "constituent assembly," and then closed down the legitimate legislature de facto, putting the finishing touches on his Castro-style one-party state.

American hawks and Venezuelan expatriates say that the outcome would have been different if the Trump administration had leaned harder on the regime. And that the White House would have done so if not for the influence of the U.S.

State Department's under secretary of state for political affairs, Thomas Shannon Jr., a career diplomat they accuse of being soft on Caracas.

This narrative is unfortunate, and not only because it may be unfair to Mr. Shannon. It is far from certain how the regime would have responded to an oil-import ban.

Some pro-democracy advocates in Venezuela warned that it would starve the nation. More important, the blame-Shannon line ignores Mr. Trump's obligation to exercise leadership consistent with the promises he made as a candidate.

Nearly eight months past Mr. Trump's inauguration, there is no assistant secretary for the Western hemisphere. U.S. Secretary of State Rex Tillerson is said to rely heavily on Mr. Shannon's regional expertise. A career civil servant, Mr. Shannon was often called on to execute President Obama's "engagement" strategy toward thuggish regimes.

Absent new direction from the top, it is no surprise that he and his cohorts at State still defend the Obama policies that Mr. Trump promised to reverse.

Those policies fed chaos in Latin America. Venezuela is now a province of Cuba and a strategic ally of Russia. Iran has built networks throughout the region. The Revolutionary Armed Forces of Colombia—a drug-trafficking terrorist group and Cuban partner—has been legalized.

Mr. Shannon has a record as an able diplomat. In June 2015, in the role of State Department "counselor," he met in Haiti with the then-president of the Venezuelan National Assembly, Diosdado Cabello, a Maduro ally. At the time, Mr. Cabello was

being investigated by the Justice Department for cocaine smuggling.

At his October 2015 nomination hearing for his present job, Mr. Shannon defended that meeting. He said it was an effort to get a commitment from the Maduro regime to hold legislative elections that year and to "save the life of Leopoldo López, who at the time was in the fourth week of hunger strike."

Mr. Shannon prevailed on both counts: The government set a Dec. 6 date for the elections and Mr. López ended his strike. The opposition won a majority that year.

Nevertheless Mr. Shannon's detractors cite photos from Port-au-Prince of him grinning alongside Mr. Cabello and Venezuelan Foreign Minister Delcy Rodriguez. Suspicion about Mr. Shannon was reinforced in 2016 when he traveled more than once to Caracas to "dialogue" with the dictatorship about the right of Venezuelans to hold a constitutionally mandated presidential recall referendum.

Maduro used those talks to stall and consolidate power. The vote was never held.

There is no evidence that Mr. Shannon, who was once George W. Bush's lead for Latin America on the National Security Council, harbors sympathy for *chavismo*. Rather, he seems to suffer from too much faith in diplomacy as a cure for evil.

It is a common State Department malady, which becomes more pronounced with diplomatic victories—and Mr. Shannon has had his share. In the 2009 political crisis in Honduras he got deposed president Manuel Zelaya, a Chávez ally, to agree to respect the forthcoming presidential election.

As U.S. ambassador to Brazil in 2010 he warned attorney general Eric Holder about rampant corruption in "all three branches of government" in Brasilia. He turned out to be spot on.

Yet having implemented Mr. Obama's policies—perhaps too enthusiastically—Mr. Shannon may be having trouble adapting to the priorities of the new administration. This goes well beyond any debate over blocking Venezuelan oil imports.

State is rumored to have resisted the latest ban on Venezuela's use of the U.S. financial system. There has been no effort to check Cuba's role in Venezuelan repression. Little has been done about corrupt *chavista* oligarchs living in the U.S. and Europe, who facilitate transactions for regime officials living the high life in Caracas while the nation goes hungry.

The Trump administration must make a clean break with the Obama appeasement policies. That means the president needs to direct State to implement fully a new strategy that stands up to despots.

Write to O'Grady@wsj.com.

OPINION

Finding America's Lost 3% Growth

By Phil Gramm
And Michael Solon

Growth deniers are declaring that America's economy has lost its ability to grow at 3% above inflation. If that's the case, maybe we should go back to where we lost 3% growth and retrace our steps until we find it. For only with 3% or higher growth does America experience measurable progress in poverty reduction, strong job creation and income growth. If 3% growth is irretrievably lost, so is the American Dream.

If the country can't grow like it once did, then the American Dream really is irretrievably lost.

Did America actually experience 3% real growth to start with? Yes. In the postwar era, the U.S. averaged 3.4% annual growth from 1948 through 2008. We averaged 3% growth for half of the George W. Bush presidency (2003-06). From 2009-12, the Obama administration, the Congressional Budget Office and the Federal Reserve all thought they saw 3% growth just around the corner. If the possibility of 3% growth is gone forever, it hasn't been gone very long.

America enjoyed 3% growth for so long it's practically become our national birthright. Census data show that real economic growth averaged 3.7% from 1890-1948. British economist Angus Maddison estimates that the U.S. averaged 4.2% real growth from 1820-89.

Based on all available data, America has enjoyed an average real growth rate of more than 3% since

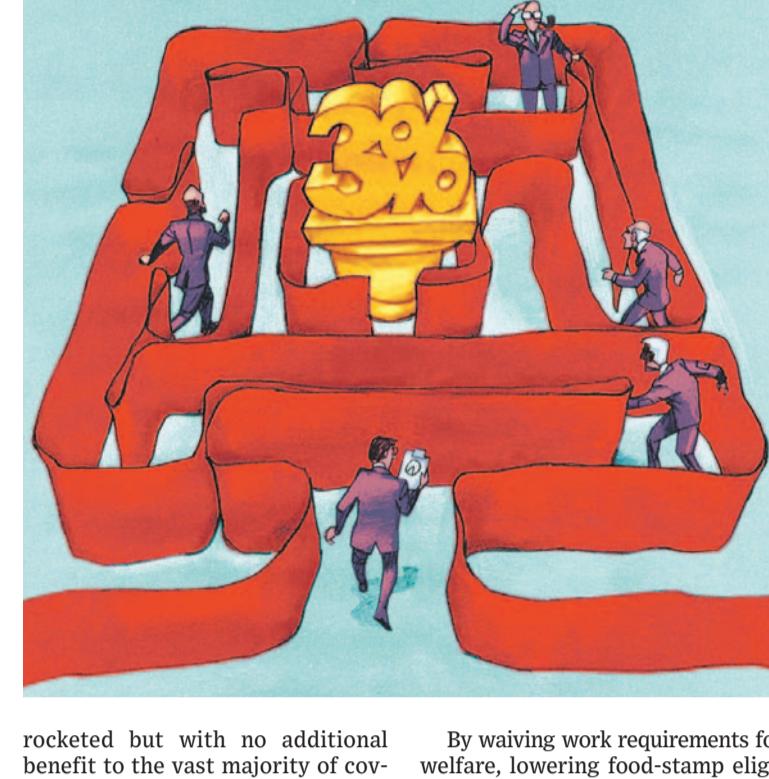
the founding of the nation, despite the Civil War, two world wars, the Great Depression and at least 32 recessions and financial panics. If 3% growth has now slipped from our grasp, we certainly had it for a long time before we lost it.

So poor was our economic performance during the Obama presidency, with its 1.47% economic growth, that now many Americans believe 3% growth is gone forever. The CBO has slashed its 10-year growth forecast to a measly 1.8% a year. If we never see 3% growth again, our grandchildren may point to 2009 and say, "That was when the American economy ran out of gas."

While Obama apologists like to claim that labor-productivity and labor-supply factors preclude 3% growth, most of the growth constraints we face today are directly attributable to Mr. Obama's policies. The Bureau of Labor Statistics reports that labor-productivity growth since 2010 has plummeted to less than one-quarter of the average for the previous 20, 30 or 40 years.

Productivity fell during the current recovery, not during the recession. With high marginal tax rates, especially on investment income, new investment during the Obama era managed only to offset depreciation, so the value of the capital stock per worker, the engine of the American colossus, stopped expanding and contributed nothing to growth.

A tidal wave of new rules and regulations across health care, financial services, energy and manufacturing forced companies to spend billions on new capital and labor that served government and not consumers. Banks hired compliance officers rather than loan officers. Energy companies spent billions on environmental compliance costs, and none of it produced energy more cheaply or abundantly. Health-insurance premiums sky-



DAVID KLEIN

rocketed but with no additional benefit to the vast majority of covered workers.

In a world of higher costs, productivity plummeted. Productivity measures the production of things the market values that flow from the employment of labor and capital. Try listing the Obama-era regulatory requirements that generated the employment of labor and capital in ways that actually produced something you buy.

True, America is aging. In 2006, when the labor force participation rate was 66.2%, the BLS predicted that demographic changes would push it down to 65.5% by 2016. Under Mr. Obama's policies, it actually fell further, to 62.8%, and the number of working-age Americans not in the labor market spiked to 55 million.

By waiving work requirements for welfare, lowering food-stamp eligibility requirements and easing standards for disability payments, Mr. Obama's policies disincentivized work. Disability rolls have expanded 18.6% during the current recovery, compared with a 16% decline during the Reagan recovery.

The CBO estimates ObamaCare alone will reduce work hours by 2% and eliminate 2.5 million jobs by 2024. At the current 1% growth in the civilian population above the age of 16, a mere reversion to the pre-Obama labor-force participation rates would supply more than enough workers to generate a 3% growth rate.

Even baby-boomer retirement is driven in part by public policy. When Social Security paid its first check in 1940, average life expectancy was 64

years and benefits started at 65. Today early retirement is available at 62. Life expectancy is now projected to be 79 years. People are healthier, morbidity rates have fallen dramatically and the retirement age can and should be raised.

Bad policies—not bad luck or a loss of God's favor—have driven down labor productivity and the labor supply. We can change those policies.

If reversing Mr. Obama's policies simply eliminated half the gap between the projected 1.8% growth rate and the average growth rates during the Reagan and Clinton recoveries, it would deliver 3% real growth generating nearly \$3.5 trillion in new federal revenues over the next 10 years.

That's not as much as the \$4.3 trillion in revenues lost by Mr. Obama's slow growth, but it's more than Mr. Trump promises to bring back by reversing his predecessor's policies.

America without 3% growth isn't America. Since 1960, the American economy has experienced 30 years with growth of 3% or more. Seventy-nine percent of all jobs created since 1960 were created during those years. The poverty rate fell by 72% and real median household income rose by \$20,519.

In the 26 years when the economy had less than 3% growth, just 21% of all post-1960 jobs were created, the poverty rate rose by 37% and household income fell by \$12,004.

With 3% growth, the American dream is achievable and virtually anybody willing to work hard can live it. Let 3% growth die and a lot of what we love most about our country will die with it.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Solon is a partner of US Policy Metrics.

Germany's Boring Election Is Nothing to Snore At

By Josef Joffe

Germany goes to the polls in less than two weeks, but you'd never know it with a campaign as thrilling as a week-old weather report. Nobody doubts that Angela Merkel will get her fourth four-year term on Sept. 24. The only question is who her junior coalition partner will be: the center-left Social Democrats, the center-right Free Democrats or the Greens, who are somewhere in between.

It matters little whom Mrs. Merkel will pick. Germany is a nation pleased with itself and its three-term leader. There's no Donald Trump, who makes "House of Cards" look soporific, no Emmanuel Macron, who promises to make La France great again.

The campaign posters say it all, offering nothing that might enthuse, let alone rile, a placid electorate. Here's a sampling: "Good jobs and good wages." "For a Germany where we like to live and live well." "Education must be free of charge." Or, best of all: "Have a nice holiday!"

A vacation from politics. Just what Dr. Merkel ordered. Just what the patient wants.

Picking your way through this smorgasbord of pap, you couldn't tell which party is touting what. Up there in Red Heaven, Marx's sidekick Friedrich Engels must be smiling. His dream has come true in 21st-century Germany.

Engels famously predicted that after the revolution, the "rule over men" would be replaced by the "administration of things"—by the end of politics, no less. No more "contradictions," as the Marxists have it, no class struggles or culture wars. Just a wise bureaucracy directing society's traffic.

Naturally, the media, which thrive on conflict, don't like it. There isn't even a decent campaign-finance scandal. The tabloids must make do with obscenely expensive soccer trades topping out at €222 million (\$266.9 million). So the pundits ridicule the mainstream parties while desperately searching for pickings among the two smallish outliers.

The Left Party tries to score with "Socialism, Not Barbarism," while at the other end of the political spectrum the anti-immigrant Alternative for Germany, or AfD, fishes for votes with subtly racist slogans.

Voters in the vast middle aren't biting. Anti-Muslim resentment may work in France or Holland, but not in Germany. The nation remembers how communism crashed in East Germany and Nazism ended in catastrophe.

Centrism is Germany's civil religion now, and Mrs. Merkel—known as *Mutti*, or mom—is its high priestess.

A bland and predictable campaign should be admired in the midst of a chaotic Continent.

What's wrong with boredom? "May you live in interesting times," as the curse goes. The Germans have had their fill of excitement in the 20th century. This is why they keep electing Mrs. Merkel.

Even better, Mrs. Merkel, a national conservative, has moved her party to the left, signaling to the electorate: You can have it all—social spending and tax cuts, gay marriage and family values. Her ideological imperialism has left little room for her challenger, Martin Schulz,

whose Social Democrats trail Mrs. Merkel's Christian Democrats by a healthy margin.

Nor does Mrs. Merkel threaten any surprises. If she makes a move, it's only a couple of degrees to the right or left. When she does jerk the tiller, as she did in 2015 by suddenly taking in about a million refugees, she swiftly reverses course. The so-called Balkan Route was quickly sealed, and now border controls are back. The flow was down in July to a manageable 15,000. Not coincidentally, the AfD is now down to single digits.

If Germans could elect their chancellor directly rather than vote for the parties, polls show Mrs. Merkel would win in a landslide, 52% to 30%, over Mr. Schulz, the long-term president of the European Parliament who last won a German election as mayor of a tiny town. These numbers reflect a truth transcending personalities: Mrs. Merkel presides over 80 million happy subjects.

Look around. Britain is torn in two over Brexit. France is an economic basket case, its savior, Mr. Macron, plumping in the polls. Italy remains ungovernable. In the east, Hungary and Poland are going authoritarian. Mr. Trump's America is abdicating

U.S. leadership with his what-do-we-care nationalism.

Meanwhile, boring Germany boasts full employment and bloated trade surpluses. Extremism is safely contained on the fringes. The bureaucracy runs smoothly.

It doesn't take 10 years, as it does in Italy, to get a verdict in civil court. Income inequality is lower than in Britain, France or Italy. Germany's social safety net is the envy of the world, drawing masses from the Middle East and North Africa. Integration remains iffy, but there are no *banlieues* as in France or no-go zones as in Belgium.

Socrates was supposedly asked, "How is your wife, Xanthippe?" To which the philosopher replied, "Compared to what?" Compared to the rest, Germany is a country at ease, light years removed from its horrifying 20th-century incarnations.

Can its luck last in a world whose liberal order is under assault? The electorate, at least, seems intent to say, as it has since 2005: "In *Mutti* we trust."

Mr. Joffe is editor of Die Zeit in Hamburg and a fellow of Stanford's Hoover Institution.

The Hard Right and Hard Left Pose Different Dangers

By Alan M. Dershowitz

The extreme right—neo-Nazis, the Ku Klux Klan and other assorted racists and anti-Semites—and the extreme left—anti-American and anti-Israel zealots, intolerant censors, violent anarchists such as Antifa, and other assorted radicals—both pose a danger in the U.S. and abroad.

Which group poses a greater threat? The question resists a quantitative answer, because much may depend on time and place. It may also be in the eye of the beholder: For many on the center left, the

greater danger is posed by the hard right, and vice versa. Yet the most important reason for this lack of a definitive quantitative answer is that they pose qualitatively different dangers.

History has set limits on how far to the extremes of the hard right reasonable right-wingers are prepared to go. Following the horrors of the Holocaust and Southern lynchings, no one claiming the mantle of conservatism is willing to be associated with Nazi anti-Semitism or the KKK. Neo-Nazi and Klan speakers are not invited to university campuses.

The hard left lacks comparable limits. Despite what Stalin, Mao, the Castros, Pol Pot, Hugo Chávez and North Korea's Kims have done in the name of communism, there are still those on the left—including some university professors and students—who don't shrink from declaring themselves communists, or even Stalinists or Maoists. Their numbers aren't high, but the mere fact that it is acceptable on campuses, even if not praiseworthy, to be identified with hard-left mass murderers, but not hard-right mass murderers, is telling.

The ultimate goals of the hard right are different, and far less commendable, than those of the hard left. The hard-right utopia might be a fascist society modeled on the Italy or Germany of the 1930s, or the segregationist post-Reconstruction American South.

The hard-left utopia would be a socialist or communist state-regulated economy aiming for economic and racial equality. The means for achieving these important goals might be similar to those of the hard right. Hitler, Stalin and Mao all killed millions of innocent people in an effort to achieve their goals.

For the vast majority of reasonable people, including centrist conservatives, the hard-right utopia would be a dystopia to be avoided at all costs. The hard-left utopia would be somewhat more acceptable to many on the center left, so long as it was achieved nonviolently.

The danger posed by the extreme left is directly related to its more benign goals, which seduce some peo-

ple, including university students and faculty. Believing that noble ends justify ignoble means, they are willing to accept the antidemocratic, intolerant and sometimes violent censorship policies and actions of Antifa and its radical cohorts.

By affirming benign goals, Antifa and its comrades make intolerance and even violence seductive.

For that reason, the most extreme leftist zealots are welcomed today on many campuses to express their radical views. That isn't true of the most extreme neo-Nazi or KKK zealots, such as David Duke and Richard Spencer.

Former White House aide Steve Bannon recently told "60 Minutes" that "the neo-Nazis and neo-Confederates and the Klan, who by the way are absolutely awful—there's no room in American politics for that."

In contrast, prominent American leftists, such as Noam Chomsky and even Bernie Sanders, supported the candidacy of British hard-left extremist Jeremy Corbyn, despite his flirtation with anti-Semitism.

The hard right is dangerous largely for what it has done in the past. For those who believe that past is prologue, the danger persists. It also persists for those who look to Europe for hints of what may be in store for America: Neofascism is on the rise in

Austria, Hungary, Greece, Lithuania, Slovakia and even France.

Some of this rise may be attributable to regional issues, such as the mass migration of Muslims from Syria and other parts of the Middle East. But some may also be a function of growing nationalism and nostalgia for the "glory" days of Europe—or, as evidenced in our last election, of America.

The danger posed by the extreme hard left is more about the future. Leaders of tomorrow are being educated today on campus. The tolerance for censorship and even violence to suppress dissenting voices may be a foretaste of things to come.

The growing influence of "intersectionality"—which creates alliances among "oppressed" groups—has led to a strange acceptance by much of the extreme left of the far-from-progressive goals and violent means of radical Islamic terrorist groups that are sexist, homophobic, anti-Semitic and anti-Western. This combination of hard-left secular views and extreme Islamic theological views is toxic.

We must recognize the different dangers posed by different extremist groups that preach and practice violence, if we are to combat them effectively in the marketplace of ideas, and perhaps more importantly, on the campuses and streets.

Mr. Dershowitz is a professor emeritus at Harvard Law School and author of "Trumped up! How Criminalizing Politics is Dangerous to Democracy" (CreateSpace, 2017).

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LIFE & ARTS

ART REVIEW

When Chinese Landscape Came Into Its Own

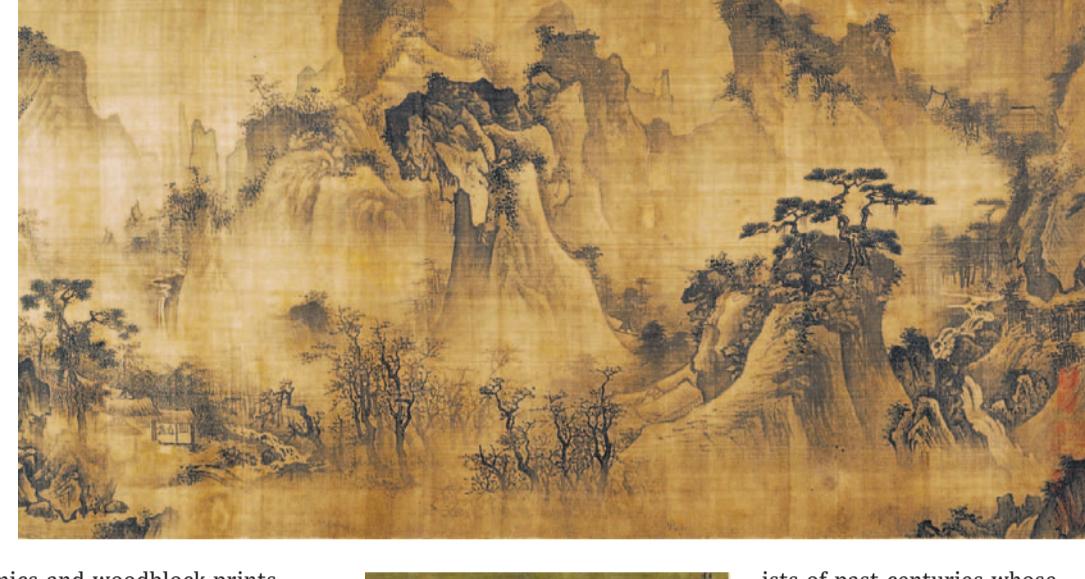
A 1,000-year journey that begins at the birth of realism and the landscape tradition's genesis as an independent subject

BY MELIK KAYLAN

New York

THROUGHOUT the past century, as parts of the globe erupted in chaos, American institutions helped save humankind's common heritage. They systematically acquired cultural treasures endangered in their own countries—doing so in coherent genres and thereby preserving entire traditions of art. A luminous instance of just such an achievement is the Metropolitan Museum's historic collection of Chinese landscapes, considered to be one of the greatest world-wide. Often kept from the hands of Maoist mobs, these objects could tell adventure stories of brave individuals who smuggled them out to the West over the decades. The museum's exhibition "Streams and Mountains Without End: Landscape Traditions of China" tells us another story just as crucial: that of the transcendent beauty of the 1,000-year-old living art form so worth saving. And not least for the Chinese themselves—on the day of my visit tourists from China packed the galleries, as they do much of the time.

The curator, Joseph Scheier-Dolberg, says he organized the show along thematic rather than chronological lines to educate the viewer in the genre's traditions and experiments, its evolution over the centuries, its symbols and inside jokes—in short, to teach us how to understand more deeply what we are viewing. He divided the whole into nine sections, with rooms dedicated to "Streams and Mountains," "Magical Landscapes," "Landscape of Reclusion," "Riverscape" and the like. The objects in the show will change and rotate periodically, but at the outset it features 40 paintings and numerous objects, such as sculptures, textiles, ce-



ramics and woodblock prints, largely from the Met's collection plus some on private loan. Outside the first room, "Majestic Landscape," we see a claim by an early intellectual of the genre that artists can now reproduce nature so precisely that you need not leave your house. This inscription, from the end of the first millennium, introduces the birth of realism and, roughly speaking, the landscape tradition's genesis as a recognized practice.

Inside we first see two handscrolls from the Ming period (most of the show's paintings are on scrolls). One, by an unknown 15th-century painter, depicts the four seasons horizontally from right to left on silk, and immediately we are immersed in the exquisite visual language of mists and mountains and bodies of water with all the ethereal sensitivity of a refined eye divining nature's forces. The other, a vertical scroll by the renowned 16th-century landscapist Wen Boren, illustrates a contrasting principle, that of the scholar-artist-poet using nature as a vehicle to reflect in-



ternal states, an early kind of expressionism. Here the brushstrokes—the ink's texture even—become the painter's object of focus, with close reference to art-

ists of past centuries whose works he owned.

This polarity of the realist and the expressionist runs broadly through the genre and the show itself. Hence in the next section, dedicated to "Poetic Landscape," we see a haunting depiction of a tree-form by Tang Di from 1323 of the Yuan (Mongol) dynasty, one dedicated to a poem from the eighth century. Nearby a landscape by Sima Huai, also Yuan era, rendered in gossamer minimalism floating in white space, refers to two lines from a different poet. Both artists practiced at a time when Chinese gentry-intellectuals alienated from Mongol rule sought refuge in the literati life far from court, consoled in exile by their predecessors and the melancholy mood-echoes in nature. The predicament recurred down the centuries through the Ming and Manchu dynasties and sustained the tradition even into Maoist-era exile abroad.

Chief among the show's delights are horizontal scrolls so long that a room-length display case doesn't quite suffice. One such is from 1770, a Tintin-like vi-

'The Four Seasons' (15th century) by an unknown Ming dynasty artist, left, and Tang Di's 'Landscape After a Poem by Wang Wei' (1323), below

sual chronicle of the emperor visiting river communities, inspecting infrastructure. At one end he is depicted standing on a dam apparently quizzing local officials, while at the other the locals sweep the streets in readiness, because he hasn't arrived there yet. A recent acquisition, a long scroll from 2016 by the living artist Hao Liang, is an absolute masterpiece, worthy of its place in a show full of immortals. The scroll tracks from right to left, in the styles of landscapes from the eighth century (that of obscure Taoist monks) to today, gradually gaining color as in a movie. The present features a Ferris wheel whose pods have detached, and we suddenly notice that they've appeared in past scenes. Landscape art, once the purview of emperor and aristocrat, is now available to all.

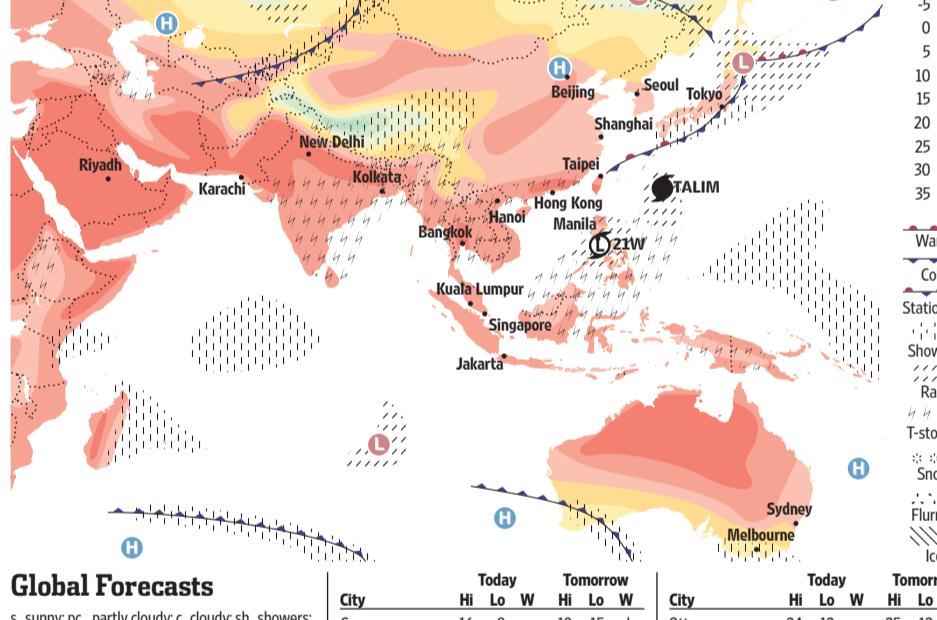
The curator brings us up to date with a smallish "Landscape of Abstraction" room where we see how modernist and contemporary Chinese artists have innovated with geometric, minimalist and spatter techniques. But perhaps the most poignant comes near the end, a radiant cubist-inspired celestial landscape from 1986 by renowned collector C.C. Wang, the last of the old literati. He salvaged so many ancient masterpieces under the Communist Revolution's shadow, ultimately settling in New York and bringing them to the Met.

Streams and Mountains Without End: Landscape Traditions of China

The Met Fifth Avenue, through Jan. 6, 2019

Mr. Kaylan writes about culture and the arts for the Journal.

Weather



Global Forecasts

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

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

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, September 12, 2017 | B1

Yen vs. Dollar 109.1440 ▲ 1.21%

Hang Seng 27955.13 ▲ 1.04%

Gold 1348.70 ▲ 0.20%

WTI crude 48.19 ▲ 1.50%

10-Year JGB yield -0.002%

10-Year Treasury yield 2.119%

Tokyo to Sell More of Japan Post

First offering since company's 2015 IPO to fetch government more than \$10 billion

By KOSAKU NARIOKA

TOKYO—The Japanese government is likely to raise more than \$10 billion by selling another chunk of **Japan Post Holdings Co.**, which has struggled in its first two years as a public company.

The offering, announced Monday, would be the biggest in Japan so far this year and the second-largest in the world, trailing only Italian lender **UniCredit SpA's** \$14 billion offering in February, according to Dealogic.

Japan's Ministry of Finance said it would offer as much as 22% of shares outstanding in Japan Post at a price to be determined near the end of September. At the current price the proceeds would amount to as much as ¥1.3 trillion (\$12 billion).

In addition, the ministry plans to sell a stake of a few



SHIHO FUKADA/BLOOMBERG NEWS

The planned offering for the company, which includes a postal unit, would cut Tokyo's stake to 56%.

percentage points when Japan Post buys back its own shares under a previously announced plan.

Japan Post's November 2015 initial public offering was the culmination of an initiative started more than a decade earlier by then-Prime Minister Junichiro Koizumi to privatize the postal and financial-services company.

Proceeds from the new offering, the first since the IPO, are earmarked for recon-

struction of areas hit by the March 2011 earthquake and tsunami in northeastern Japan.

For Japan Post shareholders, the early going has been rough.

In April, the company reported a \$3.6 billion write-down over its Toll Holdings unit, which proved less profitable than Japan Post had hoped when it acquired the Australian logistics company for \$5.1 billion in May 2015.

Japan Post shares closed down 1.7% on Monday at ¥1,321 (\$12.25), 5.6% lower than the IPO price of ¥1,400 despite a rise in the broader stock market over that time.

The holding company consists of a fully owned postal unit as well as two majority-owned financial units, **Japan Post Bank** and **Japan Post Insurance**, which were also listed on the Tokyo Stock Exchange in 2015.

The financial units have

also faced challenges, including negative rates on many Japanese government bonds, traditionally a staple of their portfolios. To compensate, they have recruited private-sector talent and made riskier investments.

The planned share sales are likely to cut the government's stake in Japan Post to about 56% from 80% currently, counting shares held by the company itself—"treasury shares"—as part of the total outstanding. Ultimately, the government has said it plans to reduce its stake to as little as one-third.

The two financial units are supposed to be fully privatized, although no date has been set.

In June, Japan Post Holdings Chief Executive Masatoshi Nagato said the company would be ready to sell additional stakes in its banking and insurance units once the government sold more of the holding company.

"So long as there is capacity in the market, we'll be ready any time after that," Mr. Nagato said.

Bank Is Called In Bribe Probe

The U.K. financial regulator has summoned **Standard Chartered PLC** officials to a meeting this week over a whistleblower's claims of misconduct at an Indonesian power plant builder owned by the bank, people familiar with the matter said.

By Ben Otto in Jakarta
And Margot Patrick in London

The meeting, set by the **Financial Conduct Authority**, adds to the international scrutiny of the London-based bank related to **Maxpower Group Pte. Ltd.** at a time when the U.K. is strengthening provisions for whistleblowers.

The Bank of England is also in contact with the FCA about the Maxpower whistleblower's allegations, documents seen by The Wall Street Journal show.

The Journal reported last year that an internal audit and a separate probe at Maxpower by a law firm found evidence of possible bribery and other misconduct to win and maintain contracts. Standard Chartered reported the findings to the U.S. Department of Justice and other authorities.

The department began an investigation into the allegations as well as into whether Standard Chartered took adequate steps to prevent or stop the alleged misconduct, people with knowledge of the matter said.

Maxpower specializes in setting up gas turbines for electricity production, primarily in Indonesia, often in remote locations in the archipelago nation. Standard Chartered holds a majority stake in the company through investments by its private-equity unit. The head of the unit, Nainesh Jaisingh, is one of two remaining members of Maxpower's board.

The whistleblower at Maxpower has alleged that company executives paid bribes to win business and that Standard Chartered's representatives on the board failed in their oversight. The employee, who has been negotiating an agreement to separate from Maxpower, alleges facing intimidation and retaliatory measures from executives of both companies, documents reviewed by the Journal show.

The whistleblower has also alleged that Standard Chartered executives on Maxpower's board were aware of potentially fraudulent accounting and compliance failings and didn't act.

Two of the three Standard Chartered executives who sat on the board of Maxpower during the period in question—around 2012 to 2015, ac-

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DON McCULLIN/ASSOCIATED PRESS

Assembly of Honda vehicles in Wuhan, in China's Hubei province. The Japanese auto brand is now the third-largest in China.

Auto Sales in China Extend Rally

By TREFOR MOSS

SHANGHAI—China's car market sustained its recent run of growth in August, continuing to expand after a weak start to the year prompted by a rise in the country's auto-sales tax.

Total vehicle sales increased 5.3% compared with August 2016 to 2.19 million, the government-backed China Association of Automobile Manufacturers said Monday. That is consistent with the 6.2% expansion recorded in July and June's 4.5% growth.

Even so, the manufacturers' association struck a bearish tone, warning for the first time that the Chinese auto

sector would likely fall short of the 5% growth forecast for 2017 that the group made in January, saying the increasing maturity of the Chinese market all but rules out anything beyond single-digit growth.

"The 5% target set at the start of the year now looks like being a very idealistic goal," said Shi Jianhua, the association's deputy secretary general, adding that "growth of about 4% is still possible."

The Chinese auto market grew 4.3% in the first eight months of the year—a jarring slowdown for a market that grew nearly 14% last year, buoyed by strong passenger-car sales, which were up 16%.

This year, in contrast, pas-

senger-car sales have slowed the sector's expansion. They increased only 2.2% in the January-to-August period, although August sales of 1.88 million, up 4.1%, beat this

Market grew 5.3% in August, but pace this year pales compared with 2016.

year's monthly average.

Sales of commercial vehicles, up 17% so far this year and up 13% in August, improved the overall picture.

The sector's slowing growth comes against a backdrop of uncertainty for foreign manufacturers, especially with regard to new regulations mandating electric-car production.

Draft versions of the rules suggest they could come into force as early as next year, and most auto makers are scrambling to adapt, even though the final regulations have yet to be announced.

Beijing's seriousness about shifting to electric vehicles was underscored Saturday with confirmation that China is planning to impose a deadline to end the sale of gasoline and diesel-powered vehicles.

Please see CARS page B2

Amid Risks, Thai Stocks Rise

By ESE ERHERIENE

Investors don't like political uncertainty. But the fact that Thailand's former prime minister recently absconded before potentially getting a 10-year prison sentence may have been a good thing for the country's markets.

After that late-August move came a continuing rally for Thailand's benchmark stock index that has pushed it to four-year highs. The SET is positioned to potentially break the record set at the start of 1994.

That comes as Thailand's currency, the baht, has risen 7.5% versus the dollar this year, to be neck-and-neck with a few other currencies as the best performer in Asia, according to Société Générale. The currency is at its strongest level against the green-

back since mid-2015.

Bonds also have kept pace with gains in other emerging markets, with the Thailand market seeing net inflows of \$5.7 billion this year. In contrast, Malaysia and Indonesia, which have smaller bond markets, have seen foreign inflows of \$4.3 billion and \$8.7 billion, respectively.

"Anyone that has traded Thailand for any length of time is all but immune to political risk," said Andrew Bresler, deputy head of sales trading for Asia-Pacific at Saxo.

The country, ruled by a military junta since then-Prime Minister Yingluck Shinawatra's government was ousted in 2014, is known for its frequent coups. Elections scheduled for next year are another flashpoint for investors.

But market participants say improving fundamentals could

addition to poor corporate earnings, may have colored start-of-year underperformance for Thai stocks. Through Aug. 11, the SET index rose just 1.2% this year. But it has closed higher in 16 of the past 19 sessions, including the past seven coming into Monday, to climb a cumulative 4.8%.

With the military frequently inserting itself into Thailand politics over the decades, the country is often viewed as a riskier bet than most stock markets. Even with the past month's rally, the market trails double-digit gains logged this year—not just in Southeast Asia, but throughout the region—because of oil-price weakness and what had been a sluggish earnings trajectory.

But market participants say improving fundamentals could

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The benchmark SET index could break a record in 1994.

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RALLY

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lead to sustained gains for Thai stocks, which collectively have a market capitalization that is slightly less than the markets in Indonesia and Malaysia but more than double that in the Philippines.

"Earnings-growth momentum is shifting from commodities to domestic sectors and is reducing market sensitivity to oil prices," Société Générale said in a recent research note as the investment bank turned to overweight on Thai stocks. "In the context of attractive valuations, we believe conditions are in place for equity outperformance to resume."

Economic data have also been robust of late, stoking confidence in the country, noted Prakash Sakpal, an Asia economist at ING. Gross domestic product rose a stronger-than-expected 3.7% in the second quarter, the Thai government's economic-planning arm said in late August. It now sees GDP rising as much as 4% this year.

"In the absence of either tighter monetary policy out of Thailand or some sort of geopolitical event that drives all markets lower," stocks there "will probably continue to go higher," said Saxo's Mr. Bresler.

Some doubt that interest-rate increases will come anytime soon. Citigroup said last week that while the Bank of Thailand is likely to raise its economic-growth projections this month, the central bank is unlikely to raise policy rates before 2019.

Thai High

Thailand's SET stock index



BANK

Continued from the prior page
cording to the probe by a law firm—left the firm last year. Mr. Jaisinh was put in charge of selling off Standard Chartered's private-equity investments after his former boss was pushed out of the unit in November, a person familiar with the matter told the Journal last year.

Standard Chartered declined to comment on the FCA's summon for a meeting and Maxpower didn't respond to a request for comment.

Treatment of whistleblowers at U.K. banks came into focus when Barclays PLC in April said Chief Executive Jes Staley was being investigated by the FCA and the Bank of

England's Prudential Regulation Authority. Mr. Staley tried to identify an anonymous whistleblower who wrote to Barclays.

Xin Guobin, the vice minister of industry and information technology, said at an auto-industry event that the government is developing a timetable to phase out gas and diesel vehicles, but didn't say when China's ban might come into force.

Despite these uncertainties, some auto makers have managed to shrug off China's growth slowdown, with Japanese companies enjoying strong sales.

Honda Motor Co. has surged in 2017; it is now China's third-largest auto brand in terms of sales volumes, and also the third-largest foreign manufacturer in China, behind Volkswagen AG

It handled 900 cases from whistleblowers in the year to March 31.

BUSINESS & FINANCE

A Bet on Smaller Satellites

Satellite-services provider SES SA on Monday announced a deal for a new fleet of smaller, easily reprogrammable Boeing Co. satellites, reflecting widespread industry uncertainty about demand for global internet connectivity.

The Luxembourg-based com-

By Robert Wall
in London
and Andy Pasztor
in Los Angeles

pany, the world's largest commercial communication satellites operator, is opting for a less-expensive, lower-altitude design to seek an edge in the intensifying battle to beam web access to remote regions. SES expects to spend more than \$1 billion on the seven Boeing satellites and associated ground systems. Each satellite is projected to cost less than half the amount for the biggest, high-altitude versions.

Like other parts of the satellite industry, SES faces depressed prices for its current offerings and has been hurt by growing competition from legacy rivals, as well as anticipated challenges from aggressive startups with deep pockets.

The new spacecraft, significantly smaller and more flexible than older models, are slated to be put into orbit starting in 2021. They will be deployed primarily to serve mobile users in developing regions, but with



CEO Karim Sabbagh of SES, which plans to spend more than \$1 billion to buy seven Boeing satellites.

prospects for such markets still unclear, SES seeks to maximize its maneuvering room and reduce capital expenditure risks.

Chief Executive Karim Sabbagh said the satellites will add capacity and replace some bandwidth now provided by big highflying spacecraft that need replacement. Indicating that the emphasis on smaller spacecraft built to be swiftly reconfigured in orbit is gaining momentum, he said the constellation will be "radically different" from traditional concepts because it is de-

signed to be "more flexible and scalable."

In an interview, Mr. Sabbagh said the principle of smaller satellites, optimized to seamlessly supplement each other as customers and markets change, is "what we have been missing for three decades in our industry."

The move comes at a time cash flow and profitability for operators is under pressure, so they generally have been reticent to make investments in large, more-expensive satellites

that have traditionally dominated the telecommunications segment. Advisory firm Euro-consult says big satellites have experienced a "dramatic downsizing of traditional pricing" for their primary services.

At the same time, an abundance of available bandwidth and questions about the future direction of the market have contributed to a protracted and sharp drop in orders for big satellites, some of which can cost about \$400 million to build, launch and insure.

Google Appeals EU Antitrust Fine

BY SAM SCHECHNER
AND NATALIA DROZDIAK

Alphabet Inc.'s Google on Monday filed an appeal of the European Union's record €2.42 billion (\$2.91 billion) antitrust fine against the company for allegedly abusing the power of its dominant search engine, setting up a legal battle that could set the tone for a series of cases and probes against the company.

The appeal comes shortly before the deadline under EU law to file an appeal against the decision, which was issued by the European Commission, the bloc's executive body, in late June.

The EU accused Google of discriminating against rival comparison-shopping sites in search rankings and, along with the fine, ordered the tech giant to revamp its search results in Eu-

rope.

A Google spokesman confirmed that the company had filed an appeal but declined to discuss the legal rationale it had offered to overturn the ruling.

Google had previously said it disagrees with the decision and had indicated it would consider appealing.

"The commission will defend its decision in court," a European Commission spokesman said in response.

Google's decision to appeal comes after the commission suffered a blow last week at the EU's highest court, an unusual development for the regulator. Judges at the European Court of Justice effectively dismissed some arguments on which the commission had rested its antitrust case when it fined Intel Corp. €1.06 billion in 2009 for abusing its

dominance.

Google's appeal won't keep the company from having to pay its fine or comply with other elements of the June ruling, which if upheld could have far-reaching impact on Google's increasingly sprawling business.

In the ruling, the EU ordered the company to treat equally its competitors' offerings and its own shopping service equally—a precedent that could be repeated against other parts of Google's business, such as maps and travel search.

In late August, Google made moves to comply with the EU's decision, sketching out to the antitrust authority how it plans to overhaul its shopping search results by a late September deadline. The changes would have to apply for users in all European countries

where Google offers its shopping service. The company faces penalties of up to 5% of average daily global revenue for each day it doesn't comply.

At issue in the case are Google's shopping ads, which often appear atop search results. The EU says those ads, which appear before other search results, illegally disadvantage other comparison-shopping services, whose results appear lower down.

While Google's appeal isn't public, the company has said consumers benefit from its ads and that the EU erred in not considering its competitors for shopping searches.

The EU has also filed formal charges against Google for other parts of its business, including alleged abuse of its Android operating system for mobile phones. Google has denied the charges.

BP Unit Files for U.S. IPO

BY SARAH KENT

LONDON—BP PLC is moving forward with plans to float some of its vast network of U.S. pipelines in a move that would spin out cash from the company's infrastructure assets across America.

In a filing with the SEC on Monday, the company's subsidiary BP Midstream Partners LP said it was planning an initial offering on the New York Stock Exchange of up to \$100 million. BP had flagged in July that it was considering such a spinoff and said in a news release Monday it expected the IPO to take place in the fourth quarter.

The new entity will be

structured as a master limited partnership, or MLP, a tax-advantaged entity that has gained popularity among pipeline operators and other capital-intensive companies.

Though MLPs suffered in the oil-price downturn as investors worried about the safety of their steady dividends—another characteristic of the MLP structure—they have proved a beneficial way for big energy companies to manage their midstream assets. When Royal Dutch Shell PLC floated its MLP in 2014 it raised nearly \$1 billion. Shell Midstream Partners LP has a current market valuation of \$4.9 billion.

BP Midstream Partners is

expected to have a smaller valuation, said James Milligan, global resource strategist at Olivetree Securities. Its initial assets include pipelines for crude oil, refined products and natural gas.

The move comes as BP re-evaluates its portfolio in the wake of a dramatic slump in oil prices three years ago and as it seeks to raise cash to pay for continuing costs related to the Deepwater Horizon blowout in the Gulf of Mexico in 2010.

The company wants to raise as much as \$5.5 billion with various divestments this year, but also has been making acquisitions as it looks to grow elsewhere.

HEARD

Continued from the prior page
damage. But fortunately, he added, the position of the storm meant the strongest winds blew westward so that seawater wasn't being pushed directly into the city from the bay.

The market for catastrophe bonds, an alternative form of reinsurance sold in capital markets, will also be affected. However, it currently seems that there might be no total defaults, although again it will be a while before that can be confirmed.

The scale of losses, even when combined with the costs of Hurricane Harvey last month, are small enough that they are unlikely to mean a big loss of capital from the industry.

Analysts have widely forecast that around \$100 billion of catastrophic damages would be needed to trigger an increase in reinsurance rates. That is a mixed blessing for the industry, which has been feeling pressure on prices and coverage for years.

Reinsurance rates spiked after Hurricane Katrina in 2005, but have steadily declined ever since. The Guy Carpenter index of global property catastrophe reinsurance rates is down 42% from its 2006 peak. This environment has allowed property and casualty insurers to remain solidly profitable and build up capital, despite a competitive, buyer-friendly market for policies.

There are still two months to go of the hurricane season and more large storms could appear. But a fundamental reordering of the insurance landscape now seems remote.

CARS

Continued from the prior page
cles—a measure recently outlined by France and the U.K., which have both announced 2040 as the endpoint for the sale of such cars.

Xin Guobin, the vice minister of industry and information technology, said at an auto-industry event that the government is developing a timetable to phase out gas and diesel vehicles, but didn't say when China's ban might come into force.

Despite these uncertainties, some auto makers have managed to shrug off China's growth slowdown, with Japanese companies enjoying strong sales.

Honda Motor Co. has surged in 2017; it is now China's third-largest auto brand in terms of sales volumes, and also the third-largest foreign manufacturer in China, behind Volkswagen AG

first eight months of the year to 877,638 vehicles. Toyota Motor Corp.'s monthly sales were up 13%, with January-August sales increasing 7% to 841,400 vehicles.

General Motors appears to have put a slow start to the year in China behind it. August sales were up 12%, building on single-digit growth in

June and July. As a result, GM's sales for the year have now edged into positive territory, up 0.3% in the first eight months of 2017, with more than 2.38 million total vehicle sales.

A second-half rebound continues to elude Ford Motor Co., however. Its August sales were down 1% year-to-year, with January-August sales of 719,859 vehicles marking a 6% decline compared with the same period in 2016.

Auto makers looking for a wider market revival to boost their own fortunes won't find relief any time soon, warned Chen Shihua, the assistant secretary general of the manufacturers' association.

"Looking ahead, auto sales face increased pressure," Mr. Chen said, warning that next month's sales figures, which will be set against a record-setting September 2016 performance, are likely to disappoint.

—Liyan Qi
contributed to this article.

BUSINESS NEWS

SoFi Staff Assail Startup's Culture

BY PETER RUDGEAIR

Social Finance Inc., a fintech company whose hard-charging ethos propelled it to success, is grappling with accusations about its workplace culture that echo broader controversy about the treatment of women at Silicon Valley technology startups.

In interviews, nearly a dozen current and former employees working in various departments told The Wall Street Journal that some executives, including the company's former finance chief, engaged in or tolerated what they described as improper behavior toward women in recent years.

Nino Fanlo, who was SoFi's chief financial officer until the end of May, said he occasionally complimented both men and women's outfits and touched both men and women's shoulders to try to be friendly. "It wasn't sexual," he said. SoFi's board said Mr. Fanlo "left the company in May 2017 to pursue another executive opportunity. He no longer has any relationship with the company."

Separately, SoFi's board disclosed after questioning from the Journal that in 2012 it paid money to settle a dispute between a lower-level employee and Chief Executive Michael Cagney. The nature of the dispute isn't known, but the board and Mr. Cagney said it didn't involve a sexual relationship.

The allegations levied against SoFi occur against a backdrop of debate within Silicon Valley about the culture of startups. One leading startup, Uber Technologies Inc., has been criticized for its treatment of women in the workplace, which was a factor in the resignation of Travis Kalanick, the company's chief executive and founder.

SoFi was started six years ago and has thrived as money

managers were persuaded to fund the loans the company made to graduates of top-ranked universities.

The San Francisco company has raised nearly \$2 billion from investors, including a \$500 million funding round this year, and recently signaled it was moving closer to an initial public offering.

Employees describe a culture inside its headquarters in the Presidio neighborhood in San Francisco and a call center in nearby Healdsburg, Calif., where they felt pressure to work extra hours at night and on holidays to avoid being fired.

A spokesman for SoFi said the company had experienced strong growth and that it has been adding staff to improve its culture.

On Aug. 11, a former operations manager, Brandon Charles, sued the company in a wrongful-termination claim, adding that a fellow manager had harassed female employees by making sexual or inappropriate comments. SoFi has said it investigated Mr. Charles's claims and found them to be meritless.

Less than 24 hours after Mr. Charles amended his lawsuit on Aug. 31, a companywide note sent by Mr. Cagney said that SoFi had launched an investigation into sexual-harassment claims. Mr. Cagney informed employees in his note that outside attorneys would look into other sexual-harassment claims.

The investigation Mr. Cagney alluded to isn't into claims made in Mr. Charles's lawsuit or the other lawsuit.

SoFi has produced solid financial results. In the second quarter, SoFi reported record revenue of more than \$143 million and adjusted profit of \$61.6 million, according to a letter to investors that was reviewed by the Journal.

—Telis Demos
contributed to this article.

Teva Names CEO After Long Wait

BY RORY JONES

Teva Pharmaceutical Industries Ltd., the world's biggest seller of generic medicines, appointed Kare Schultz as its new chief executive officer, choosing an industry veteran to navigate a series of daunting challenges, from falling drug prices to the company's high debt.

The appointment of Mr. Schultz, a Dane, ends months during which Teva had no permanent top executive. It recently shuffled its board and is shedding assets, while coping with new competitors. Teva shares have been under pressure for months.

The new CEO joins the company from Denmark's **H. Lundbeck** A/S, where he has been president and CEO since May 2015. He has also worked as chief operating officer of **Novo Nordisk** A/S, the world's biggest producer of insulin.

Teva Chairman Sol Barer said the new chief executive offers the qualities the company sought in a new leader: global pharmaceutical experience, a restructuring background and knowledge of generic and specialty medicines.

The new chief, only the second non-Israeli to lead the company, also understands the "cultural framework" of working for a pharmaceutical company that, like Novo Nordisk, is considered a national champion, Mr. Barer said.

"This is a critical time in Teva's history. We had to make sure we got the right person," he said.

Mr. Schultz, 56 years old, joins an executive board that in recent years has fought over whether Teva should focus on generic drugs or invest in specialty medicines, as competition has increased for its main blockbuster drug.

Board members also have clashed over whether the chief executive should be Israeli or based in Israel.

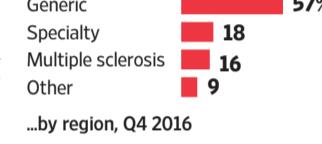
The new chief executive will review Teva's operations before articulating a new strategy, Mr. Barer said. The new CEO will



New Teva Pharmaceutical CEO Kare Schultz led a return to profit at Denmark's H. Lundbeck in 2016. LUNDBECK

Heavy Burden

Teva's debt has more than tripled since it acquired Allergan's generic drug business for \$40.5 billion.



Source: the company (debt and revenue);

THE WALL STREET JOURNAL.

tiny of its operations by Israeli lawmakers and other local stakeholders, hampering the growth of the multinational in the eyes of many investors.

Teva has been searching for a new, permanent CEO since February, when former boss Erez Vigodman departed the company for undisclosed reasons amid a steep fall in the company's share price. Yitzhak Peterburg has stood in as interim CEO since then.

There has been plenty of speculation about who might take the reins at Teva, with AstraZeneca PLC Chief Executive Pascal Soriot mentioned in local media reports as a contender at one stage.

Teva's share price rallied on news of Mr. Schultz's appointment, up 17% at the close Monday in Tel Aviv.

In August, Teva lost about one-quarter of its market value in one day on mounting concerns about the future of the company after it cut its full-year outlook and slashed its dividend, blaming the rapid deterioration of the U.S. generic-drug business. Teva took a \$6.1 billion write-down on that unit and posted a quarterly net loss of \$6.04 billion.

The acquisition last year of

Allergan PLC's generics unit—Teva's biggest deal—has left the company with debt of roughly \$35 billion. It is attempting to pay down those borrowings with asset sales, but has so far found few takers for its businesses.

At H. Lundbeck, Mr. Schultz was credited with launching a turnaround that has put the company on track to report record revenue and earnings. That overhaul included job cuts

and the restructuring of its business, which last year returned the company to full-year profit. H. Lundbeck shares fell 14% in Copenhagen amid news of Mr. Schultz's move to Teva.

The Dane has signed an employment agreement for a term of five years and will receive an annual base salary of \$2 million, Teva said. He will also be paid about \$8.8 million a year in performance-linked bonuses and equity incentives.

In addition, Mr. Schultz will receive sign-on equity awards of roughly \$40 million, depending on the performance of the company, paid over five years, Teva said. Teva didn't give a date for when Mr. Schultz will join the company.

—Ian Walker
contributed to this article.

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NOTICE FOR Hybrid Annuity (Online) Tender E-TENDER NOTICE NO.22 FOR 2017-18

The Public Works Department, Government of Maharashtra, represented by the Executive Engineer, Public Works Division, Miraj (the "Authority") is engaged in the development of highways and as part of this endeavor, the Authority has decided to undertake development and operation / maintenance of the project (the "Project") on Hybrid Annuity Basis, and has decided to carry out the bidding process for selection of a private entity as the bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

| Sr. No. | State | Dist. | Pack-ages No. | Project | Project Length in (km) | Project Cost | Earnest Money / Bid Security | Duration of the Project | Cost of Tender Fee Document |
|---------|-------------|--------|---------------|--|------------------------|------------------|------------------------------|-------------------------|--|
| 1) | Maharashtra | Sangli | PN-08 | PN - 08 Improvements to SH-143 to Vizori-Nimgaon-Pillwe-Itaki-Dighanchi-Atpadi-Shetgale-Kole-Ghatnare-Kavatherahankal-Elanki-Miraj-Arjunwad-Narsobachiwadi-Herwad to state Border Road, SH - 153, Km 41/100 to 81/900 & Km 96/100 to 195/600, Dist. Sangli on Hybrid Annuity Basis | 125.44 km | * ₹ 321.91 Crore | * ₹ 3.25 Crore | 548 Days | ₹ 35,000/- Online Payment through NEFT/ RTGS |

E-Tender Time Table

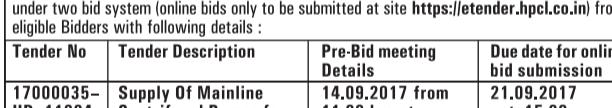
| Sr. No. | Event Description | Date |
|---------|---|--|
| 1) | Invitation of RFP (NIT) (Download period of online tender) | Dt.28/08/2017 at 10.00 Hrs. to Dt.11/10/2017 at 18.00 Hrs. |
| 2.A | Last date for receiving queries for pre-bid -1 | 12/09/2017 upto 11.00 Hrs. |
| 2.B | Pre - Bid meeting No.1 | Online or in the office of the Chief Engineer, P.W. Region, Pune Dt. 12/09/2017 up to 11.00 Hrs. |
| 2.C | Authority response to queries for Pre-Bid Meeting 1 Latest by. | 18/09/2017 |
| 3.A | Last date for receiving queries for pre-bid - 2 | 26/09/2017 upto 11.00 Hrs. |
| 3.B | Pre-Bid Meeting 2 | Online or in the office of the Chief Engineer, P. W. Region, Pune Dt. 26/09/2017 up to 11.00 Hrs. |
| 3.C | Authority response to queries for Pre-Bid Meeting 2 latest by. | 29/09/2017 |
| 4 | Bid due Date (Submit Hash to create online tender by bidder) (Technical and financial Bid Last Date and time) | Dt.12/10/2017 till 18.00 Hrs. |
| 5 | Physical submission of Bid Security / POA etc. (as per clause 2.11.2 of RFP) | Till 11.00 Hrs. on 16/10/2017 in the office of Superintending Engineer, P.W. Circle, Kolhapur, 416003. |
| 6 | Opening of Technical Bids. (If possible) | (at 11.30 on 16/10/2017) Office of Superintending Engineer, P.W. Circle, Kolhapur, 416003. |
| 7 | Opening of Financial Bids. (If possible) | (at 11.30 on 07.11.2017) Office of Superintending Engineer, P.W. Circle, Kolhapur, 416003. |

Note:-
1. The payment towards the cost of Tender forms will be done online only through RTGS / NEFT. It should be noted that one should complete these activities at least one day in advance.
2. All eligible / interested Bidders who want to participate in tendering process should compulsorily get enrolled on e-tendering portal "<http://mahatenders.in>".
3. Contact on numbers given below for difficulties in online submission of tenders:-,(NIC-Toll Free Ph.No.1800 3070223/7878107985-86)
4. Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or Before Dt.16/10/2017 upto 11.00 hours.
5. Other terms and Conditions are detailed in online e-tender form. Right to reject any or all online bids of work, without assigning any reasons there of, is reserved with department.
6. Short Tender Notice is displayed on P.W.D. website www.mahapwd.com.

(D.S.Jadhav)

DGIPR. 2017-2018/2622

Executive Engineer, Public Works Division, Miraj



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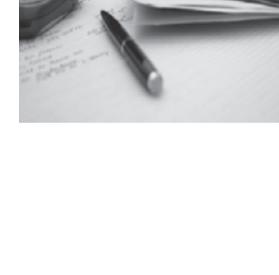
GLOBAL NOTICE INVITING E-TENDER

M/s WorleyParsons on behalf of HPCL invites digitally signed & sealed (encrypted) E-tenders under two bid system (online bids only to be submitted at site <https://tender.hpcl.co.in>) from eligible Bidders with following details :

| Tender No | Tender Description | Pre-Bid meeting Details | Due date for online bid submission |
|-------------------|---|-------------------------------------|------------------------------------|
| 17000035-HD-11994 | Supply Of Mainline Centrifugal Pumps for VVSP Capacity Augmentation Project | 14.09.2017 from 11:00 hrs at Mumbai | 21.09.2017 upto 15:00 hrs IST |

The complete tender document including EMD, Bid Qualification Criteria (BQC) etc. can also be viewed at our web site www.hindustanpetroleum.com under tender section: link "Tenders & Contracts". All further revisions, clarifications, corrigenda, addenda, time extensions etc. to above tender will be hosted on above HPCL websites only. Bidders should regularly visit these websites to keep themselves updated.

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TECHNOLOGY

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Best Androids Raise the Bar



Want to annoy Apple fanatics? Remind them how many magical iPhone capabilities arrived first on Android.

Big screens? Fingerprint scanners? Mobile payments? Water resistance? None of it invented in Cupertino.

Ahead of Apple's wildly hyped 10th-anniversary iPhone launch on Tuesday, three more Android phones have been pushing the boundaries of what smartphones look like and how we use them: Samsung's Galaxy Note 8, the Essential Phone and the OnePlus 5.

Screens are taking over. By nipping and tucking around the glass, designers have made screens longer, with more usable area. And the best screens make images look more lifelike and colorful with a tech called OLED.

Using the Note 8, which arrives Sept. 15, is the closest I've come to manipulating a sci-fi movie communicator-gizmo—6.3 inches of screen, nearly without edges. It's a big part of what makes the Note 8 the best big-screen phone money can buy. The Essential phone, from a startup founded by Android's creator, wraps a 5.7-inch screen in a slim belt of titanium. It's the handsomest phone I've seen in years, though it disappoints in other areas.

These designs are changing how we operate the phone. With no space on the front for a home button and fingerprint reader, unlocking has to happen elsewhere. Essential moved the fingerprint sensor to the back. Samsung did, too.

Cameras are the other big news. Now the best phones have two lenses on the back, using the extra eye for closer-in zoom shots.

Of course, it isn't about getting features first: What matters is who does it best.



From left: Essential Phone, Samsung Galaxy Note 8 and OnePlus 5—three new Android smartphones that Apple has to beat.

If you're looking for an Android phone to buy now, here's what I like—and don't—about the leading contenders.

Galaxy Note 8

This giant phone can chew gum and hula hoop at the same time.

Likes: If you're abandoning your laptop for a smartphone, stop here first. The Note 8's screen, about as big as an XL candy bar, is a no-longer-crazy way for road warriors to rock Gmail and spreadsheets simultaneously. With the included stylus, which tucks inside the screen, scribbling notes is almost as easy as using paper.

The Note 8 stuffs in pretty much every feature somebody might want from a phone in 2017: virtual-reality capability, widely accepted mobile payments, wireless charging, an animated GIF maker—it can even become a desktop computer with a \$150 dock. And like other recent Samsung phones, it's water-resistant and allows you to add your own memory card for storage.

The Note 8 camera not only joins the multilens trend but jumps to its forefront. In my tests, the Note 8 often outperformed the iPhone 7 Plus at focusing quickly and snapping low-light situations,

though I still prefer many shots from Google's Pixel. Zoomed-in shots from the 2X telephoto lens were clear thanks to optical image stabilization. The "live focus" mode that uses depth data to artfully blur portraits had some hiccups, but no more than the iPhone 7 Plus's similar "portrait mode."

Dislikes: All that screen gobblies up battery, which lasted a ho-hum eight hours in my stress test. The fingerprint reader is poorly placed, while the facial recognition isn't fast or reliable enough. Bixby, Samsung's Siri competitor, still feels underdeveloped, though Google's Assistant is also available.

I find the Note 8 too much phone to carry comfortably. A more slender alternative is Samsung's Galaxy S8, though photo buffs would miss the dual cameras.

Essential Phone

This attractive new model is better off in front of the camera than behind it.

Likes: The Essential has the first phone design in a while that can actually turn heads. The screen comes so close to the edge, there's a notch cut out for the front-facing camera. The ceramic back cover feels luxe and promises to last longer than

other phones' scratch-prone finishes. The software is just as clean: basic Android, no bloatware. And the battery lasted a decent nine hours.

Essential has an interesting approach to accessories: They can snap on and draw power from the phone. But so far, there's only one, a 360-degree camera—and modular-phone efforts by LG and Motorola haven't caught on.

Dislikes: The Essential Phone doesn't actually cover the essentials. There's no headphone jack (it includes an adapter, but no headphones) and it isn't water-resistant.

The biggest problem is the camera: It's slow and struggles in low-light settings. Another disappointment: The second lens on the back is for black-and-white shots, not zoom.

OnePlus 5

It's a remarkable value, but it looks like last year's phone.

Likes: The OnePlus 5 is slim and lightweight yet packs in performance: smooth-running software, bright OLED screen and a battery that lasted a solid 9.5 hours. The dual camera also wowed, though Samsung and Apple beat it with their fancy-blur portrait mode.

What's most incredible, though, is the price: \$480, sold through the OnePlus website without the typical carrier hoopla, contracts and bloatware. In a year when premium phones aim to break the \$1,000 ceiling, the OnePlus 5 is a welcome option.

Dislikes: The thick-bordered screen looks like phones we've seen before. (Upside: There's still space for a fingerprint reader on the front.) The screen also isn't as high-resolution as the Note 8's, nor does the phone have tricks like face unlocking or wireless charging.

If you want to double the default 64GB storage, the price rises to \$539.

T-Mobile Sets 'Narrowband' Plan

By DREW FITZGERALD

The U.S. already holds more cellphone accounts than adult Americans, so wireless companies are starting to turn their attention to other targets.

The telecom sector is betting the "Internet of Things"—an expected wave of cars, homes and businesses each equipped with dozens if not hundreds of online gadgets—will provide its next growth spurt.

Plans for such services are expected to dominate this week's Mobile World Congress Americas conference in San Francisco, where network operators gather in the shadow of Apple Inc.'s latest iPhone launch scheduled for Tuesday.

T-Mobile US Inc. says it will launch a nationwide internet-of-things network by mid-2018, setting an aggressive target for a market that has yet to generate much revenue by itself.

The network will use new narrowband radio standards,

so named because their signals use skinnier swaths of the wireless airwave spectrum that are ideal for small, cheap sensors that need less bandwidth than the average smartphone.

T-Mobile says it will kick things off with a test system going live in Las Vegas next month.

The company is moving to take advantage of cheaper chipsets that are bringing the cost of cellular devices in line with Wi-Fi.

Las Vegas is starting its sensor network small and letting the device manufacturers

FINANCE & MARKETS

Research Rule Sparks Price War

By MAX COLCHESTER
AND CHRISTOPHER WHITTALL

How much are investment research reports actually worth?

The answer: less than the banks that produce them think.

In Europe a tug of war is playing out between banks and asset managers over the value of research that floods investors' inboxes every day urging them to buy or sell securities.

Currently banks dole out reports to asset managers for free, hoping to recoup the cost through commissions on trading. But as of Jan. 3 this opaque pricing system will be altered in Europe. New rules mean asset managers will have to disclose how much they spend on research every year.

That means putting a price on research. And banks and asset managers aren't seeing eye to eye.

As the haggling gets under way a price war has broken out. Earlier this year, banks were quoting Olivier de Larouzière, head of interest rates at Natixis Asset Management, an annual fee of as much as €300,000 (\$361,000) for his firm to have unfettered access to fixed-income research and meetings with analysts. Since then, most banks' prices have plummeted, he said, to around €70,000 on average, though some are still trying to charge about €150,000.

"The gap has clearly narrowed a lot," said Mr. de Larouzière. But he still gets "very, very different propos-

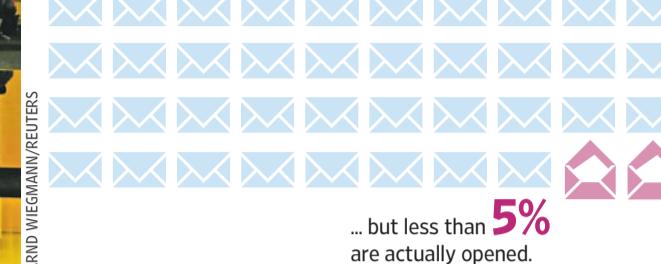


Credit Suisse Group already offers some research free online.

Number Crunching

Some analysts are estimating a 25-30% fall in spending on research by 2020. One reason why:

Big banks send **40,000** research notes every week...



...but less than **5%** are actually opened.

Source: Quinlan & Associates

THE WALL STREET JOURNAL.

als," he added.

Overall total spending on research and trading execution could fall by up to \$3 billion, according to consultancy Oliver Wyman.

Banks are increasingly at odds over the scope of research coverage to offer clients—and how much to charge for it. Some are still hoping to negotiate big fees into the millions of dollars a year with the biggest asset managers. Others are looking to give away some research reports for free.

Credit Suisse Group AG is exploiting a loophole in the new regulations to offer some basic bond research free of charge online, according to a person familiar with the matter. The Swiss bank hopes to make money by charging for access to analysts instead, this person said. Dutch bank ING Groep said Tuesday it will be giving away some of its eco-

nomics analysis for nothing, as a way to promote its brand.

For equity research, banks are hoping to charge a little more. J.P. Morgan Chase & Co. is toward the bottom of the pack, quoting basic access to read-only equity reports for \$10,000 a year, according to a person familiar with the matter, with prices steadily increasing for clients who want more face-time with top analysts.

At the other end of the scale, Barclays PLC is trying to price its research as a premium product, according to several clients.

Asset managers are working out how much of this research they actually want.

"It's made us have quality control. How much do I really need?" said Chris Iggo, chief investment officer for fixed income at AXA Investment Managers.

Several investment firms asked their fund managers to rank research based on what was essential, helpful or useless. The results showed a lot of research is never read.

The new rules are "very bad for the price of bad research," said Neil Scarth, principal at Frost Consulting & Advisory. But they could also make the cost of access to top quality analysis increase, he adds.

Under the current system, equity investors pay a commission fee to a broker when they trade. Part of that fee goes toward executing the trade and a portion is retained to pay for additional services, including equity research.

So there is some idea of how much equity research should cost. The U.K.'s Financial Conduct Authority estimates U.K. investment managers pay around £3 billion (\$3.96 billion) of dealing com-

missions a year to brokers, of which half is spent on research.

In fixed-income investing, however, the two sides are heading into uncharted waters. Banks currently provide fixed-income research to clients for free in the hope they would direct business their way in the form of trading bonds or currencies.

The new rules are part of a revision of an EU law that is implemented by regulators across the trading bloc. One of its aims is to stop asset managers receiving "inducements" to trade with certain brokers and guarantee value for investors.

Fixed-income managers aren't delighted at the prospect of transparency. Many see paying for research as an extra cost that must either be passed onto their clients or taken from their own profits.

Austria Considers 100-Year Bond Sale

By EMESE BARTHA

Austria may be about to go ultralong as it mulls selling a 100-year bond that would be the first such deal to be sold into public markets in the eurozone.

Eurozone countries and companies have been able to raise cash for increasingly lengthier periods as the European Central Bank's stimulus measures push down bond yields and lower borrowing costs across the euro area. Faced with a growing stock of low and negative-yielding debt, investors have been forced into longer-dated bonds that offer the prospect of positive returns.

Late last year, Austria sold a €2 billion (\$2.2 billion), 70-year bond at a yield of 1.53%, while Ireland and Belgium have both sold privately placed bonds that don't come due for a century.

On Monday, the banks hired for the sale of a coming five-year bond for Austria said that they are looking at the possibility of a 100-year euro tranche, subject to investor feedback.

"The potential for a 100-year deal is a sign that the market for very long issuance is not closed yet," said Antoine Bouvet, vice president for rates strategy at Mizuho International PLC.

Longer-dated bonds tend to be popular with investors such as local pension funds and insurance companies, which buy them to match their liabilities. Because bonds which have longer maturities carry more risk, they typically pay investors a higher return, which has made these securities more popular when yields are low across fixed-income markets.

While 20-year to 50-year government bonds have mushroomed in the eurozone in recent years, centurylong bonds remain very rare.

Ireland and Belgium each sold €100 million in 100-year bonds in 2016 in private placements.

In 2015, the French state-owned railroad company SNCF issued a 100-year euro bond for €25 million, while power utility **Électricité France** SA sold 100-year bonds in 2014.

With no comparably long publicly issued sovereign bond available in the eurozone, Austria's own, 2086-dated bond might be the pricing reference, Mr. Bouvet said. The 2086-dated bond is trading at a yield of 1.82%, according to Tradeweb.

Robo-Advisory Service Seeks Older Clients

By ANNE TERGESEN

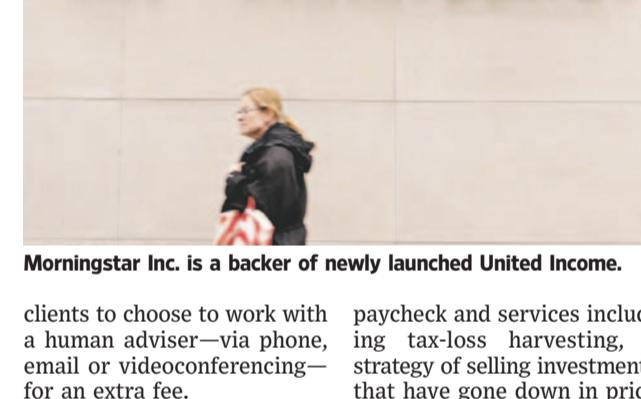
a steady stream of income in retirement.

The Washington, D.C., startup offers advice on when to claim Social Security, which Medicare plans to buy and how to manage withdrawals from brokerage accounts, tax-deferred retirement accounts, and tax-free Roth retirement savings accounts to minimize taxes.

The service also can automate the required minimum distributions the Internal Revenue Service requires people age 70½ and older to take annually from their IRAs and 401(k)s.

The company developed many of its services with a team that includes former officials at government agencies, including the Centers for Medicare and Medicaid Services and the Social Security Administration, who have knowledge of the rules governing programs for older Americans, says Mr. Fellowes.

Like most robo advisory services, United Income allows



Morningstar Inc. is a backer of newly launched United Income.

clients to choose to work with a human adviser—via phone, email or videoconferencing—for an extra fee.

Investors who don't want to pay can still get free financial plans and advice on when to claim Social Security.

For 0.50% of the client's account balance a year, United Income offers an automated web-based service that provides ongoing financial planning, a monthly retirement

paycheck and services including tax-loss harvesting, a strategy of selling investments that have gone down in price to book losses that may offset taxable gains on other holdings.

For 0.80%, investors can get unlimited access to a financial planner and a so-called concierge adviser who can handle tasks including consolidating retirement accounts and enrolling clients in Social Secu-

rity and Medicare. Concierges are also trained to help clients figure out how they want to spend their time and can identify specific opportunities for volunteer work, travel and second careers, says Mr. Fellowes. They can also assist in end-of-life planning by making referrals to in-home care and hospice services.

United Income's advisory fees are generally higher than the 0.3% to 0.5% that is typical of many established robo-type services.

The firm discounts its fees for investors with accounts worth \$500,000 or more. (There is no minimum investment required to get a financial plan; for investment management services, the minimum is \$10,000.)

Like most rivals, United Income invests clients' money in low-cost exchange-traded funds from companies including Vanguard Group, BlackRock Inc., and Charles Schwab Corp. (Those ETFs add 0.10% to 0.25% to the advisory fees investors pay.)

By ANNA MARIA ANDRIOTIS

Equifax Inc. struggled over the weekend with its response to its massive data breach as consumers continued to criticize the credit-reporting company's efforts and cited ongoing problems with a website set up to help them.

Regulators, meanwhile, are urging consumers to freeze their credit reports, a move some lenders fear could ding credit growth even as the finance industry struggles with the question of how to contain the potential for widespread fraud that could affect millions of Americans.

Despite Equifax's statement Friday evening that it had cleaned up many of the problems on its website, consumers said they were still receiving erroneous and confusing responses. Some said they made up fake last names and social security numbers and received responses from the site that suggest it didn't recognize they were fictitious identities.

The issues add to consumer ire over the data breach, which has exposed vital personal identification data—including social security numbers, names, addresses and dates of birth—of potentially as many as 143 million Americans. The hack is second in size to only one that was disclosed by Yahoo last year but potentially the most dangerous to date given the vital gatekeeper role firms such as Equifax play in

warning message that "attackers might be trying to steal [their] information from the website."

An Equifax spokesman said that the data file "likely contains a very limited number of names and numbers that do not connect to real people. But to reiterate, the key point is that every person potentially impacted is in the file."

Some consumers will be receiving letters in the mail from Equifax informing them that they have likely been impacted by the breach.

Meanwhile, authorities were urging consumers to do more than sign up for the free credit-monitoring service now

being offered by Equifax. The office of New York Attorney General Eric Schneiderman sent an email to state residents Saturday telling them to consider placing a freeze on their credit reports. The email said it would make it harder for someone to open a new account in their name. It added that tax identity fraud was a possible result of the Equifax hack since social security numbers were compromised. Similarly, Ohio Attorney General Mike DeWine's office issued a release on Friday recommending, among other things, that consumers contact each of the main credit-reporting firms to freeze their credit reports.

Equifax's offer of the free one-year credit monitoring service includes freezing people's credit reports at their firm but not elsewhere. Consumers would have to contact other firms on their own.

Credit freezes prevent lenders from being able to get copies of prospective customers' credit reports. That prevents swindlers from opening credit cards or other loans but also places that same limit on legitimate customers unless they undo the freeze, says credit specialist John Ulzheimer.

For lenders, the prospect of millions of Americans freezing their credit raises the possibility of a crimp in lending. That could dent profits at some firms and, if the issue became widespread enough, could hamper economic growth.

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China A-Share Fund C1 CAD H OT HKG 09/08 CAD 12.53 14.7 11.2 8.8

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MARKETS DIGEST

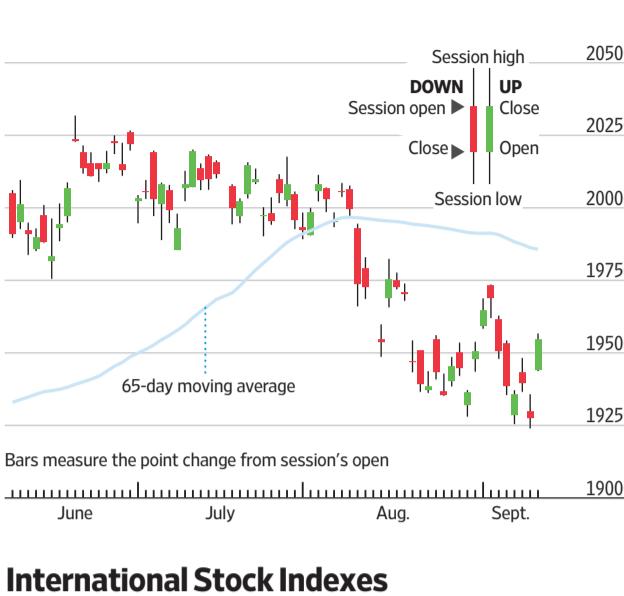
Nikkei 225 Index

19545.77 ▲ 270.95, or 1.41%

High, low, open and close for each trading day of the past three months.

Year-to-date
52-wk high/low
All-time high

▲ 2.26%
20230.41 16251.54
38915.87 12/29/89



Bars measure the point change from session's open

June July Aug. Sept.

International Stock Indexes

| Region/Country | Index | Data as of 12 p.m. New York time | | | | | |
|---------------------|-------------------------------|----------------------------------|---------|---------|---------------|-----------|-------|
| | | Close | NetChg | % chg | 52-Week Range | YTD High | % chg |
| World | The Global Dow | 2877.42 | 25.62 | ▲ 0.90 | 2386.93 | 2881.15 | 13.8 |
| | MSCI EAFE | 1962.51 | 8.95 | ▲ 0.46 | 1614.17 | 1955.39 | 14.3 |
| | MSCI EM USD | 1098.69 | 7.52 | ▲ 0.69 | 838.96 | 1098.69 | 38.3 |
| Americas | DJ Americas | 599.70 | 5.61 | ▲ 0.94 | 503.44 | 599.89 | 11.0 |
| Brazil | Sao Paulo Bovespa | 74409.34 | 1330.49 | ▲ 1.82 | 56459.11 | 7203 | 23.5 |
| Canada | S&P/TSX Comp | 15050.59 | 65.27 | ▲ 0.44 | 14319.11 | 15943.09 | -1.6 |
| Mexico | IPC All-Share | 50280.89 | 197.09 | ▲ 0.39 | 43998.98 | 51772.37 | 10.2 |
| Chile | Santiago IPSA | 3902.04 | 34.09 | ▲ 0.88 | 3120.87 | 3945.90 | 21.1 |
| U.S. | DJIA | 22028.10 | 230.31 | ▲ 1.06 | 17883.56 | 22179.11 | 11.5 |
| | Nasdaq Composite | 6424.61 | 64.42 | ▲ 1.01 | 5034.41 | 6460.84 | 19.3 |
| | S&P 500 | 2484.57 | 23.14 | ▲ 0.94 | 2083.79 | 2490.87 | 11.0 |
| | CBOE Volatility | 10.76 | -1.36 | -11.22 | 8.84 | ● 23.01 | -23.4 |
| EMEA | Stoxx Europe 600 | 379.43 | 3.92 | ▲ 1.04 | 328.80 | 396.45 | 5.0 |
| | Stoxx Europe 50 | 3089.67 | 31.22 | ▲ 1.02 | 2720.66 | 3279.71 | 2.6 |
| France | CAC 40 | 5176.71 | 63.22 | ▲ 1.24 | 4310.88 | 5442.10 | 6.5 |
| Germany | DAX | 12475.24 | 171.26 | ▲ 1.39 | 10174.92 | 12951.54 | 8.7 |
| Greece | ATG | 806.06 | 3.34 | ▲ 0.42 | 548.72 | 859.78 | 25.2 |
| Israel | Tel Aviv | 1404.03 | 19.16 | ▲ 1.38 | 1346.71 | 1490.23 | -4.5 |
| Italy | FTSE MIB | 22134.11 | 357.45 | ▲ 1.64 | 15923.11 | 22134.11 | 15.1 |
| Netherlands | AEX | 523.96 | 5.14 | ▲ 0.99 | 436.28 | 537.84 | 8.4 |
| Russia | RTS Index | 1126.74 | 7.13 | ▲ 0.64 | 953.12 | 1196.99 | -2.2 |
| Spain | IBEX 35 | 10322.60 | 193.00 | ▲ 1.91 | 8512.40 | 11184.40 | 10.4 |
| Switzerland | Swiss Market | 8982.23 | 70.18 | ▲ 0.79 | 7585.56 | 9198.45 | 9.3 |
| South Africa | Johannesburg All Share | 56008.77 | 284.10 | ▲ 0.51 | 48935.90 | 56896.89 | 10.6 |
| Turkey | BIST 100 | 109458.01 | 1006.31 | ▲ 0.93 | 71792.96 | 110530.75 | 40.1 |
| U.K. | FTSE 100 | 7413.59 | 35.99 | ▲ 0.49 | 6654.48 | 7598.99 | 3.8 |
| Asia-Pacific | S&P/ASX 200 | 5713.10 | 40.50 | ▲ 0.71 | 5156.60 | 5956.50 | 0.8 |
| China | Shanghai Composite | 3376.42 | 11.18 | ▲ 0.33 | 2980.43 | 3385.39 | 8.8 |
| Hong Kong | Hang Seng | 27955.13 | 286.66 | ▲ 1.04 | 21574.76 | 28094.61 | 27.1 |
| India | S&P BSE Sensex | 31882.16 | 194.64 | ▲ 0.61 | 25765.14 | 32575.17 | 19.7 |
| Indonesia | Jakarta Composite | 5871.88 | 14.76 | ▲ 0.25 | 5027.70 | 5915.36 | 10.9 |
| Japan | Nikkei Stock Avg | 19545.77 | 270.95 | ▲ 1.41 | 16251.54 | 20230.41 | 2.3 |
| Malaysia | Kuala Lumpur Composite | 1782.74 | 2.84 | ▲ 0.16 | 1616.64 | 1792.35 | 8.6 |
| New Zealand | S&P/NZX 50 | 7851.75 | 0.22 | ▲ 0.003 | 6664.21 | 7879.46 | 14.1 |
| Philippines | PSEI | 8049.31 | 26.56 | ▲ 0.33 | 6563.67 | 8072.75 | 17.7 |
| Singapore | Straits Times | 3228.51 | -0.05 | -0.002 | 2787.27 | 3354.71 | 12.1 |
| South Korea | Kospi | 2359.08 | 15.36 | ▲ 0.66 | 1958.38 | 2451.53 | 16.4 |
| Taiwan | Weighted | 10572.16 | -37.79 | -0.36 | 8902.30 | 10617.84 | 14.3 |
| Thailand | SET | 1637.54 | 10.10 | ▲ 1.1 | 1406.18 | 1637.54 | 6.1 |

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



US\$ vs. in US\$ per US\$ (%)

Country/currency

London close on Sept. 11

US\$ vs. in US\$ per US\$ (%)

Country/currency

Mon YTD chg

in US\$ per US\$ (%)

Country/currency

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FINANCE & MARKETS

Hurricanes Gore Oil Bulls

More of the fuel is likely to wind up in tank farms as demand takes a hit

BY STEPHANIE YANG

The havoc wreaked by major summer storms stands to deepen a global crude-supply glut that has depressed oil prices for more than three years.

By paralyzing giant swaths of the southern U.S. ranging from Texas to South Carolina for days at a time, hurricanes Harvey and Irma will dent energy demand from consumers and refiners even as drilling continues and crude in storage is abundant.

The effect, analysts say, will be to push millions more barrels of crude oil into oil caverns and floating tankers at a time when storage is already in heavy use. That will undermine efforts by producers such as the **Organization of the Petroleum Exporting Countries** to rebalance the market by cutting output.

U.S. crude prices haven't exceeded \$50 for more than a trading day since May, and futures for October delivery fell 3.3% Friday to \$47.48 a barrel. They traded at more than double that level in 2014. On Monday, crude was up 1.5% in midday trading.

While regional economic activity will gradually recover after the storms and rebuilding efforts will help to push demand higher, the disruptions are nearly certain to intensify the downward pressure on U.S. prices.

The sheer size of Harvey and Irma, two of the largest storms to hit the U.S. in recent years, likely will drive significant declines in consumption, said Thomas Pugh, a commodities economist at Capital Economics. "That's obviously not particularly useful for the global rebalancing effort."

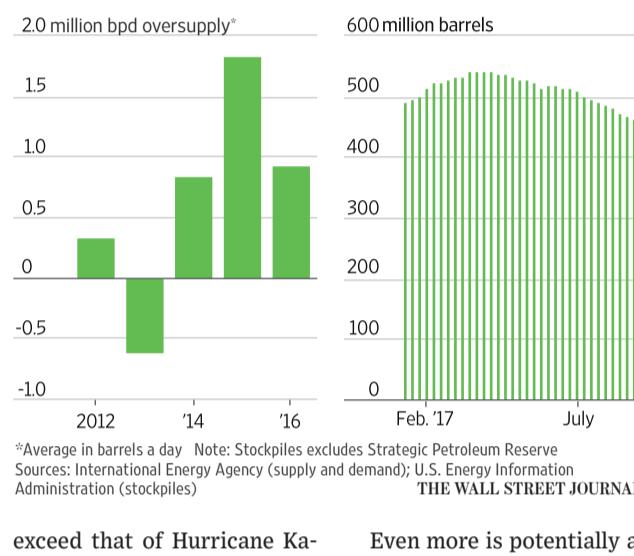
Mr. Pugh expects the impact from the two storms to



Ample amounts of crude are already in storage in the U.S.

Global Glut

Major summer storms in the U.S. are increasing stockpiles of oil and widening the spread between supply and demand.



*Average in barrels a day Note: Stockpiles excludes Strategic Petroleum Reserve
Sources: International Energy Agency (supply and demand); U.S. Energy Information Administration (stockpiles)

exceed that of Hurricane Katrina in 2005, which drove total U.S. oil demand down 2% from a year earlier in the three months that followed.

The scale of the storms points to an outsized impact on the oil market.

Hurricane Harvey is expected to be one of the costliest storms in U.S. history, dumping torrents of rain on the Greater Houston metropolitan area of more than 6.7 million people. More than 300,000 homes in Texas were damaged or destroyed by the floods.

Even more is potentially at stake in Irma, which hit Sunday in large sections of Florida, a state with more than 20 million people.

The energy industry has already taken a significant hit. U.S. crude prices fell after Harvey hit the eastern coast of Texas and forced the shutdown of more than 20% of U.S. refining capacity.

Crude prices began recovering last week as refiners near the Gulf Coast planned restarts, easing demand concerns. Gasoline prices remain

elevated, reflecting refinery outages and the vulnerability of the U.S. gasoline-distribution system to storms that hit the Southeast.

Goldman Sachs Group Inc. analysts estimate that U.S. crude inventories will climb by 40 million barrels in the month following Harvey, which would push stockpiles to nearly 500 million barrels.

Crude inventories declined steadily through July and August, which oil bulls took as a sign that the market was beginning to move into balance.

But a buildup of 40 million barrels would negate most of those inventory reductions. On Thursday, the U.S. Energy Information Administration reported that 4.6 million barrels of crude oil were added to storage in the week ended Sept. 1.

Some analysts are skeptical that hurricane season will have a long-term impact on the oil market.

"It's definitely not good news in the short term," said Ed Morse, global head of commodities research at **Citigroup** Inc. But "in the end, it's probably the case that supply and demand are balancing themselves out."

The storms could pose another challenge for OPEC, which has aimed to drive crude inventories back down to the five-year average level. But as the year has progressed with little result, market participants have become more skeptical.

Industry stockpiles held by the rich countries tracked by the **Organization for Economic Cooperation and Development** remained 219 million barrels above the five-year average as of the second quarter, at 3.02 billion barrels, according to the **International Energy Agency**.

An increase in crude stockpiles may put more pressure on OPEC to extend or deepen cuts. OPEC representatives didn't respond to a request for comment.

—Amrit Ramkumar contributed to this article.

Dow Passes 22000 As Fears Recede

By MARINA FORCE AND CORRIE DRIEBUSCH

The Dow Jones Industrial Average climbed back above 22000 for the first time in nearly a month as investor fears eased about a standoff with North Korea and the severity of the impact of Hurricane Irma on the U.S. economy.

Stocks rose and haven assets retreated, marking a reversal from the

MONDAY'S MARKETS past week when all three major stock indexes posted declines,

the dollar weakened and government-bond yields fell. Investors worried at the time about worst-case scenarios from summer storms and the U.S. tension with North Korea over missile testing.

The Dow Jones Industrial Average rose 248 points, or 1.1%, to 22046 by midday. The S&P 500 gained 1% and the Nasdaq Composite jumped 1.1%.

The last time the blue-chip index closed above 22000 was Aug. 16.

Some analysts had expected North Korea to conduct a weapons test on Saturday, coinciding with the country's founding day, as it did last year to mark the celebration. The absence of news from Pyongyang, however, supported stocks and the dollar, while weighing on haven assets, analysts say.

Government-bond prices declined, pushing up yields. The yield on the 10-year U.S. Treasury note rose to 2.119% by midday, compared with Friday's close of 2.058%, according to Tradeweb.

Many analysts don't expect this relative calm to last, however, and bond yields could decrease if tensions once again rise in North Korea.

Meanwhile, concerns about the impact of Hurricane Irma on the U.S. economy also de-

creased, after it hit Florida on Sunday with the strength of a Category 4 storm, instead of a Category 5 hurricane, as many analysts anticipated.

Irma weakened further Monday, although the National Weather Service said the extreme storm conditions would continue for much of central and western Florida.

Reinsurance companies, which tumbled last week because they are expected to bear the financial brunt of Hurricane Irma's damage, jumped on Monday. Everest Re Group, which dropped more than 10% last week, rose 5.6% by around midday. Chubb rose 3.6% and XL Group climbed 5.3%.

The WSJ Dollar Index, which measures the U.S. dollar against a basket of other currencies, rose 0.3%, after sinking to its lowest level in more than two years on Friday. The euro fell 0.6% against the greenback to trade at \$1.1964.

The Stoxx Europe 600 rose 1%, led by gains in bank, insurance and technology shares—sectors that post hefty gains whenever investors feel confident enough to take on more risk.

The Japanese yen and the Swiss franc, which traditionally rise when markets fall, both lost 0.7% against the U.S. dollar. The weaker yen boosted Japanese blue-chip stocks, because investors measure the performance of these multinationals against revenue earned in foreign currencies abroad. The Nikkei Stock Average rose 1.4%, after setting fresh four-month lows on Friday. South Korea's Kospi and Australia's S&P/200 both rose 0.7% each.

WSJ TALK / EXPERIENCE / OFFER / GETAWAY



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Join us for a private evening of fine dining at ÉPURE with Michelin-starred Executive Chef Nicolas Boutin. Explore French gastronomy with a modern, six-course tasting menu paired with a magnificent collection of wines.

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MARKETS

THE DAILY SHOT | By Lev Borodovsky and Amrith Ramkumar

Storms Ripple Through the Markets

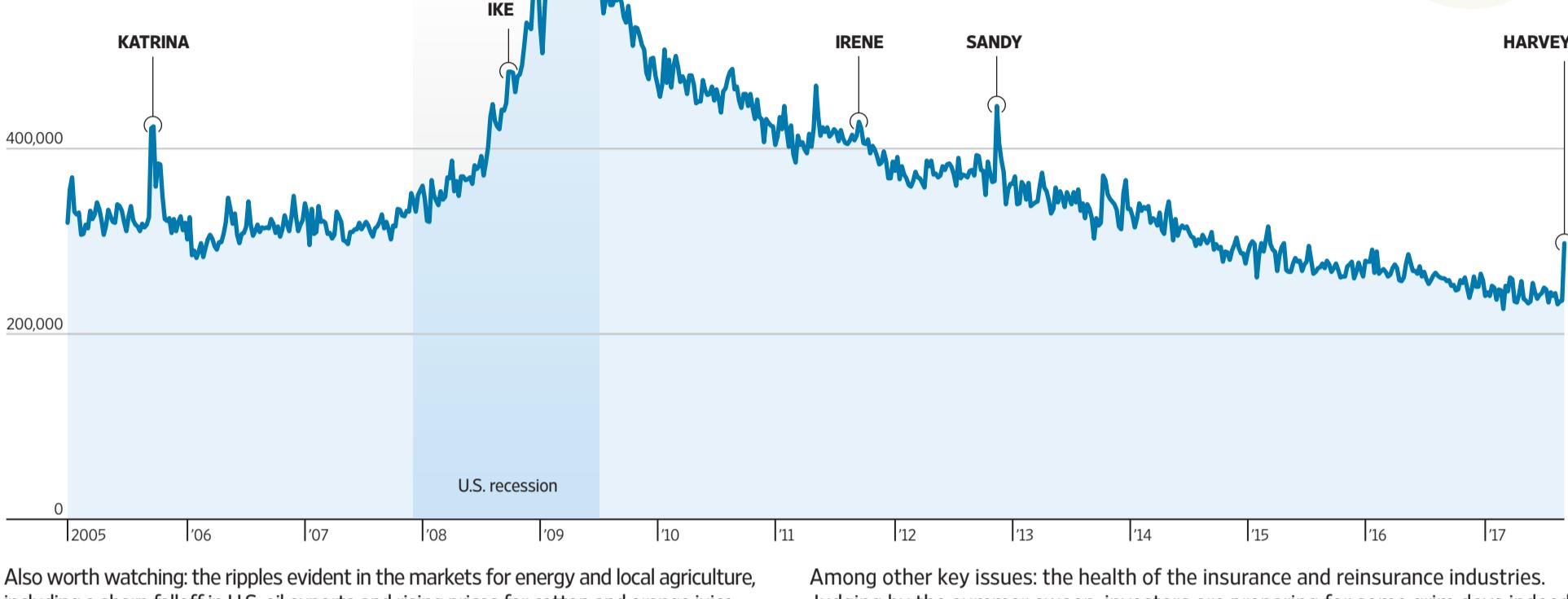
How hard will the one-two punch of Hurricanes Harvey and Irma hit the U.S. economy? While past storms haven't changed the trajectory of the national economic expansion, the scale of potential disruption is evident in the sharp increase in jobless claims that typically accompanies a major weather event.

WSJ subscribers can get **The Daily Shot**—a chart-by-chart briefing on markets and economics—sent to their email each morning. Subscribe at wsj.com/newsletters

Initial jobless claims, weekly

With spikes following major weather events

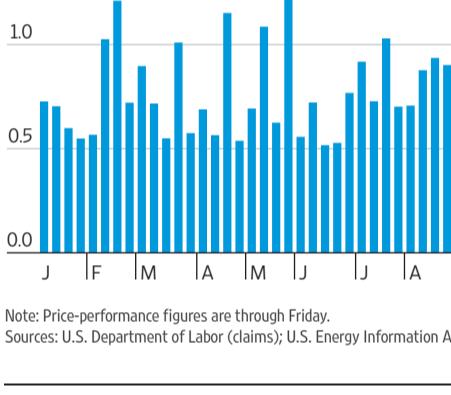
600,000 claims



Also worth watching: the ripples evident in the markets for energy and local agriculture, including a sharp falloff in U.S. oil exports and rising prices for cotton and orange juice.

U.S. crude-oil exports, weekly

1.5 million barrels a day



Commodity futures

Price performance, year to date



Among other key issues: the health of the insurance and reinsurance industries. Judging by the summer swoon, investors are preparing for some grim days indeed.

Home insurers

Share-price performance, year to date



Reinsurance and specialty-insurance sellers

Share-price performance, year to date



THE WALL STREET JOURNAL.

Note: Price-performance figures are through Friday.
Sources: U.S. Department of Labor (claims); U.S. Energy Information Administration (exports); FactSet (price performance)

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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New iPhone's \$1 Trillion Question

Only Apple Inc. gets to decide what to charge for its new iPhone, but investors will get to decide what the new flagship is worth. That could be a trillion-dollar question.

The market value of the world's most valuable company already has surged 35% this year, to around \$820 billion, ahead of Apple's expected introduction of the new iPhones on Tuesday. That means the stock needs to gain a further 22%—to about \$193.70—to get Apple's market value to the \$1 trillion mark. And, while its heavy dependence on the iPhone has made Apple's stock rather cyclical over the past five years, the price tends to go up instead of down in the months that follow a launch of new devices.

The comparison that most readily springs to mind is the iPhone 6. Apple's stock

price had jumped nearly 30% over the previous six months by the time that version was introduced on Sept. 9, 2014. A larger screen kicked off a strong upgrade cycle that drove iPhone unit sales up 37% for the subsequent fiscal year and the stock up 30% over the next six months.

But there are no guarantees of a repeat performance. Apple is expected to introduce three new phones. Two are believed to be incremental updates to the iPhone 7, while another is expected to be a redesigned phone with a curved display similar to this year's Galaxy lineup from Samsung. Production issues with the new design could push the launch of that model later into the year.

Apple also is expected to charge a much higher price for the new phone—possibly \$1,000 or higher. That would help offset soaring prices for

Call Options

Apple's share price, split adjusted



Sources: FactSet (price); the company (dates)

THE WALL STREET JOURNAL.

billion in fiscal 2018, with a 13% jump in iPhone unit sales expected. Apple's per-share earnings for the year are expected to be \$10.82—20% higher than Wall Street's forecast for the current fiscal year.

Apple's stock currently trades at about 14.7 times 2018's projected earnings, which is already on the high side of its five-year range. A market cap of \$1 trillion would represent nearly 18 times forward earnings based on current estimates, which is well above the stock's peak multiple.

Apple remains the cheapest of its Big Tech peers—especially when accounting for its \$165 billion of net cash—so a strong iPhone cycle could give the stock some additional upside. But investors should be aware that much has already been digested in. —Dan Gallagher

China's Move on Yuan Is All About Optics

The more Beijing tinkers with the yuan, the clearer it becomes just how tightly controlled Chinese currency remains—and that whatever investors think about where the yuan should be headed, there is only one voice that really matters.

Effective Monday, China's central bank reversed an arcane measure put in place two years ago that made it more expensive to bet against what was then a rapidly weakening currency. The move will lower a requirement that banks selling yuan currency forwards set aside a deposit equivalent to 20% of the trade's notional value.

Some have interpreted this as a sign that China's central bank has weared of the yuan's recent surge. China's currency is up 6.7% against the U.S. dollar this year, more than wiping out its losses in 2016. The yuan dipped against the dollar in Monday onshore trading.

Yet this latest policy tweak is more about optics than substance. The reality is that the market for currency forwards isn't large enough to matter. Monthly purchases of these derivatives were only around \$20 billion even when the deposit requirement was put in place, and they have fallen to less than \$10 billion in recent months, according to Goldman Sachs. That is just a fraction of the daily transaction volume in China's domestic foreign-exchange markets. Only in August 2015 were monthly volumes close to \$80 billion—but that was just after a botched currency devaluation that sent markets into a tizzy. Making it less expensive to sell these forwards probably won't check the yuan's rise.

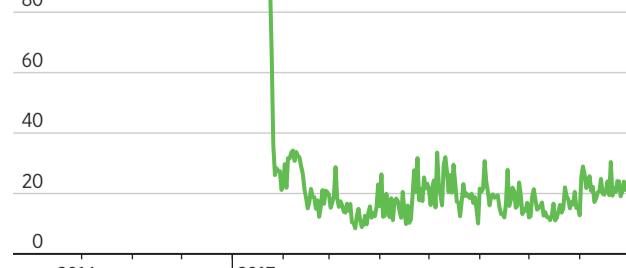
The timing of the move is revealing. The yuan's recent rise, and the fact that Beijing has been able to stem heavy capital outflows this year, have given authorities scope to make policy adjustments. But any hope that Beijing is really trying to liberalize the yuan will have to wait for more concrete measures, like removing the restrictions on how much yuan households can convert into dollars annually. Until then, the yuan will go where Beijing and its central bank—which still sits on more than 60% of China's foreign currency assets—send it.

—Anjani Trivedi

Beijing and Bitcoin Just Don't Mix

Cliff Diving

Percentage of bitcoin's trading volume in Chinese yuan



currency has quadrupled in value this year.

But it has dropped around 10% in the past two days, since talk of shutting down Chinese exchanges emerged. The worry is that Beijing may attempt to tamp down the amount of trading Chinese investors engage in. Figures are hard to come by, but it is likely Chinese traders are still driving much of the trading in bitcoin away from organized exchanges.

The hard truth is that a loosely regulated, somewhat complicated instrument such as bitcoin was never likely to sit well with a government obsessed with micromanaging its own hard currency, the yuan. That's one more reason to suspect that this year's bitcoin bubble is reaching its limits.

—Jacky Wong

jing's intolerance of cryptocurrencies appears to be growing. Regulators last week banned initial coin offerings in China—ICOs work like IPOs, except instead of an equity stake in a com-

pany, investors get virtual coins they can use in the future to buy the firm's yet-to-exist products or services.

Until the last few days, Beijing's antipathy hardly dented bitcoin. The crypto-

OVERHEARD

Bankers in continental Europe are outdressing their rivals in the U.K. and U.S. That is the not-so-shocking takeaway from a poll of financial professionals on work dress codes by Emolument, a London salary-benchmarking site.

In Italy and France, 42% and 24% of financial professionals respectively said they are required to wear a jacket and tie, or high heels, even away from client meetings. The results for the U.K. and

the U.S. were 17% and 10%.

Climate likely plays a role, with 94% of professionals going jacketless in Singapore.

Among individual banks, BNP Paribas appears most formal, with 37% of bankers donning ties and jackets outside client meetings, and 20% saying that the bank imposes limits on their color selections.

Barclays is most laid back, with 14% going formal when not with clients, and none facing color restrictions.