

THE WALL STREET JOURNAL.

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DJIA 22203.48 ▲ 0.20%

NASDAQ 6429.08 ▼ 0.48%

NIKKEI 19807.44 ▼ 0.29%

STOXX 600 381.79 ▲ 0.12%

BRENT 55.47 ▲ 0.56%

GOLD 1324.70 ▲ 0.10%

EURO 1.1879 ▼ 0.05%

What's News

Business & Finance

SoftBank's drive to take a commanding stake in Uber is closer to fruition, though some shareholders are balking at the price. **A1**

◆ The Bank of England signaled it is preparing to raise rates within months to curb accelerating inflation. **A1**

◆ United Technologies' deal for Rockwell Collins is likely to face scrutiny from European antitrust regulators. **B1**

◆ A shortage of insurance adjusters in Florida is frustrating residents and could delay efforts to rebuild after Hurricane Irma. **B1**

◆ Equifax said hackers exploited web-server software in the data breach that may have affected 143 million Americans. **B5**

◆ Oracle reported strong earnings, giving investors further reason for optimism about the company's efforts to reinvent itself. **B1**

◆ Three Google ex-staffers filed a class-action suit against the tech giant, alleging that it discriminated against women. **B3**

◆ Nestlé bought a majority share in specialty coffee firm Blue Bottle, underscoring the Swiss company's focus on high-growth categories. **B3**

◆ VW and its partners are recalling nearly 4.9 million vehicles in China to replace faulty Takata air bags. **B3**

◆ Fox's deal to consolidate Sky ownership is being referred for review by the U.K. competition authority. **B3**

World-Wide

◆ Trump said that he and congressional leaders were "fairly close" to a deal to give legal status to illegal immigrants currently protected by the Dream Act. **A1**

◆ Islamic State militants who were stranded in the Syrian desert reached their destination in eastern Syria, opposition activists said. **A3**

◆ Islamic State gunmen stormed a restaurant in southern Iraq after blowing up a car bomb outside, killing more than 50 people. **A4**

◆ Trump was expected to extend sanctions relief to Iran, retaining for now a U.S. commitment under the 2015 nuclear agreement. **A3**

◆ Russia kicked off one of its largest war games since the Cold War, moving tanks to the Belarus border under NATO's worried watch. **A3**

◆ Saudi Arabia is clamping down on dissent as Prince Mohammed consolidates power ahead of his expected accession to the throne. **A4**

◆ Florida's economy is feeling the toll from Hurricane Irma, with tourism and agriculture—the state's biggest industries—hard hit. **A5**

◆ The EU outlined its most ambitious agenda of free-trade accords in years, defying protectionist trends. **A4**

◆ The U.K. opened an inquiry into the Grenfell Tower fire in London that killed at least 80 people. **A4**

◆ Brazil's top prosecutor hit Temer with charges for the second time in less than three months. **WSJ.com**

CONTENTS Markets..... B8

Books..... A7-9 Off Duty..... W1-8

Business News..... B3 Opinion..... A10-11

Crossword..... A12 Technology..... B4

Heard on Street..... B8 U.S. News..... A5

Life & Arts..... A12 Weather..... A12

Mansion..... W9-16 World News..... A2-4

€3.20; CHF5.50; £2.00;

U.S. Military (EUR) \$2.20

37

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Islamic State Attack in Iraq Leaves Dozens Dead



AFTERMATH: More than 50 people were killed as Islamic State gunmen stormed a restaurant after detonating a car bomb outside. **A4**

'Dreamers' Debate Simmers

Trump says he is close to striking a deal on young immigrants as fellow Republicans balk

By LAURA MECKLER AND KRISTINA PETERSON

WASHINGTON—President Donald Trump said Thursday that he and congressional leaders were fairly close to an agreement to give legal status to undocumented immigrants brought to the U.S. as children, saying the protections

would be paired with "massive border security" but not funding for a wall on the U.S.-Mexico border.

"We're working on a plan, subject to getting massive border controls," he said at the White House before departing on a trip to Florida. "The wall will come later."

The president's comments followed a White House dinner Wednesday with Congress' Democratic leaders, Sen. Chuck Schumer of New York and Rep. Nancy Pelosi of California, who said afterward that they had reached the

outlines of an agreement. Democrats strongly oppose the wall but aren't generally against additional border-security measures.

Speaking to reporters and in a series of Twitter posts on Thursday, the GOP president repeated his desire to aid young illegal immigrants who are currently protected by the Deferred Action for Childhood Arrivals program, which last week he moved to end.

"Does anybody really want to throw out good, educated and accomplished young people who have jobs, some serv-

ing in the military? Really!" Mr. Trump wrote on Twitter. "They have been in our country for many years through no fault of their own - brought in by parents at young age. Plus BIG border security."

Later, after landing in Florida to view hurricane damage, Mr. Trump said the wall funding doesn't have to be part of this agreement, but that Democrats can't obstruct the project later on. "If there's

Please see TRUMP page A5

◆ Clinton, Sanders, Trump retread old ground..... A5

SoftBank Seeks Big Chunk of Uber at Discount

By GREG BENSINGER AND PHRED DVORAK

An ambitious, monthlong drive by SoftBank Group Corp. to take a commanding stake in Uber Technologies Inc. is closer to fruition, though some shareholders are balking at the prospect of selling stock to the Japanese technology investor at a proposed steep discount.

After weeks of deliberation, Uber's board in recent days has been hashing out their response to a potential investment led by SoftBank that could total as much as \$10 billion, according to people familiar with the matter.

If successful, that would be among the largest-ever single investments in a private venture-backed startup. It would also give SoftBank, whose Chief Executive Masayoshi Son has predicted that companies like Uber will transform the world, major stakes in nearly all of the world's top ride-hailing firms.

SoftBank and its \$93 billion tech-focused Vision Fund are proposing to buy at least 17% of Uber and as much as 22% through a combination of share purchases from the company and a tender offer with employees and investors who want to sell, according to people familiar with the matter. As part of the offer, it is seeking two board seats, these people said, adding to Uber's nine sitting directors.

Negotiations could conclude as early as next week, according to one person familiar with the matter.

Please see UBER page A2

THE CONTRACT WORKER'S LIFE: SNUBS, ANXIETY

For millions of Americans who work as contractors, real careers are out of reach

By LAUREN WEBER

Michael Preiss was happy to escape the corporate grind after being laid off by International Business Machines Corp. in 2001. He became a contractor, earning more than \$100,000 a year from steady assignments helping companies figure out how to do things faster and cheaper.

That work eventually dried up. The past decade has been a revolving door of outsourced jobs for shrinking pay, fear that any day at a company could be his last, and reminders that full-time employees live in a different world, even though they often sit at the next desk. Mr. Preiss says one manager reprimanded him because co-workers complained that he laughed too loudly.

"My career is shot," says Mr. Preiss, 59 years old, who lives in Atlanta. "There just is no career anymore."

Millions of contractors now do heavy lifting, paper pushing and other jobs for American companies that have replaced employees with outside workers. Within the next four years, nearly half of the private-sector workforce in the U.S. will have spent at least some time as a contractor, temporary employee or other type of outside job, estimates MBO Partners, a provider of support services to self-employed professionals.

The contractor model offers companies lower costs, more flexibility and fewer management headaches. Workers get far less from the arrangement.

Please see WORK page A6

EU Launches Free-Trade Offensive

The European Union is seeking to slash tariffs and boost commerce with some of its top trading partners, tapping a leadership vacuum in the wake of protectionist U.S. policies. **A4**

TRADE PARTNER	START OF NEGOTIATIONS	ANNUAL VALUE OF TRADE WITH EU in billions of euros	SHARE OF EU TRADE
Japan	2013	€125	3.6%
Mercosur*	2000	85	2.5
Mexico	2016	54	1.6
Singapore	2010	51	1.5
Australia	Pending	46	1.3
Vietnam	2012	42	1.2
New Zealand	Pending	8	0.2

*South American trade bloc Note: €1=\$1.19 Sources: European Commission; Eurostat

THE WALL STREET JOURNAL.

BOE Sees Rate Rise Within Months

By JASON DOUGLAS AND PAUL HANNON

LONDON—The Bank of England signaled Thursday it is preparing to raise interest rates within months to restrain accelerating inflation in the U.K., in the latest sign major central banks are bringing to an end a decadelong era of easy money.

The BOE's step toward tighter monetary policy comes as the Federal Reserve is poised to start the process of reducing its \$4.5 trillion in securities holdings, while the European Central Bank is

likely to announce plans next month for phasing out its bond-buying program amid a buoyant eurozone economy.

If all three deliver, it would be the first time they have moved together to withdraw stimulus since adopting extraordinary measures to revive economies scarred by the past decade's financial crises.

Though the three central banks are moving in a similar direction, they are doing so for different reasons. For the Fed and the ECB, solid economic growth is helping convince officials to reconsider how much monetary juice their econo-

mies need, even though inflation remains puzzlingly low.

The BOE faces the opposite problem: Britain's decision to exit from the European Union last year is weighing on the economy in complex ways, including fueling an inflationary surge.

The BOE said Thursday after its latest policy meeting that it is leaving its benchmark interest rate steady at 0.25%.

Please see RATES page A2

◆ Swiss central bank tweaks view on value of franc..... B8

◆ Heard on the Street: BOE's talk of rate rise may be real..... B8

Who's Hacking Your Phone to Track You? Your Kids

* * *

Cheeky children use tracking apps to turn the tables on parents

By KATHERINE BINDLEY

It was the anticipation of nagging that led Christy Spitler to spy on her parents.

The 21-year-old University of Alabama senior was home on break in Maryville, Tenn., when her parents left for a July weekend, telling her to keep the house clean.

Instead, "I left dishes out, and I would just leave my clothes on the floor," she says.

No worries—she was tracking her parents on an iPhone app that showed their whereabouts on a map. An hour before the app suggested they would return, she vacuumed,

did the dishes and mopped.

Otherwise, "I really just sat around and watched Netflix and YouTube the whole weekend."

Parents have always snooped on their children, and smartphones have given them a new way to do it. A Pew Research Center survey published last year found 16% of parents of children aged 13 through 17 used monitoring tools on their phones to track them.

But Mom and Dad can find themselves outfoxed. Ms. Spitler and others use pro-

grams such as Find My Friends, an Apple Inc. app that lets owners of iPhones, iPads and some other devices share their locations with specified contacts.

Get your parents to sign on, and you can monitor their movements and shenanigans.

Alexa McDonald of Columbus, Ohio, discovered that her parents fib a bit. The 24-year-old call-center dispatcher's app revealed that, while claiming to be stuck in traffic, they were sometimes

Please see TRACK page A6

INSIDE

WSJ. MAGAZINE

JARED LETO



FALL
WILL BE
REVEALED

OFF DUTY, W1

THE TIME
IS RIPE IN
BORDEAUX

MANSION, W9

€3.20; CHF5.50; £2.00;
U.S. Military (EUR) \$2.20

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WORLD NEWS

A Thawing in Uzbekistan After Dark Decades



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

TASHKENT, Uzbekistan—Step after tentative step, Uzbekistan—one of the world's most closed societies—is beginning to open up.

The most populous post-Soviet nation in Central Asia had become increasingly repressive during the quarter-

century rule of President Islam Karimov, who died a year ago. Freedom House, which ranks

countries by political rights and civil liberties, has consistently put Uzbekistan among the planet's five worst offenders, alongside North Korea.

In the year since Shavkat Mirziyoyev became president, a thaw of sorts has begun in Uzbekistan, a regional heavyweight that now says it seeks to improve ties with the U.S. and help Washington in neighboring Afghanistan.

The government in recent months freed several high-profile political prisoners, and removed some 16,000 other Uzbeks from a "black list" of people barred from jobs or

travel. The once-soporific Uzbek media was allowed to explore some topics previously considered taboo.

On the economic front, Uzbekistan this month floated its currency, among other changes. In a personnel purge, a cadre of young technocrats—many educated in the West—have pushed out Soviet holdovers in key ministries.

In foreign policy, Uzbekistan has moved to repair hostile relations with its Central Asian neighbors, opening borders that had been closed for more than a decade and urging closer cooperation and trade.

"After the first year of the new presidency, you are visiting what is to some degree a different country," Foreign Minister Abdulaziz Kamilov said. "We are discussing our problems today, and that makes us stronger."

Uzbekistan is far from being a democracy, and the changes carried out so far are neither systemic nor irreversible.

Still, the mood has shifted in the capital, Tashkent. "This is a real moment of hope for the human rights of the Uzbek people," said Steve Swerdlow, Central Asia researcher for Human Rights Watch, which was allowed to visit Uzbekistan this month for the first time since being expelled in 2010. "The key is for the Uzbek government to transform the modest steps it has taken thus far into institutional change and sustainable im-



VACHEESLAV OSLEDOV/AGENCE FRANCE PRESSE/GETTY IMAGES

Under President Shavkat Mirziyoyev, Uzbekistan is still far from democratic, but change has begun.

provements."

Bakhtiyor Nishanov, deputy director for Eurasia at the International Republican Institute and author of a Freedom House report on changes in Uzbekistan, had a similar view.

"There is no denying that there are good things happening in Uzbekistan," he said. "But it's too early to talk about full-scale reform."

So far, Uzbekistan is managing to reverse parts of Mr. Karimov's legacy while erecting opulent monuments to the late president. Mr. Kamilov, the foreign minister, said the issue of respect for Mr. Karimov is kept separate from

state policies.

"It can't be the case that when a leader is in power, everyone is worshiping him and after that they want...to disparage him, as if we hadn't been next to him in the past and hadn't participated in those failed reforms," Mr. Kamilov said.

One of the hallmarks of Mr. Karimov's Uzbekistan was harsh control over religious expression. The Muslim nation of about 30 million people faced a strong Islamist movement as the Soviet Union collapsed, and the bloody quelling of Islamist protests in 2005 led to a breakdown in

ties with the West.

Over the past year, however, religious freedom has greatly expanded, said Usmonkhon Alimov, the mufti, or supreme Islamic religious authority, of Uzbekistan.

The winnowing of the "black list," from 17,582 to 1,352 people, was by far the new government's most important achievement, Mr. Alimov added: "The biggest thing that makes all Muslims happy is that the people on the black list have returned to their families and are no longer outside the society. This has united the people of Uzbekistan and has increased their

trust in government."

Hamza Jumayev, a 37-year-old TV journalist, says he was taken off the list in July. He was arrested in 2009 for alleged membership in an Islamist group.

Even after he was freed in 2012, Mr. Jumayev was barred from steady jobs, and had to attend monthly interrogation sessions with local security authorities.

"My neighbors, even my relatives, would avoid me. I understand them: religious crime is a very grave offense, and if you got in touch with someone like me, police would become interested in why," Mr. Jumayev said.

In July, after his application for rehabilitation was fast-tracked, Mr. Jumayev wrote the "virtual reception room" that has processed about a million complaints online over the past year. Two weeks later, Mr. Jumayev says, he got a phone call from the state TV company where he worked before 2009, offering him his old job back.

Not all the changes have gone through. The removal of a Soviet-era legacy, exit visas for Uzbek citizens who want to travel abroad, has been delayed until 2019. Yet the government—aware of the Arab uprisings in 2011—understands the risk of perpetuating stagnation, said Sodiq Safoev, deputy head of the Senate.

"The reforms have a cost," he said, "but delaying the reforms would be costlier."

on additional rate increases isn't expected until December.

In Europe, the 19-nation eurozone economy has grown more strongly than expected this year, shrugging off the uncertainty created by a series of elections in the Netherlands, France and Germany that threatened but failed to yield gains for anti-euro nationalists. The ECB's economists now believe the eurozone economy is on course for its best year since 2007, reducing the need for support from policy makers. Much as in the U.S., though, inflation has yet to show signs of a sustained rise toward the central bank's target, which is just under 2%.

RATES

Continued from Page One

but the rate-setting Monetary Policy Committee said a majority of officials on the nine-member panel believe borrowing costs will need to rise soon to bring annual inflation back to its 2% goal. Annual inflation hit 2.9% in August.

Such a move, which would mark the first interest-rate increase in the U.K. in almost a decade, is likely "over the coming months," the panel said, if the economy performs broadly in line with officials' expectations.

Sterling rallied 1.4% against the dollar and 1.2% against the euro, trading at \$1.340 and €1.125 late afternoon. U.K. 10-year gilt yields jumped too, rising to 1.18% shortly after the announcement from around 1.13% before.

Those movements suggest traders and investors were surprised by the BOE's statement, and now think a cut is much more likely in the near future. Paul Hollingsworth, an analyst at Capital Economics, said he thinks the BOE could act as soon as November.

In the U.S., the Labor Department said Thursday that consumer prices rebounded in August. The report delivered evidence to support Fed officials' expectation that a slowdown in price pressures this spring would be temporary. Until August, inflation had been muted for five straight months, prompting doubts over whether the Fed would be able to raise rates a third time this year as had been expected.

The consumer-price index, measuring what Americans pay for everything from medicine to rent, grew 0.4% in August from a month earlier, the biggest jump since January.

The Fed next week is expected to announce the October start of a plan that will allow initially small amounts of Treasury and mortgage bonds that it holds to mature without any reinvestment. The central bank stopped adding to its bondholdings in 2014, but has reinvested the principal from maturing assets to maintain their level since then. Any decision

The BOE's challenge is more acute. Growth in the U.K. has slowed, but inflation is accelerating, twin consequences of voters' decision last year to exit from the EU.

The BOE has a recent history of seeing its plans derailed by surprise developments, including last year's vote to leave the EU. In response to the pound's sharp fall in the wake of that decision, the BOE cut its key interest rate to a record low in August 2016, and restarted a paused program of bond purchases.

With the U.K.'s departure from the bloc scheduled to take place in 2019, economists doubt the BOE will raise its key interest rate sharply if it does move soon.

—Nick Timiraos contributed to this article.

2.9%

Annual inflation in the U.K. in August, topping the 2% goal

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Thousands More Join Flight From Myanmar



ACROSS THE RIVER: Smoke rises from a village in Myanmar as thousands of Rohingya Muslims joined some 400,000 who have fled violence there to Bangladesh. Amnesty International said it has evidence of 'systematic burnings' of Rohingya villages by Myanmar forces.

UBER

Continued from Page One
with the matter.

Representatives for Uber and SoftBank declined to comment.

The possibility of yielding so much control to SoftBank—an aggressive investor that holds stakes in Uber's biggest rivals in Asia—underscores the pressure faced by the San Francisco ride-hailing firm's board to appease a restless group of shareholders who want to unload stock after a trying year of scandals. Some directors view the funding as crucial to ensuring SoftBank won't weaken Uber by boosting competitors' war chests.

Even though an Uber investment would mean SoftBank is plowing money into rival firms in many markets, that is ultimately good for SoftBank if it encourages competition, said Rushabh Doshi, an analyst for market tracker Canalsys in Singapore. "It is better for SoftBank if there's healthy competition in the ride-hailing market," he said.

But the offer faces hurdles. SoftBank's hope of securing a sizable stake is dependent on investors agreeing to sell enough of their shares at a discount of 30% or more from Uber's last valuation of nearly \$70 billion through an auction process open to most shareholders, people familiar with the talks said. That would value

Uber at around \$50 billion, though the price could change based on how many shares investors indicate they are willing to sell, these people said.

Some investors privately say they don't plan to sell any shares at the lower valuation, which could imperil the process.

A few investors pointed to an August tweet from investor Benchmark, which also holds a board seat and a 13% stake worth roughly \$8.4 billion, as a reason to hold out for a higher valuation. Benchmark said Uber in two years "could comfortably be worth over" \$100 billion. Benchmark's partners met with Mr. Son in a

meeting in July, but the two sides were unable to reach an agreement on Uber's valuation, a person familiar with the matter said. Representatives of Benchmark couldn't immediately be reached for comment.

SoftBank is also planning a direct investment of at least \$1 billion at Uber's current valuation of about \$68 billion, these people said. That would help placate existing investors concerned the auction process could devalue the company as it heads toward an initial public offering in as few as 18 months.

Other investors joining SoftBank include San Francisco hedge fund Dragoneer

Investment Group and New York private-equity firm General Atlantic, according to people familiar with the matter. Representatives of Dragoneer couldn't immediately be reached for comment. General Atlantic declined to comment.

Uber's board several weeks ago approved an exclusive negotiating period with SoftBank, granting it access to financial data, the people said. The potential investment has been a singular focus for Uber directors in recent days after bringing in new CEO Dara Khosrowshahi from Expedia Inc. last week, following the June ouster of Travis Kalanick.

Southeast Asia and China, although Uber has been growing fast in India. Uber also holds a major stake in Didi.

Adding to the complexity is Saudi Arabia's Public Investment Fund, a sovereign-wealth fund that is a big investor in both Uber—it infused \$3.5 billion in the company last year—and SoftBank's Vision Fund. The Saudi fund's managing director Yasir Al Rumayyan is on the board of both Uber and SoftBank, and on the investment committee for the Vision Fund.

It is not clear what role he has

had in the talks between the

two firms. Representatives of

the Saudi fund couldn't be

reached for comment.

—Greg Bensinger
and Phred Dvorak



SoftBank CEO Masayoshi Son.

Deal Would Further Tangle Ride Industry

Bringing in SoftBank as an Uber investor would further muddy an already confusing mix of alliances and competitors in the global ride-hailing business.

SoftBank has sizable stakes in four global ride-hailing outfits: China's Didi Chuxing Technology Co., India's ANI Technologies Pvt.'s Ola, Singapore's GrabTaxi Holdings Pte., and Brazil's 99. It has directors on the boards of Ola and Grab, and made one of its top investment executives Grab's president. Those two, along with Didi, are the dominant ride-hailing firms in their respective markets of India,

and New York private-equity firm General Atlantic, according to people familiar with the matter. Representatives of Dragoneer couldn't immediately be reached for comment. General Atlantic declined to comment.

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WORLD NEWS

ISIS Convoy Reaches Militant-Held Syria

The U.S.-led coalition had ceased airstrikes on the jihadists at Russia's request

By RAJA ABDULRAHIM
AND BEN KESLING

BEIRUT—Islamic State militants stranded in the Syrian desert for two weeks have reached their destination in eastern Syria, opposition activists said, after the U.S.-led coalition heeded Russia's request to cease airstrikes on the convoy's route.

The convoy of buses traveled across Syria as part of a controversial deal brokered in August by the Lebanese militia group Hezbollah that allowed 600 people—Islamic State fighters and their families—to withdraw from the Lebanese border in southwestern Syria and head toward its border with Iraq.

The convoy was able to reach Deir Ezzour province, an Islamic State-held area in eastern Syria, after the coalition ended its aerial surveillance and airstrikes on the group, according to the U.K.-based Syrian Observatory for Human Rights, which has a network of activists across the country.

Col. Ryan Dillon, spokesman for the U.S.-led coalition in Iraq and Syria, said Thursday morning he couldn't confirm that the buses reached their final destination and said that the coalition hadn't had persistent surveillance of them for days.

The U.S. had been preventing the Islamic State convoy from moving toward the Iraqi border by bombing roadways and using aircraft to attack fighters who attempted to move forward. But it set aside those efforts and withdrew U.S. aircraft from the area last week at the request of Russian officials who cited a "deconfliction" agreement between Moscow and Washington, Pentagon officials said in a statement at the time.

The Russian officials said their planes were involved in operations against Islamic State in Deir Ezzour, Pentagon offi-



Pro-government Syrian forces enter a recaptured northern neighborhood of the city of Deir Ezzour, a remaining bastion of Islamic State fighters.

cials said in a statement. At the same time, fighters described as pro-Syrian regime forces advanced past the Islamic State convoy. Pentagon officials said they would continue to take steps to prevent Islamic State fighters from moving toward Iraq, but haven't specified how they intend to stop them.

"From the start of this situation on Aug. 29, we have placed responsibility for the buses and passengers on the Syrian regime, who in conjunction with Lebanese Hezbollah, brokered a deal with ISIS to move its terrorists into Iraq," Brig. Gen. Jon Braga, director of operations for the U.S. coalition, said in a statement.

Previously, the coalition had criticized the deal, launching airstrikes that cratered a road and destroyed a bridge, preventing the convoy from continuing its journey.

The coalition then targeted

Moscow Showcases Military Role in War

ABOARD THE ADMIRAL ESEN, Eastern Mediterranean—The Russian navy launched a salvo of cruise missiles into Syria's Deir Ezzour province, a stronghold of Islamic State militants fighting to topple the Syrian government.

But Thursday's military mission was no ordinary one. It was part of a public relations offensive that Moscow staged for international journalists to show Russia's active role in Syria—and try to contrast it with the West's supposed indifference there.

"All the targets were destroyed," Gen. Konashenkov said after two Russian submarines launched seven Kalibr cruise missiles, adding that drone foot-



Russia's military sent a missile toward militants in Syria Thursday.

age confirmed successful strikes. A Russian Defense Ministry spokesman said the low-flying missiles struck command centers, weapons stores and fighting positions of Islamic State, known as ISIS.

The Russian military brought the journalists aboard the frigate Admiral Essen to observe the launches and showcase its

confidence in Syrian President Bashar al-Assad's regime.

Russian President Vladimir Putin's involvement in Syria's war dates to 2015. U.S. officials say he is helping his ally Mr. Assad to survive by arraying much of its air power against moderate rebel groups fighting him.

—Nathan Hodge

Islamic State fighters trying to reach the convoy to assist it, striking 85 militants and more than 40 vehicles—describing it as an unexpected boon in the

fight against the group.

"It presented an opportunity for the coalition to strike and remove several ISIS fighters and resources from the battle-

field," said coalition spokesman Col. Dillon.

Deir Ezzour is one of Islamic State's last strongholds, but faces separate offensives by

U.S. Is Expected to Renew Iran Sanctions Waiver

President Donald Trump was expected to extend sanctions relief to Iran, U.S. officials said, retaining for now the U.S. commitment to the landmark 2015 nuclear agreement, whose fate nonetheless remains uncertain.

By Felicia Schwartz in London and Laurence Norman in Brussels

As part of the international deal, the U.S. agreed to waive a wide range of sanctions on Iran and must renew the waiver every 120 days. Thursday was the deadline for renewing that waiver.

While Mr. Trump was expected to renew the waiver and extend U.S. sanctions relief, he also is nearing another

deadline in October to certify to Congress that Iran is in compliance with the terms of the nuclear deal.

Mr. Trump, a severe critic of the nuclear agreement, has twice informed Congress that Iran is meeting its obligations under the deal, but told The Wall Street Journal in July he doesn't expect to certify in October that Tehran is in compliance.

He has been briefed on various options, including certifying Iran's compliance and several ways not to.

U.S. officials said a final decision on the certification due in October hasn't been made and that it is unclear what the president will do. The administration has been conducting a review of its Iran policy that is still under way.

Under the 2015 nuclear deal, Iran agreed with the U.S. and five other powers to curtail its nuclear activities in exchange for sanctions relief. The United Nations nuclear watchdog, which is in charge of inspecting Iranian activities, said

inspections of Iranian sites, and wants to address concerns over Iran's continued missile tests and over the expiration in the next decade of limits on Iran's nuclear activities.

Issues related to Iran came up during a visit by Secretary

The White House seeks other ways to address concerns about the nuclear deal with Tehran.

again Monday that Iran is abiding by the agreement.

As it weighs its options in Washington, the Trump administration also is exploring ways to address its concerns about the accord with European allies. Washington wants tougher

of State Rex Tillerson to London Thursday.

A spokesman for U.K. Prime Minister Theresa May said she discussed Iran in a bilateral meeting with Mr. Tillerson Thursday morning and that Ms. May reaffirmed her com-

mitment to the deal.

U.S. Ambassador to the United Nations Nikki Haley has said one option on Iran is for Mr. Trump to send the issue to Congress and urge lawmakers to debate the deal.

Under the terms of a U.S. law passed when the Iran deal was reached, Mr. Trump must certify Iran is complying with the deal every quarter. If he doesn't, Congress will have 60 days during which it could reimpose sanctions.

Opponents of the deal say such a move would give Mr. Trump leverage to negotiate stronger agreements on Iran's nuclear program which maintain constraints on Iran's activities for longer.

Former officials, Democrats and some experts fear this ap-

proach could lead to the deal's collapse, especially if lawmakers move to reimpose sanctions lifted in the accord. They also fear it could lead European allies to question U.S. credibility on other international commitments.

The three European governments that negotiated the accord—the U.K., France and Germany—repeatedly have said they support the 2015 deal. Federica Mogherini, the European Union's foreign policy chief, has cast doubt on renegotiating the accord, which she points out isn't a U.S.-Iran pact, but a multilateral deal.

Russia and China also negotiated the agreement and back its current terms.

—Jenny Gross in London contributed to this article.

Russia Begins War Games; West Watches With Interest

By JULIAN E. BARNES
AND THOMAS GROVE

Russia kicked off one of its largest military exercises since the Cold War on Thursday, moving tanks to its border with Belarus and landing hundreds of paratroopers under the watch of a NATO surveillance plane.

The exercise, set to last until Sept. 20, has boosted tensions between Russia and the West, which is increasingly mindful of Moscow's growing military power. Russia's multi-billion-dollar modernization of its armed forces has been increasingly evident in Syria and Ukraine.

Maneuvers from the training exercise, known as Zapad, or West, were shown on state television in Russia, where President Vladimir Putin has staked his high popularity on boosting Russia's stature against the West.

Russia says the exercise is meant to prepare armed

forces in its western military district to deal with terrorist threats. Western military analysts say the operation is really focused on how Russia can respond to the North Atlantic Treaty Organization in case of a conflict. The alliance and U.S. officials have warned of the possibility of an accident or miscalculation by Russian forces.

"They say they are training against terrorist formations, but it's clear it's an exercise defined with NATO in mind," said Sven Sakkov, director of the International Centre for Defence and Security, based in Estonia, a NATO-member Baltic country bordering Russia.

The Zapad exercises have created worries, particularly in the Baltics, where political and military leaders have warned that Russia could use the drills to practice the ability to intimidate their neighbors or use them to upgrade military equipment stationed in the region.

The deployment of the NATO surveillance plane on Thursday from its base in Germany to Latvia, where it flew for more than three hours over the Bay of Riga, was a high-profile display meant to reassure NATO states in the region.

The alliance's Airborne Warning and Control System, or Awacs, planes, commercial jetliners modified with a powerful radar, can detect planes flying up to 400 kilometers (250 miles) away, which means they can see Russian aircraft operating in Russian territory or approaching the borders of Lithuania, Latvia or Estonia. The alliance Awacs plane monitored one plane identified as a Russian surveillance craft in the air during the exercises.

NATO said on Thursday its Baltic Air Policing Mission scrambled twice, out of Lithuania and Estonia, to identify more than 10 Russian aircraft, fighter jets and bombers. The

planes were flying in international airspace over the Baltic Sea from the Russian mainland to Kaliningrad, NATO said. Because the Russian aircraft hadn't filed a flight plan and were flying without using transponders, the NATO planes flew to identify them.

Russia says the drills, which will take place in western Russia and Belarus, will involve 12,700 troops. Western diplomats, however, say that Moscow is under-reporting the fig-

ure and that the true number of forces involved will be between 70,000 and 100,000, due to a number of other simultaneous, interconnected drills.

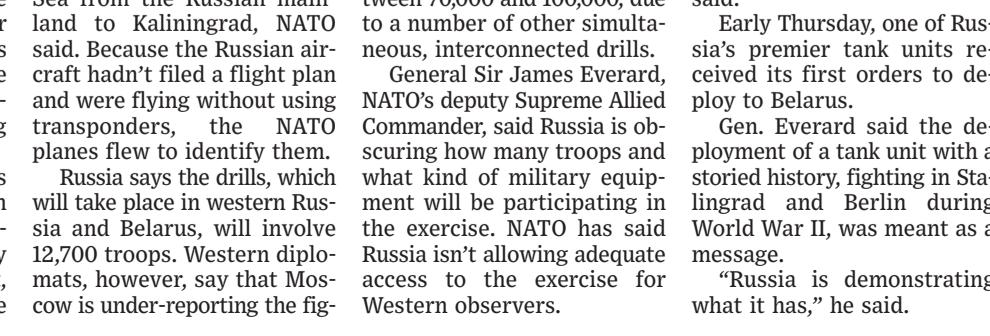
General Sir James Everard, NATO's deputy Supreme Allied Commander, said Russia is obscuring how many troops and what kind of military equipment will be participating in the exercise. NATO has said Russia isn't allowing adequate access to the exercise for Western observers.

"It is that lack of transparency that worries people," he said.

Early Thursday, one of Russia's premier tank units received its first orders to deploy to Belarus.

Gen. Everard said the deployment of a tank unit with a storied history, fighting in Stalingrad and Berlin during World War II, was meant as a message.

"Russia is demonstrating what it has," he said.



Belarusian army vehicles on Monday prepared for war games at an undisclosed location in Belarus.

WORLD NEWS



Saudi soccer fans held up pictures of King Salman and Crown Prince Mohammed bin Salman at a World Cup qualifier this month.

Saudi Prince Firms Power

By MARGHERITA STANCATI
AND SUMMER SAID

Saudi Arabia is stamping out traces of internal dissent in a far-reaching campaign targeting influential clerics, liberal thinkers and even princes as Crown Prince Mohammed bin Salman moves to consolidate power ahead of his expected accession to the throne.

In the past week, Saudi authorities have detained more than 30 people, roughly half of them clerics, according to activists and people close to those who have been detained. The campaign goes beyond many of the government's past clampdowns, both in the scope of those targeted and the intense monitoring of social media posts by prominent figures. It is not known if any charges have been filed.

"This is unlike anything Saudis have experienced before," says Jamal Khashoggi, a Saudi political commentator who left the kingdom recently and now lives in self-imposed exile in the U.S. "It was becoming so suffocating back at home that I was beginning to fear for myself."

Saudi officials didn't comment about the crackdown.

The detentions are seen by some Saudi and Western observers as part of a wider effort by Prince Mohammed to shore up control over the kingdom.

In recent months, the government has also barred several senior princes from traveling abroad, according to several people close to the royal family. They include a

brother of King Salman. The princes were unreachable for comment.

Prince Mohammed leapfrogged an older cousin in June to become first in line to succeed King Salman, his octogenarian father. Prince Mohammed has become the country's de facto day-to-day ruler.

King Salman is planning to abdicate in his son's favor, say people close to the royal court. But the timing isn't clear.

"Mohammed bin Salman is definitely preparing to become king," said a Saudi adviser to the government. "He wants to tackle the internal debate about him becoming the king and focus on consolidating his power, rather than doing that while being distracted by dissidents."

The government has denied an abdication is planned, but several people close to the royal family say preparations have already started. The transfer of power, which several people close to the royal family had expected to occur this month, is likely to take place late this year or early next year, these people say.

King Salman is due to travel to Russia and the U.S. on official trips, in October and January, respectively.

The clampdown on dissent is symptomatic that the transfer of the throne is nearing, even if it will not be as imminent as we thought," said a Gulf-based Western diplomat.

Most of the people detained in the past week have two things in common: They have a large social media following and

haven't supported the Saudi government in its months-long dispute with neighboring Qatar. Many are close to Egypt's Muslim Brotherhood movement.

The Saudi government earlier this week said it had arrested people whose behavior was helping "foreign parties" and harming the nation's interest. It didn't name those people.

"This is a very specific network of people who were planning, under the behest of foreign agencies, a grand plan to destabilize Saudi Arabia," said a person familiar with the matter, referring to the people who were detained.

Authorities have detained more than 30 people over the past week.

The clampdown also comes ahead of antigovernment protests that activists based outside Saudi Arabia are planning for Friday.

"They want to give a strong warning to all Saudis: You are either with us or you are against us," said a Saudi activist.

Those detained include 15 Saudi clerics, according to activists. Many are former religious fundamentalists who took part in the antigovernment Islamic Awakening movement in the 1990s and who have ties to the Muslim Brotherhood, a

group banned in Saudi Arabia, and whose views have since moderated. The most prominent among them is Salman al-Odah, who has some 14 million Twitter followers. He couldn't be reached for comment.

The Saudi government crackdown on clerics has drawn the attention of extremist groups, such as al Qaeda. On Wednesday, the group urged the Saudi religious establishment to challenge the Saudi royal family.

"How can the grandsons of the Prophet and his Companions become slaves of the Family of Saud and its fool headed tyrants?" the terrorist group said, according to SITE Intelligence group, which monitors extremist activity.

Some people who spoke out against a program to transform the oil-dependent Saudi economy, which is spearheaded by Prince Mohammed, were also detained.

Among them is Essam Al-Zamil, a popular commentator, who cast doubts on how much the government could raise with a sale of up to 5% of Saudi Arabian Oil Co., the national oil company, according to activists and people who know him. Prince Mohammed has said the sale could value the company at \$2 trillion at least. Mr. Al-Zamil couldn't be reached.

Prince Mohammed has taken care to ensure the pace of economic changes doesn't cause too much pain for ordinary people. The Saudi government has backed away from some measures, such as a planned increase in fuel prices.

BRUSSELS BEAT | Marcus Walker

Berlin, Paris Dance Around Eurozone

BERLIN—Behind renewed professions of love between France and Germany, differences brewing over the euro's future could spoil the romance.

French President Emmanuel Macron is pushing for the most ambitious deepening of ties among European countries since the Maastricht Treaty that put the continent on the road to the common currency. Germany thinks the euro isn't broken.

As Germany heads toward its elections on Sept. 24, Mr. Macron has stepped up his calls for deeper political union among the 19 members of the eurozone. "A currency zone cannot function durably without a common budget that can cope with economic shocks and encourage convergence between our economies by supporting investment projects in those countries that need them most," Mr. Macron told Greek newspaper Kathimerini during a visit to Athens last week.

Ingrained differences between France and Germany were apparent even during the Maastricht negotiations a quarter-century ago. German suspicion of France's penchant for politically directed investment led to Europe having designed no common fiscal policy to go with its new currency and central bank. Many Berlin officials see some old-school French tendencies reincarnated in the 39-year-old president.

Mr. Macron's thinking on the eurozone is close to that of many economists in the U.S. or U.K. In this view, an incomplete currency union had to run tighter fiscal policies during the global financial crisis than other major economies, slowing a European recovery that is only now taking wing.

Ms. Merkel's longstanding view is that Europe's economic problem is entirely different: Too many euro members are falling behind in tomorrow's high-tech industries and need reforms of their domestic regulations, taxes and spending policies.

Ms. Merkel proposed her own version of a eurozone budget four years ago: A small common fund that could temporarily support public investment in crisis-hit countries as they undertook domestic overhauls. Countries would have to sign contracts to get money in return for reforms. No other country supported her idea.

"It didn't get much love," she said recently. "But I continue to view it as not wrong."



Emmanuel Macron, left, and Angela Merkel in Paris.

WORLD WATCH

IRAQ

ISIS Raid in South Leaves Dozens Dead

Islamic State gunmen stormed a restaurant in southern Iraq after detonating a car bomb outside, killing more than 50 people, Iraqi officials said.

The attack, along a highway near the southern city of Nasiriyah, was one of the deadliest in the country in recent months. The Sunni Muslim extremist group claimed the assault via its official Amaq news agency.

The EU's free-trade ambitions got a boost from a ruling in May from the bloc's top court. The judges said that the EU can enact trade deals on its own, without approval from the bloc's thicket of almost 40 national and regional parliaments, if the agreements don't include clauses on portfolio investments and investment-protection mechanisms. All accords negotiated by the commission would need to be adopted by both the European Parliament and EU government leaders.

Negotiations with Australia and New Zealand are slated to pose the first test of the EU's ambition to rapidly conclude new deals by omitting controversial investment pacts.

—Ghassan Adnan

MALAYSIA

Blaze Kills at Least 23 At Boarding School

A predawn fire tore through an Islamic boarding school in the Malaysian capital, killing at least 23 people, mostly students trapped

in their bedrooms, officials said. Initial investigations showed the small, all-boys school was operating without a fire-safety permit, though it had applied for one, fire authorities said. The school started operating three years ago.

Students were between 13 and 17 years old.

A fire official said investigators were looking at a short-circuit or a burning mosquito coil as possible causes.

—Yantoultra Ngui

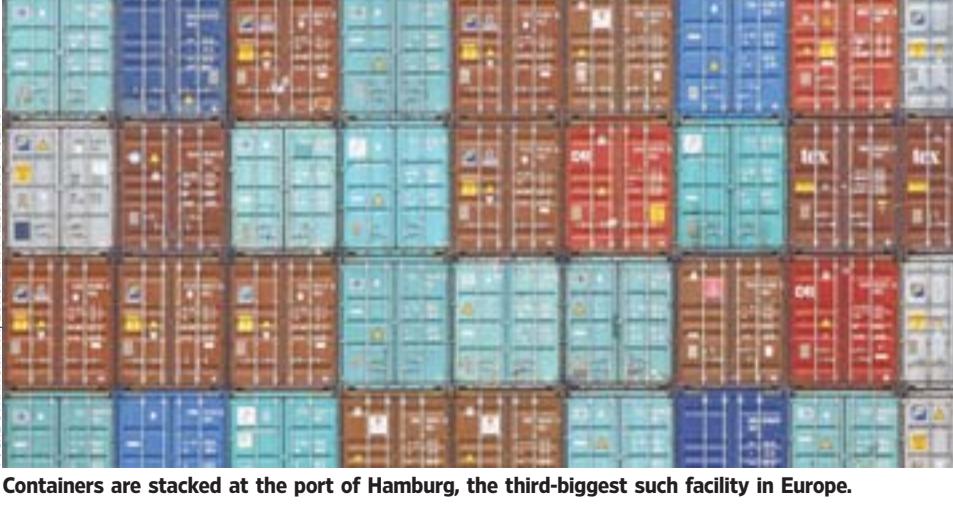
UNITED KINGDOM

Officials Open Inquiry Into London Fire

The U.K. opened an inquiry into the Grenfell Tower fire that killed at least 80 people, with its chairman pledging to find answers to how a tragedy of its scale could happen in London.

Martin Moore-Bick, a retired judge appointed by the government to head the inquiry, said he recognized the anger and betrayal felt by survivors, many of whom lost everything in the June fire in the 24-story low-income apartment block in West London.

—Jenny Gross



Containers are stacked at the port of Hamburg, the third-biggest such facility in Europe.

U.S. NEWS

Hurricane's Economic Toll Takes Shape

Florida is feeling the hit, with felled citrus trees and ports just reopening for tourism

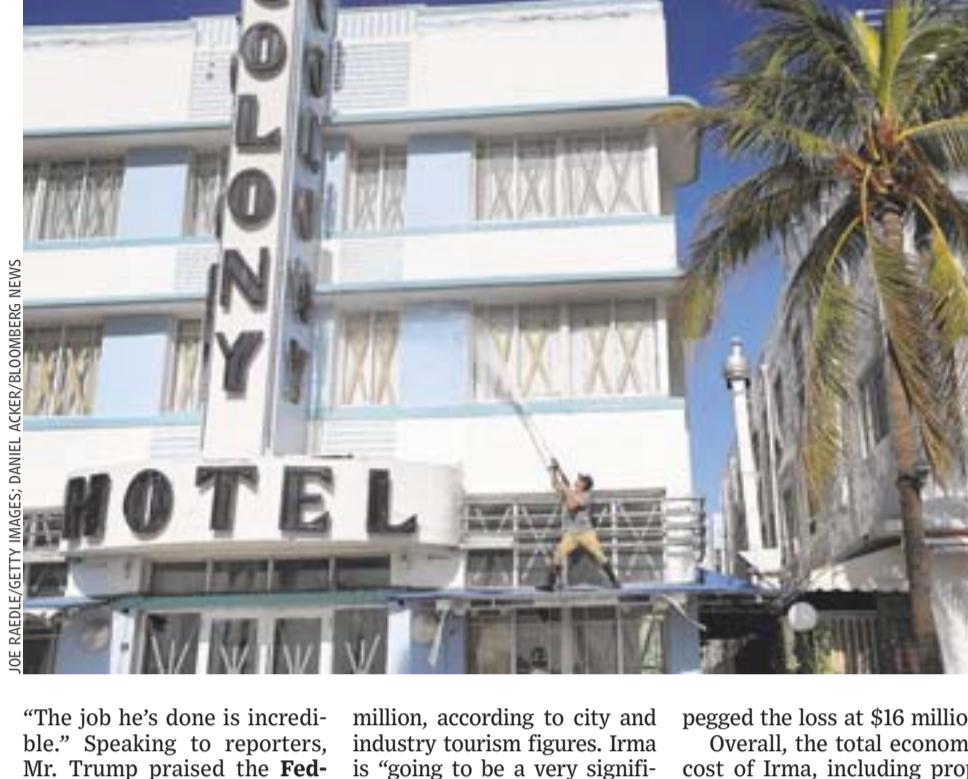
BY ARIAN CAMPO-FLORES
AND VALERIE BAUERLEIN

Hurricane Irma left Florida days ago but the state's economy, the fourth-largest in the U.S., is feeling the hit.

Its citrus groves are littered with knocked-down fruit and felled trees. Beach hotels and restaurants are cleaning up after being shut for a week with forced evacuations. After the cancellation of hundreds of flights and numerous cruises, the state's airports and seaports are just reopening. And on the Space Coast, home to the Kennedy Space Center, officials were still assessing potential damage and disruptions to launch schedules.

President Donald Trump on Thursday toured areas ravaged by the hurricane and met with residents and recovery workers, marking his first trip to the state since the hurricane hit on Sunday. In Fort Myers, Fla., he received a briefing on hurricane recovery efforts.

The president also thanked local officials, shaking hands with Florida Sen. Marco Rubio—his onetime Republican primary opponent in the 2016 campaign—and saying of Florida Republican Gov. Rick Scott:



JOE RAEDLE/GETTY IMAGES; DANIEL ACKER/BLOOMBERG NEWS



A worker used a pressure cleaner to wash the exterior of the Colony Hotel on Miami Beach, left. Above, a Florida citrus grove.

"The job he's done is incredible." Speaking to reporters, Mr. Trump praised the **Federal Emergency Management Agency** and the Coast Guard's lifesaving efforts, and thanked the electric company Florida Power & Light for its efforts to restore power to residents' homes.

Meanwhile, in the tourism magnet of Miami Beach, where the city's roughly 22,000 hotel rooms stood virtually empty for a week, the lost revenue from that stream alone could top \$25

million, according to city and industry tourism figures. Irma is "going to be a very significant financial burden on businesses," said Jerry Libbin, chief executive of the Miami Beach Chamber of Commerce.

Losses in agriculture, the state's second largest industry after tourism, are expected to be in the billions of dollars, according to the Florida Farm Bureau. In Okeechobee County in southern Florida, for instance, an informal evaluation cited by the Farm Bureau

pegged the loss at \$16 million.

Overall, the total economic cost of Irma, including property damage and lost economic output, could reach \$83 billion, according to an estimate by Moody's Analytics. That compares with a toll as high as \$108 billion for Hurricane Harvey, which struck Texas last month, the firm said.

Catastrophe-modeling firm Karen Clark & Co. calculated that insured losses from Irma would be \$18 billion. The storm caused the most struc-

tural damage in the Florida Keys, while impacts on the mainland owed chiefly to fallen trees and inland flooding, according to the firm.

Yet Florida's economy is in solid shape, with a booming population that reached 20.6 million last year, record numbers of tourists and a growing health-care sector, said Sean Snaith, an economist at the University of Central Florida.

The state's gross domestic product grew 3% last year, compared with 1.5% in the

U.S., according to the Board of Economic Advisers. "It's going to be a bit of a setback, but I don't think it's sufficient to knock us off the trend we've been on growthwise," he said.

Tourism officials emphasized that attractions were back in business. Busch Gardens Tampa Bay, an amusement park, said it was open for visitors and all of its 12,000 animals accounted for. In Orlando, Walt Disney World opened for normal hours Wednesday. The Legoland theme park was set to reopen Thursday, and the Orlando Eye, a 40-story observation wheel, was scheduled to resume operations.

Carnival Cruise Line, which canceled a half-dozen voyages scheduled to depart last weekend, was resuming service.

But Irma's damage wasn't as easily cleaned up for farmers who are contending with power failures, ruined crops and damaged equipment, according to the Florida Farm Bureau.

Florida Agriculture Commissioner Adam Putnam estimated the crop loss in southwest Florida would exceed 70% because of flooding of root systems and downed trees.

Florida's \$800 million citrus industry, which has battled a host of challenges in recent years including disease, was especially hurt, with growers concerned that losses will reach 50% of the crop.

—Rebecca Ballhaus contributed to this article.

Gray Areas in Determining if Death Is Storm-Related

BY QUINT FORGEY

cal medical examiners and emergency management officials, though it could take months for states to confirm official storm-related death tolls.

Both states grant county medical examiners broad discretion in deciding what constitutes a storm-related death, and determinations can vary from county to county.

There are also no federal standards to guide medical examiners in their designations, said a spokeswoman for the

Federal Emergency Management Agency.

Some deaths, such as those caused by flooding or falling debris during a hurricane, are easy to stamp as storm-related, said Joshua Stephany, chief medical examiner for Florida's District Nine Medical Examiner's Office, which serves the state's Orange and Osceola counties. Other deaths, such as a fatal heart attack at a shelter, are considerably more complicated.

"Those are the gray-area ones," said Mr. Stephany, who led the team of pathologists that conducted autopsies of the 49 people killed in last year's Pulse nightclub shooting in Orlando.

If the victim's shelter was overcrowded, without electricity and lacking in food and clothing, the Medical Examiner's office would be more inclined to add the victim to the storm's death toll, Mr. Stephany said. "If they already have

poor baseline health, and they're already kind of frail, does the stress of the hurricane push them over, or would they have died anyway?" he said. "Right now, we're erring on the side that if their baseline health is already bad enough, then it's probably not hurricane-related."

In Florida, at least 25 people have died as a result of circumstances related to Hurricane Irma. That number includes eight nursing home

patients who perished Wednesday amid sweltering conditions, though the local medical examiner hasn't officially said whether the deaths are storm-related.

Hurricane Harvey has been linked to at least 80 fatalities in Texas, where medical examiners report hurricane deaths to the Texas Department of State Health Services and Texas Division of Emergency Management, said a spokesman for Gov. Greg Abbott.

path to citizenship.

"It's a problem for the majority of the Republican conference on citizenship," he said Thursday.

That dispute, in the end, may wind up more difficult to resolve than the question of wall funding. Dream Act supporters have said there is no reason to create a permanent second class of citizens, while opponents have said that citizenship is a step too far.

More generally, the deal faces sharp opposition from conservatives who helped power Mr. Trump to office and were feeling betrayed by the move.

The right-wing website Breitbart called the emerging agreement a "full-fledged cave." Rep. Steve King (R., Iowa) predicted the agreement would mean the "Trump base is blown up, destroyed, irreparable, and disillusioned beyond repair." And conservative writer Ann Coulter asked on Twitter, "At this point, who DOESN'T want Trump impeached?"

"Before any reform occurs to our immigration system, the wall must be built to keep our promise, restore trust, and secure our borders," said Rep. Andy Biggs (R., Ariz.). "Noth-

ing short of a physical wall will suffice." He said it would be a mistake to create "yet another amnesty program."

If a deal materializes, it would mark a significant moment for lawmakers who have been unable to agree on any immigration legislation for many years. It would also mark a striking step on immigration for Mr. Trump. He

promised a hard line against illegal migrants in last year's campaign and ended last week the program created by his Democratic predecessor that gives about 690,000 young il-

legal migrants work authorization and protection from deportation. At the same time, he urged Congress to find a solution for those affected before the protections expire in six months.

Even if Mr. Trump reaches an agreement with Democrats, it will be up to Republican congressional leaders to bring it to the floor and sell it to their members. Mr. Trump

said he had spoken with Mr. Ryan and Senate Majority Leader Mitch McConnell (R., Ky.) and they were both "on board" with his plan.

But Mr. Ryan disputed the idea that Mr. Trump had

reached any agreement and said he was simply seeking Democratic input. He also said he wants to see "beefed-up enforcement of immigration law" as part of the package, in addition to border security and protections for young immigrants. Democrats oppose many of the enforcement measures favored by the GOP.

"The president wasn't negotiating a deal last night. The president was talking with Democratic leaders to get their perspective," Mr. Ryan said.

On Thursday, Mr. McConnell said the fate of the program's enrollees should be part of a larger immigration debate, including interior enforcement. "We look forward to receiving the Trump administration's legislative proposal as we continue our work on these issues," he said in a statement.

Late Wednesday it appeared as if Mr. Schumer and Mrs. Pelosi were at odds with the White House. The pair said the framework had been reached, but Mr. Trump's aides said it hadn't.

Mr. Trump began Thursday morning with a tweet saying

that no deal had been reached. Then he told reporters they were "fairly close" and described the agreement in the same terms the Democrats had.

Still to be negotiated are the details of which young people would qualify for the protections and what the border security package will look like.

Mrs. Pelosi and Mr. Schumer said Thursday morning that the border-security measures could include new technology, drones, air support, sensor equipment and rebuilt roads along the border. Mr. Trump said that he wants "extreme security, not only surveillance but everything that goes with surveillance."

Some lawmakers welcomed what appears to be a bipartisan step forward.

"The word agreement is a good thing around here, and we're not very used to that," said Rep. Jeff Fortenberry (R., Neb.). "We'll work out the details. We'll see where it ends up. But the country is exhausted politically and sentimentally about possibly getting things done are good."

—Siobhan Hughes and Richard Rubin contributed to this article.

Clinton, Trump, Sanders Revisit Past

BY JANET HOOK

It is 2016 all over again, with Hillary Clinton and Donald Trump sparring on Twitter, Bernie Sanders holding a big, splashy rally and Democrats sniping at each other.

President Trump criticized his 2016 Democratic opponent's new memoir about her loss in last year's election, writing Wednesday on Twitter that "Crooked Hillary Clinton blames everybody (and everything) but herself for her election loss. She lost the debates and lost her direction!"

On Thursday, Mrs. Clinton tweeted back suggesting that Mr. Trump buy a copy of her 1996 book "It Takes a Village" if he doesn't like her new book.

"Try this one - some good lessons in here about working

together to solve problems. Happy to send a copy," she tweeted.

Earlier, Mrs. Clinton and Mr. Sanders, her 2016 primary rival and a U.S. senator from Vermont, had burst back onto center stage of Democratic politics, reopening wounds that have

festered mostly out of view while the party has focused on Mr. Trump, a Republican.

"It's not all kumbaya in the Democratic Party," Mrs. Clinton wrote in her new book, titled "What Happened," which was released a day before Mr. Sanders staged an event to unveil a

universal health-care bill. Mrs. Clinton, who dismissed Mr. Sanders's health-care plan as unrealistic during their primary contest last year, wrote in her book that she believes his attacks on her did lasting damage and contributed to her loss to Mr. Trump.

The former secretary of state's book has prompted some liberals to complain that it isn't helpful to the party to rehash what happened last year.

"Think less about the past. Think about the future," said Jeff Weaver, Mr. Sanders's former campaign manager.

Amid the crossfire, other Democrats tried to change the subject. "We're moving forward," said Sen. Chuck Schumer of New York, the chamber's Democratic leader.

U.S. WATCH

ECONOMY

Consumer Prices

Rose 0.4% in August

U.S. consumer prices rebounded in August, a sign of economic health that could nudge the Federal Reserve closer to raising short-term interest rates.

The consumer-price index, measuring what Americans pay for everything from medicine to home rent, grew 0.4% in August from a month earlier, the biggest jump since January, the Labor Department said Thursday.

Much of the gain was due to a sharp rise in gasoline prices after Hurricane Harvey, which shut Texas refineries, that will likely prove temporary. But prices for other items—particularly housing—also rose. Excluding food and energy, so-called

core prices grew 0.2%, the most since February.

The report offered the last major snapshot of inflation before Fed policy makers meet next week. Inflation has been unexpectedly weak for most of this year, raising concerns about the economy's underlying health and giving Fed officials pause. Thursday's report bolsters the Fed's view that the weakness was temporary and that inflation will slowly head back toward the central bank's 2% annual target.

"This is the first evidence that the unexpected slump earlier this year is just transitory," Paul Ashworth, economist at Capital Economics, said in a note to clients. "As the impact of the one-off price declines drop out of the annual calculation, core inflation will rebound early next year."

—Josh Mitchell



Former Secretary of State Hillary Clinton



ANDREW HARRER/BLOOMBERG NEWS

Clinton and Sen. Bernie Sanders

IN DEPTH

WORK

Continued from Page One

Interviews with dozens of current and former contractors, as well as more than 150 responses to a Wall Street Journal survey, reveal costs that hit home in every paycheck—and every day on the job.

Outside workers usually aren't surprised when they get no paid holidays, sick days, employee-sponsored health insurance, 401(k) plan or other perks routinely offered to traditional employees at the same companies.

What wounds more deeply are things taken for granted or barely considered at all by regular employees, outside workers often say. The work lives of contractors frequently feel like a series of tiny slights that reinforce their second-class status and bruise their self-worth. Even when contracting jobs are easy to get, they can vanish instantly, and turning a series of contract assignments into a real career remains out of reach.

At many companies, contractors aren't allowed to attend important meetings, go to the company gym or bring their kids to Take Your Child to Work Day. They keep quiet because only full-time employees are expected to speak up. Working harder, smarter or longer offers little advantage when applying for a job directly with the company.

Nothing is loathed more than the nametags or identification badges that advertise the lowly ranking of contractors in the workplace pecking order. Technical writer Don Cwiklowski Jr. worked as a contractor at Mastercard Inc. for four years. He says coworkers often glanced at the badge dangling from his neck, saw the red color that signaled his contractor status and looked right past him.

He got a green badge when he was hired as a full-time employee at Mastercard in St. Louis in 2012. Some of the same people who had shunned him started saying hello in the hallways, says Mr. Cwiklowski, 53.

The company says it "puts our people at the center of everything we do" and isn't aware of the examples cited by Mr. Cwiklowski.

Such experiences are becoming more common as the outsourcing wave moves from less-skilled jobs such as security guard and cafeteria worker to a wider range of corporate tasks. Those include information technology, customer service, research, human resources and sales.

No one knows how many Americans work as contractors, because they don't fit neatly into the job categories tracked by government agencies. Rough estimates by economists range from 3% to 14% of the nation's workforce, or as many as 20 million people.

The surge might help explain a riddle of today's labor market—jobs are plentiful, but many Americans feel anxious and insecure about their finances and careers.

Some contract workers say they like contract work for some of the same reasons companies do. Kara Sanders, 36, says it feels like contractors "have control over our destinies by putting ourselves out there and taking risks."

She says she chose contracting after watching round after round of corporate layoffs hit family members and friends, while growing up in upstate New York. She has moved cross-country three times for data-analysis and



After trying to turn contract jobs into full-time work, Neil Gimon opened a brewery in Waxhaw, N.C. 'I'm tired of being laid off,' he says.

ANDY MMILLIAN FOR THE WALL STREET JOURNAL ©

consulting projects. She also is finishing an online master's degree in data science.

"I don't think it's ever safe to let your skills atrophy or become too tied to one employer," says Ms. Sanders.

People usually don't go looking for contract work. It finds them.

Fernando Granthon, 35, saw an outsourced human-relations position at Cisco Systems Inc. in Research Triangle Park, N.C., as a foot in the door. He says a recruiter at staffing agency Manpower Group Inc. told him contractors had a strong chance to get hired as Cisco employees.

At Cisco, Mr. Granthon worked on a team of employees and contractors who answered HR queries. He says he felt valued and trusted.

In 2014, the company split up the team. Outside workers including Mr. Granthon got simpler job duties than employees, he says. Worried that his career was stalling, he asked a Manpower representative about training opportunities and was told nothing was available. The same answer came when he pressed about getting a full-time job.

He left Cisco in 2015. Mr. Granthon didn't receive a pay increase while working there. He is now pursuing an M.B.A. at St. Edward's University in Austin, Texas.

"I realized there was no mobility," he says. While he is grateful for the experience he gained as a contract worker, Mr. Granthon says he wishes bosses had realized that "contractors, like any other employees, want greater experiences, want to learn, and to move on."

Manpower declined to comment on individual employees but says it offers workers free

online training programs. Cisco declined to comment.

Just asking about job openings can be risky, says information-technology project manager Neil Gimon, who for years has taken contract jobs that he hopes will turn into a full-time position.

"The manager says: 'You're unhappy with this position? What's going on?'" says Mr. Gimon, 53.

Last year, Mr. Gimon and his wife, Anita, opened the Dreamchaser's Brewery in an old firehouse in Waxhaw, N.C. If all goes well, he will stop doing contract work. "I'm tired of being laid off," he says.

While job security has ebbed in all walks of corporate life, many employees get a relatively stable paycheck, benefits and often some help to find a new job if they lose the one they had. Contract workers are on their own.

Dan Fischer, 61, says his yearlong contract to install software for health-care provider Kaiser Permanente was abruptly cut short after nine months. "Boom, it was gone," says Mr. Fischer, a contractor since 2013. Contract assignments usually include a clause saying they can be terminated anytime.

In June, he finished a two-year assignment at Bank of America Corp. in Charlotte, N.C., where he worked in a cubicle alongside other outside workers in an area they jokingly called Contractor Row.

Most of the hand-me-down swivel chairs at their desks were broken, says Mr. Fischer.

After working from his home in Colorado for a few weeks, he discovered upon returning to Charlotte that his ID badge no longer unlocked the doors. Since there was no

manager to agitate on his behalf, he had to work from his apartment until the ID was reactivated a week later.

Mr. Fischer hit the bank's time limit for contractors this spring, which meant he had to stop working there for at least 90 days. After that, he went back to Bank of America doing the same job as before, except he is called a consultant and is on the payroll of a different contracting firm. Bank of America and Kaiser declined to comment.

Not Employees

Estimated percentage of the U.S. workforce that are contract-firm workers, temporary help agency workers or independent contractors



Source: Lawrence Katz (Harvard University) and Alan Krueger (Princeton University)

THE WALL STREET JOURNAL.

He gives Microsoft credit for maintaining a manual testing operation, rather than simply automating the task. He spent his time at a workbench with his laptop and electrical equipment, running route checks such as testing adapters.

"I used to design such things," says Mr. Zwicker, 65, an electronics engineer. The adapters are now mostly designed and made in China.

His contract ended in June, a couple of months ahead of schedule. Mr. Zwicker says he was told the position wasn't in the budget for the next fiscal year. A new consulting project involves more design work and is a better fit.

At Microsoft, he missed making decisions on his own and having pride of ownership in his work. Those are the moments "where you realize, if this thing doesn't work, it's my fault," he says. Microsoft declines to comment.

Outside workers say they are leery of doing anything that might backfire into them suddenly losing their contract assignment or hurt their chances at landing a full-time employee job.

Veronica Peinado, a project manager in Raleigh, N.C., says a manager recently asked her to conduct a product analysis, which wasn't part of her contract assignment.

She put about 60 hours of her own time into the project. Ms. Peinado, 59, says the manager didn't thank her when she turned in the project. A few months later, her contract ended with less than two weeks notice.

She also was forbidden to ask the company about her compensation or schedule. To take a day off, she was supposed to inform a staffing-agency representative, who

then told another outside firm, which sought approval from the company, even though she spoke every day to the manager who ultimately said yes or no.

"It's very, very weird," says Ms. Peinado.

Ever since Microsoft agreed to pay \$97 million in 2000 to settle an eight-year-old class-action lawsuit filed by "permatemp" who accused the tech giant of using temps to do the work of employees, companies have tried to keep their outside workers at a distance.

At the large logistics firm where Mr. Preiss, the former IBM employee, was reprimanded for laughing too loudly, contractors were denied access to company email and calendars, making it hard to schedule meetings. The contractors had to use a separate email system, but employees often didn't respond, so Mr. Preiss had to buttonhole them at their desks.

Mr. Preiss recalls spending three weeks trying to set up an important meeting with a company executive who worked in a different building. He finally asked the project's leader to schedule the meeting. The person did but forgot to invite Mr. Preiss or mention the meeting until everyone else was assembled in a conference room, he says.

After the scolding about his laugh, Mr. Preiss felt obliged to train himself to snicker, he says. "Either that or just smile or put my hand over my mouth or whatever I could do to muffle the sound," he says.

On some Wednesday nights, he gathered with friends for trivia night at an Irish pub in Roswell, Ga., near Atlanta. Most of the men work as contractors, so they called their trivia team Outsourced.

Between trivia questions, Mr. Preiss and teammate Rob Jones often swapped stories about work. Among their frustrations: Employers want to essentially rent employees for short periods but then wonder why workers hop from company to company.

Mr. Jones, 59, has held more than a dozen jobs in nearly two decades of project-management contract work. He calls himself "one of those 'forgotten men' you hear about that has not had a raise in 18 years."

The 2001 Toyota 4Runner that Mr. Jones drives has 215,000 miles on the odometer, but he won't buy a new car. Monthly loan payments would be too risky, he says, since he never knows when a job will start or end.

In the late 1990s when companies were panicking about Y2K bugs, Mr. Jones bargained directly with clients and commanded \$65 an hour. Few large companies are willing to manage thousands of self-employed contractors anymore, so they sign high-volume contracts with a handful of staffing or contracting agencies.

Mr. Jones says he now gets take-it-or-leave-it offers from recruiters, and the rate is usually about \$45 an hour, or about \$30 in 1999 terms. Some big projects offered as little as \$24 an hour.

Foreign workers with H-1B visas compete for the types of jobs he used to do, he says. Such workers often are paid less than U.S. workers doing similar jobs.

"What am I doing wrong?" Mr. Jones asked a former boss, who took him out for a beer but offered no helpful advice.

Mr. Jones says he is now looking for any kind of work he can get, such as a government job, something "with a little bit of a pension to it."

grab me something?"

Her mother, Roane Grantham, says she and her children are open about tracking one another but "I don't think I'm that interesting to track."

For Ms. Spitler, the University of Alabama senior, tracking her parents not only helps her procrastinate on chores, it also eases her worries when they don't answer calls and texts. "Sometimes I get a little creative with my imagination and I'm like, 'Oh my gosh, they've been abducted.'"

Her mother, Cynthia Spitler, says she knew her daughter monitored her.

"It really just kind of makes me laugh," the elder Ms. Spitler says. "If they're mature enough to figure out these devious ways to get around what they're supposed to be doing, they're mature enough to step up and do what they're supposed to be doing."

TRACK

Continued from Page One

at a restaurant. "I never called them out on it, but inside in my head I was like, 'I'm hungry, I would have loved to have been included in that.'

"I guess we've done that," says her mother, Claudia McDonald of Mount Vernon, Ohio. One reason: "Whatever the dish is, she always wants shrimp on it," she says. "It's one of the more expensive things on the menu."

Apple declined to comment on children who monitor parents, other than to say Find My Friends lets users control what data is shared. Apple in promotional material says it might be used to "notify you automatically when a friend arrives at the airport, a child leaves school, or a family

member arrives home safely."

An app similar to Apple's, Life360, lets people agree to track each other on Android devices and iPhones. Children using it often set a 10-minute radius around their houses to get an alert when a parent is nearing, says Life360 CEO Chris Hulls. Between parents and children, he says, "I would actually say it's almost equal in our situation about who is quote-unquote tracking who."

Jamie Barnhill, a senior at University of California, Davis, keeps an eye on her parents with Life360. One night at school, she saw they were just arriving home in Bakersfield, Calif. It was 1 a.m.

"I just remember seeing it and thinking, 'Wow, this is so sad. My parents were out later than I was,'" she said.

Her father, Terry Barnhill, says they likely had dinner and maybe saw a late movie or went

out for drinks. "It was perfectly legal," he says. "Just because we're older adults, we're not confined to our homes."

Other apps on parents' phones work, too, as Joel Morton found. Mr. Morton, 22, a recent University of North Carolina graduate living at home near Charlotte, N.C., says when he helped his parents set up their iPhones about five years ago, he downloaded Find My iPhone, an app now included in Apple's operating system that helps an owner locate a misplaced phone.

Because he knew the passwords to find his parents' phones, he realized "I could use this whenever I need it." When his parents left town once this year, he hosted friends overnight, setting an alarm for 8 a.m. to check their location. He saw they hadn't left the inn and went back to bed.

Later, when he suddenly saw them on the move, "I just frantically ran around trying to clean everything up, making sure everyone had left the house." He says his parents weren't aware of his app-based monitoring until he told them this week.

Phone snooping exposed a parental ruse for a 25-year-old Houston medical assistant. Tired of her parents' unannounced visits to her apartment—and the accompanying lectures about the mess—she followed them on Find My Friends. She says her parents

once told her they were going to San Antonio, about 200 miles away, to celebrate their anniversary. Instead, "we found out they went to a hotel like 30 minutes away."

She suspects they concocted the tale as an explanation for her younger sister, who was around 10 years old. "I really just think they wanted their alone time."

Mary Morgan Grantham, 19, was about to drop by her parents' Oxford, Miss., home, and checked Find My Friends first.

The app showed what she had forgotten: They were in the University of Mississippi sophomore. "They were like 2,000 miles away and I was like, 'What the heck?'" She tracks them about four times a week. "If I get on there and see that my mom is at Wal-Mart shopping, I can say, 'I see you're at Wal-Mart. Can you

BOOKS

'In Adam's Fall / We sinned all.' —New England Primer



EXPULSION Masaccio's fresco (1424-28), in the Brancacci Chapel, Florence, emphasizes the nakedness and shame of the original sinners.

When Our Eyes Were Opened

Why a primitive tale of sex, death, taboo, temptation—and snakes—still fascinates and confounds

**Rise and Fall
Adam and Eve**
Stephen Greenblatt
Head, 419 pages, £25

BY A.N. WILSON

HE END of his panoramic survey of the effects on humanity of the story of Adam and Eve—from earliest Sumerian folk tales to theological interpretations of civic scholars, from St. Augustine to Islam, from the poetic reconstructions of Milton to the magnificently depictions in Renaissance literature and painting—Stephen Greenblatt arrives in Kibale National Park, Uganda. His back aches, ants crawl at his feet and beautiful butterflies float around his head as he makes his way to the Kibale Chimpanzee Project. Seeing these creatures, in what he calls their edenic state, Mr. Greenblatt says that “they allow us to see for ourselves what the Genesis origin story might have really looked like, had it been real.”

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it, that Adam and Eve were immortal before the fall, or that death itself was one consequence of eating the fruit. Surely it is the snake, in the Bible, who offers the temptation of immortality, not Yahweh? The snake, being a liar, says the opposite of what is true.

In many Genesis passages, the final editor or redactor has collated at least two narratives. Are we to envisage two trees, for instance, or just one? As the narrative stands, there is the Tree of Life and the Tree of the Knowledge of Good and Evil. The tree from which God does not want Adam and Eve to eat will give the man and the woman moral knowledge. It is less clear what the Tree of Life is. Only after they have eaten from the former tree (Genesis 3:6) does the text suggest that eating the fruit of the latter would have given immortality.

Mr. Greenblatt speaks at one point of the serpent who “robs the man and the woman of their hope of eternal life” in the Genesis version. But this can’t be right. For a start, the Adam and Eve myth in Genesis has its origins during the time when the Hebrews were in Babylonian exile. Even if you think that it was edited and written down much, much later, consider that the first shimmering of Jewish belief in life after death arose only in the Hebrew wisdom literature—for instance, in Proverbs, Ecclesiastes and the Song of Solomon—a hundred years or so before Christ. Before that (witness the many psalms to this effect) death is seen as the end in the Bible.

The original story was not about Adam and Eve losing immortality. It could have been, however, even in its Sumerian origin, about the human capacity to kid ourselves that we are not going to die—that is something very different. In other words, this story’s abiding appeal is bound up with the extreme theological ambiguities it explores.

Mr. Greenblatt asks, at the beginning of his quest: “What kind of God would forbid his creatures to know the difference between good and evil?” Good question, and the one with which the Bible bravely kicks off. The answer must be, “a very sensible God,” if by God you mean an absolute cosmic dictator. For, as the snake realized in the story, the minute you developed a moral sense, you would wonder why you need to be “told” what to do by a “God.” Far from worshipping God as the upholder

of the very name for the first five books of the Bible is the Torah, or Law—you would begin to feel morally self-sufficient. You would be like, say, Euripides, whose tragedies question, again and again, the bullying decrees and tricks of the immortals who cause disaster and sorrow to befall us. You would come to sympathize with Antigone or Hecuba or Hippolytus, who try to fashion dignified moral responses to the pickle in which the immortals place them.

The Bible occasionally plays out such dramas, most notably in Job but also in some of the stories about Abraham—for example, the deliberately semicomical tale in which he pleads with Yahweh not to eliminate all the inhabitants of Sodom if he can

find 50 honest men among them, and then 45, and 40, and so on.

More usually, however, the Jewish tradition speaks of humanity as creatures whose torment and glory are a sense of good and evil. We are not playthings of the gods; we are the children of Adam and Eve.

Neither the Hebrew version nor the Sumerian original seem to have carried any suggestion that there would some day come a second Adam who would restore immortality to the human race, and Mr. Greenblatt confines to an endnote St. Paul’s idea of Christ as the second Adam. He devotes more space to the reinterpretation of Pauline theology by Augustine, whom in his portrayal originally saw the story as an embarrassingly primitive fable but in time made it central to his sophisticated conception of original sin and ultimate redemption.

Mr. Greenblatt, a professor of the humanities at Harvard University, is especially eloquent on the influence of this story on the early modern imagination. In the future, I know I shall return often to his reflections on the Renaissance painters—Masaccio, Michelangelo, Dürer—and to his masterly exposition of “Paradise Lost,” “the greatest poem in the English language.” Parts of three chapters are devoted to Milton (40 times more space than is devoted to St. Paul!) but that is only proper. What Mr. Greenblatt is writing about here, most of all, is the redeeming and enlightening

sand years after Augustine, Adam and Eve have finally become real” in Milton’s poem.

There are unexpected consequences to this emphasis on the “realism” of Milton. Mr. Greenblatt writes, in several places, as if all the early commentators on the Adam and Eve story—including Augustine, Origen, the Gnostics and others—believed in what we should call the historicity of the story. Indeed, he begins his survey by stating that “an insistence on the story’s literal truth—an actual Adam and Eve in an actual garden—became one of the cornerstones of Christian orthodoxy.” Very many, perhaps a majority, would nowadays agree with Mr. Greenblatt, but I am not convinced.

Jewish tradition speaks of humans as creatures whose sense of good and evil is a torment and a glory.

How can we be sure that our post-Enlightenment distinction between “literal truth” and symbolism would have been part of, say, Milton’s or Michelangelo’s or even St. Paul’s mental furniture? Dante is often mentioned in this book, but I do not believe that he was writing his journey through hell, purgatory and heaven as a travelogue or that he believed in the “literal” existence of these places in the same way that he believed in the existence of Florence. The concept that Adam and Eve were “historical” characters came about through primitive scientific 17th-century attempts to “date” the Bible, and this led to much muddled thinking.

Darwin, who occupies our attention in the penultimate chapter of Mr. Greenblatt’s story, really did believe, as a young man, in the literal truth of “Paradise Lost,” which was also his favorite reading during his voyage on the Beagle. When he lost this belief, he thought he had lost belief in Christianity. This led, perhaps, to some of his confusion of mind when he came to distinguish between what Christianity does and what it does not claim about creation.

In common with most Victorian scientists, Darwin had no understanding of the multiple authorship of Genesis. He read the two creation stories as suggestive that species were created as finished products from the hand of God. He therefore thought, as most of his contemporaries did, that the Book of Genesis was the work of a single divine author.

ability of species was to challenge the Biblical narrative.

But Genesis 1:30, in which God says he has given the breath of life to every living creature, surely also challenges the possibility of development and mutation. Darwin on the Beagle and reread Milton, and it is “Paradise Lost,” not the Bible, that gives us an unambiguous story of immortality.

Mr. Greenblatt quotes one passage, a notorious one, from Charles Darwin’s “The Descent of Man” in which Darwin says that he would prefer to have been descended from a baboon than from a “savage.” Indeed, he made Alfred Russel Wallace company from his old comrades in the Royal Geographical Society. Natural selection was Darwin’s great contribution to “The Descent of Man,” but our capacity (as humans) for reason, language and moral judgment is different in degree, not in kind, from that of our cousins, the other primates. Mr. Greenblatt is too kind to quote any of Darwin’s laughable attempts to explain the evolution of language, including his false claim that the peoples of Tierra del Fuego communicated in a few grunts that had almost no vocabulary. (Later editors, compiling a dictionary of the language, found a vocabulary of more than 30,000 words.)

The richness of the Adam and Eve story is, in our own day, set against the story created by Darwin of the evolved ape. Both are powerful images in our brains, and most educated people believe, or try to believe, in the latter. What Mr. Greenblatt’s wonderfully rich, detailed, humorous and imaginative survey reveals is the sheer weakness of the biblical mythology and how it continues to raise questions that Darwinism doesn’t answer.

The subtlety of the Bible accen-

tuates even in the thought of those like Darwin or Nietzsche, who would like to escape it. We feel ourselves strangers in the world, exiles from paradise, morally angst-ridden not only about the human capacity for sin but also about the injustice that appears to be rained upon the innocent by indifferent nature or a benevolent divinity. All of these feelings and ideas, with all their contradictions, are contained in the enduringly compelling story of Adam and Eve.

Mr. Wilson is the author of “The Book of the People: How to Read the Bible” and the forthcoming “Charles Darwin’s ‘Descent of Man’”

BOOKS

'If one had but a single glance to give the world, one should gaze on Istanbul.' —Alphonse de Lamartine

The Abode of Happiness

Istanbul

By Bettany Hughes

W&N, 800 pages, £25

BY PETER THONEMANN

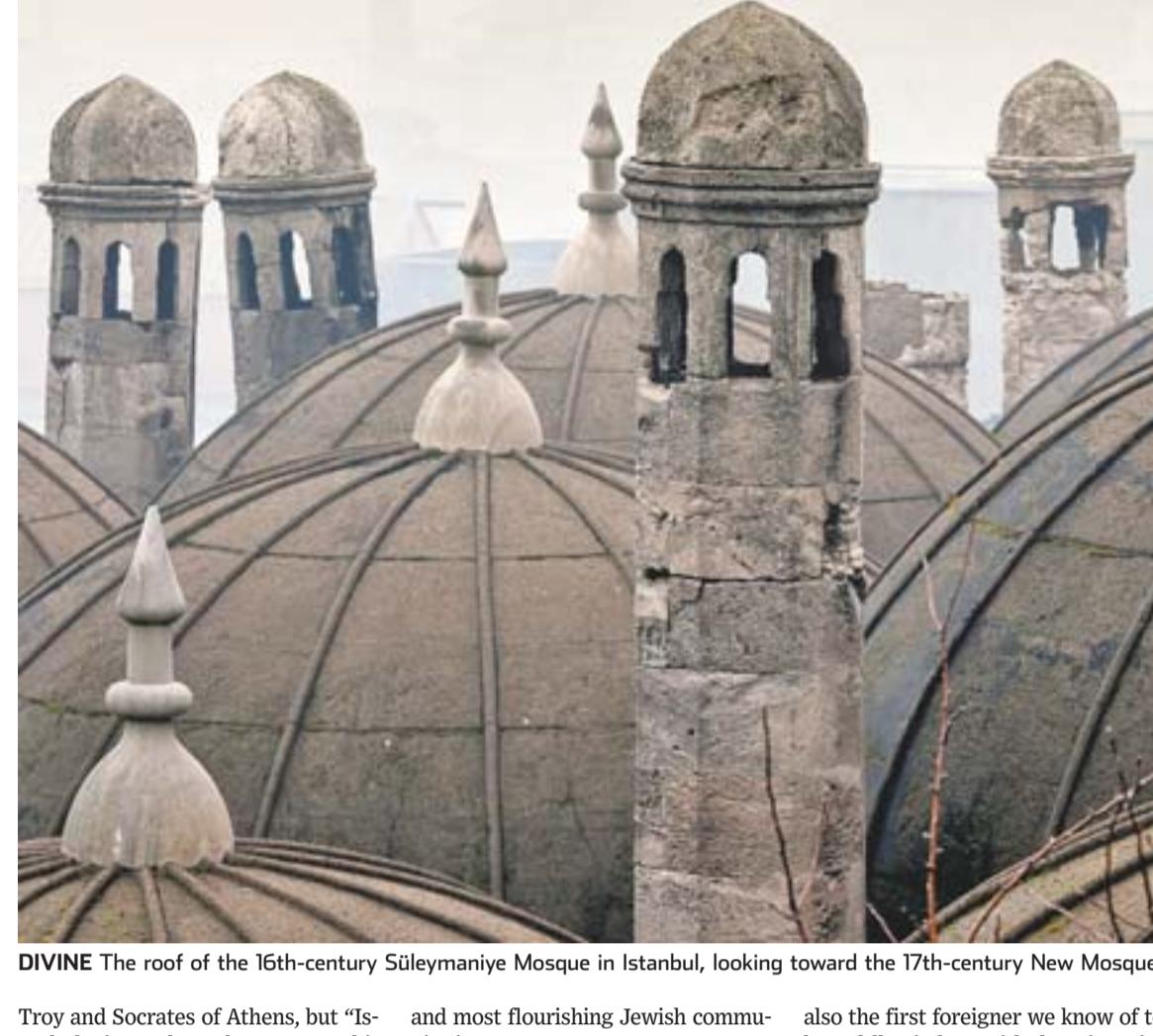
IN THE 1630S, the Ottoman traveler Evliya Çelebi described a strange talisman that stood in his native city, Islambol, the City of Islam. "A sage named Surendeh, who flourished in the days of error under King Puzentin, set up a bronze image of a triple-headed dragon in the At Meydan. This was to destroy all serpents, lizards, scorpions and poisonous reptiles. And there was not then a poisonous beast in the whole of Makedoniyah [the Balkans]. . . . It remained uninjured until Selim II the Sot, passing by on horseback, knocked off with a mace the lower jaw of the dragon's head which looks to the west. Serpents then appeared in the west of the city, and since then have become common in every part of it. If the remaining heads should ever be destroyed, Islambol will be completely eaten up with vermin."

The dragon monument still stands where Evliya saw it four centuries ago, at the center of the At Meydan ("Horse Square"), the old hippodrome of medieval Constantinople. Only the serpentine coils of its body survive today: The remaining 2½ heads snapped off with an ominous crack during evening prayer on Oct. 20, 1700. I can only assume that Evliya's vermin must be biding their time, for the City of Islam remains today—as it has been for most of its history—"the first and last city of Asia and Europe," as Bettany Hughes calls it, the city of the world's desire.

Byzantium, Constantinople, Kostantiniye, Islambol, Istanbul; to the Greeks, simply I Poli, "the City." Over the centuries, countless men have fallen in love with this golden, melancholy city on the Bosphorus—and not just men. Many of the city's finest chroniclers have been women: Anna Commena, the most appealing of all Byzantine historians; Mary Wortley Montagu, playful observer of women's life in 18th-century Istanbul; Elif Şafak, Turkey's greatest living novelist.

As Ms. Hughes rightly points out in her marvelous new book, "Istanbul: A Tale of Three Cities," Ottoman imperial women were responsible for founding many of the city's most resplendent religious buildings, among them the spectacular Yeni Cami (endowed by the formidable Safiye Sultan, mother to Sultan Mehmed III, in the 1590s). In this august company, Ms. Hughes can hold her head up high.

Since her 2003 documentary series on the Spartans, Ms. Hughes has been one of Britain's most successful television historians. She is the author of sparkling biographies of Helen of



GETTY IMAGES

DIVINE The roof of the 16th-century Süleymaniye Mosque in Istanbul, looking toward the 17th-century New Mosque.

Troy and Socrates of Athens, but "Istanbul" is an altogether more ambitious enterprise.

In vivid and readable prose, Ms. Hughes tells the story of the three cities that succeeded one another on the Golden Horn. First came ancient Byzantium, "the armpit of Greece," an "ethnically mongrel place" where Greek settlers mingled with native Thracians. Then there was Constantinople, the New Rome founded in 324 by the emperor Constantine, "a city with both Greek and Near Eastern genetic coding, strengthened by Roman muscle and sinew and wrapped in a Christian skin." And at last there was Istanbul, the "buzzing, polyglot" capital of the Ottoman Empire, transformed by the architect Sinan (perhaps the greatest genius of the European Renaissance) into "one of the world's most memorable and impressive urban environments."

One of the leitmotifs of Ms. Hughes's book is the cultural pluralism that has characterized Istanbul since earliest times. The 11th century saw the Viking Harald Hardrada and thousands of other "pugilistic opportunists" from the wild Baltic serving in the Byzantine emperor's Varangian guard. In 1492, Sultan Bayezid II welcomed thousands of Jewish refugees who had been expelled from Granada by Ferdinand II of Aragon, making early Ottoman Istanbul "the largest

and most flourishing Jewish community in Europe."

Although the Christian Greek population of the city has dropped from 240,000 in the mid-1920s to fewer than 1,000 today, Istanbul remains a true "global city." Leaving aside the hundreds of thousands of Syrian refugees eking out a miserable half-life "on the sides of inner-city roads and trunk-route intersections," perhaps 20% to 25% of the settled population of modern Istanbul is composed of Kurds from eastern Anatolia and Mesopotamia, making Istanbul by far the largest Kurdish city in the world. Throughout its history, as Ms. Hughes writes, "Istanbul has been a city for the Cosmopolitan, for the World Citizen."

If any single object can be said to bind together the histories of Byzantium, Constantinople and Istanbul, it is Evliya Çelebi's triple-headed bronze serpent. This strange creature was originally a Greek victory monument for the Persian Wars, erected at Delphi in 478 B.C. It bears on its coils the names of the 31 allied Greek cities that fought against Xerxes in the first epochal conflict between Europe and Asia. We are told that the Spartan king Pausanias (commander of the Greek forces at the decisive Battle of Plataea) boastfully added his own name to the list of victors on the column, before the flustered Spartans had it erased.

Pausanias, curiously enough, is

also the first foreigner we know of to have fallen in love with the misty city on the Bosphorus. In that same year of 478 B.C., Pausanias set himself up as a rogue tyrant at Byzantium, lured by the vast profits to be had from controlling shipping through the Bosphorus straits. There is a certain

Istanbul is civilization's 'Center City,' the crossroads of Europe and Asia.

neatness in the fact that the serpent column ended up following Pausanias's path from Delphi to Byzantium some 800 years later. As Ms. Hughes puts it, "even if unwittingly, right in its historic heart, the city still honours the Spartan man who so passionately loved her."

It was the Roman emperor Constantine who transferred the serpent column to the Golden Horn, when he founded his new capital city of Constantinople there in the 320s A.D.

Constantine's new city was decked out with "bragging pagan statuary" from across the empire, brought to Constantinople to cement the city's status as the new center of the world. A few dozen feet to the northeast of the serpent column there still stands a

magnificently incongruous Egyptian obelisk of the 15th century B.C.

By the end of the first millennium A.D., the original meaning of the serpent column—as a Greek victory monument—had been completely forgotten. As Ms. Hughes notes in a splendidly entertaining chapter, the medieval Constantinopolitans were paranoid that pagan statues were possessed by demons. In 1204, a magnificent bronze Athena in the Forum of Constantine, her right arm elegantly gesturing to the south, was smashed to pieces by a mob who thought she was beckoning to the Crusader army then encamped outside the city.

The serpent column was virtually the only classical monument to survive into the Ottoman period, thanks to its medieval reinvention as a talisman against snakes. As a Russian visitor of 1389 reports, the Greeks believed that touching the column was a cure for snakebite. The column was supposed to rotate of its own accord every solstice, and on festival days the three snakeheads were said to spout water, wine and milk. And so, thanks to Istanbul's limitless capacity for reinvention and historical amnesia, the serpents have survived for 17 centuries precisely where Constantine placed them, on the central spine of New Rome's equestrian racetrack (now several meters below the pavement of the At Meydan).

Ms. Hughes doesn't conceal the fact that Istanbul's history has often been a bloody one, from the vicious Nika riots of 532 (when the emperor Justinian butchered some 50,000 civilians) to the dark spring of 1915, when "hunched groups of Armenians could be seen being frog-marched to the city's police stations, and not coming home." But Istanbul has also been a place of tolerance and enlightenment, and when one compares its recent history with that of the other great multicultural cities of the Middle East—Aleppo, Baghdad, even Jerusalem—Istanbul can still fairly be called, as it was in Ottoman times, "the Abode of Happiness."

At least for now. Last July, 17 Turkish journalists from the center-left Cumhuriyet newspaper were put on trial in Istanbul on terrorism charges, and the German foreign minister recently cautioned against travel to Turkey on the grounds that "German citizens in Turkey are no longer safe from arbitrary arrest." Nothing could be a greater tragedy than for Istanbul to turn its back on its historical role as an open doorway between Europe and Asia. In the meantime, Ms. Hughes's wonderful evocation of Istanbul's glittering past, snakes and all, should remind us of just how much there is to lose.

Mr. Thonemann is the author of "The Hellenistic Age."

The Hazards of Giving Shelter

Refugee

By Alexander Betts and Paul Collier

Allen Lane, 268 pages, £20

BY JAMES TRAUB

A REFUGEE CRISIS is what happens when large numbers of people fleeing poor, violent countries seek asylum in rich, peaceful countries, raising agonizing moral and political questions. This of course is what occurred in 2015, when a million refugees from Syria and elsewhere poured across Europe's borders, provoking a backlash that brought nationalist parties to the verge of power and threatened the Continent's liberal order. The refugees were the cause, rather than the victims, of the crisis in question.

What happened in Europe two years ago was profoundly important for Europe but insignificant for most refugees. Sixty-five million people have been displaced from their homes by violence; about a third of those have fled abroad.

The plight of displaced people generally isn't so much a crisis as a global phenomenon that requires a global solution. Displacement, however, chiefly afflicts the displaced and their immediate neighbors, and so provokes little sense of urgency among the world's political leaders—except when the problem laps against the distant shores of Europe.

In "Refugee: Rethinking Refugee Policy in a Changing World," Alexander Betts and Paul Collier note that the current regime of laws and norms that govern states' responsibilities to

ward refugees was devised in the years after World War II, with the Nazis' mass violence fresh in memory and the Soviet Union menacing Europe. Individuals with a "well-founded fear of being persecuted" were given a right to asylum.

But it is not "persecution" that provokes millions to flee Syria or Afghanistan or the Democratic Republic of Congo; it is, rather, the chaos engendered by frail and failing states. And yet the system has barely changed since 1951.

The failure to distinguish between refugees and economic migrants will have catastrophic consequences.

The current refugee ordeal thus points to a systemic failure, one that cries out for rigorous thinking. This is the specialty of Mr. Collier, an Oxford economist who has proposed solutions to extreme poverty (in 2007's "The Bottom Billion") and to the "resource curse" (in 2010's "The Plundered Planet"). His co-author, Mr. Betts, also of Oxford, is a professor of Forced Migration and International Affairs, about as finely tailored an expertise as you can have for the subject in question.

The authors argue that we must both expand and confine our definition of a refugee. They would include anyone who has no recourse except flight to avoid the threat of "serious

physical harm" but not someone who wishes only to flee desperate conditions. Presumably, then, they would have states offer protection to a young couple in Afghanistan who would be killed for eloping but deny it to, say, Afghan farmers whose village has been wrecked by decades of fighting.



MICHAEL KAPPELER/ZUMA PRESS

Even those who do have a right to refuge, the authors argue, do not have a right to pick a country. They have a right to shelter but not to maximal prosperity or comfort. It is to the benefit of all, and not just nervous Europeans, the authors say, that refugees remain close to home whenever

possible, since their country will need them once hostilities end.

Messrs. Betts and Collier argue that all nations have a duty of "solidarity" toward those in flight. For some nations, that will mean providing temporary, and at times permanent, refuge; for others, it will mean paying for other nations to do so.

Critically, the authors argue, the duty of care isn't limited to physical protection but must include opportunities for a decent life, something that Messrs. Collier and Betts summarize as "autonomy." They extol the example of Uganda, which offers refu-

gees vacant land to farm and allows urbanized refugees to work. And they describe the Jordan Compact, which brought together the U.K., the European Union, the World Bank and the government of Jordan to create employment opportunities for refugees in Jordan as well as aid and investment.

If you're in the business of selling global solutions, you can't be expected to call too much attention to snags in the fabric. Messrs. Betts and Collier do not address the danger that "special economic zones" and the like across the border from a civil war would hasten the pace of flight. Indeed, a recent study of the Jordan Compact concluded that special economic zones have probably done more harm than good and that the overall program may not have done much to achieve its goals. The authors also overargue their case by claiming that, among other things, inculcating autonomy among refugees will help them serve as a force for progress once they return home, about which one can only conclude that it would be wonderful if true.

That said, Messrs. Betts and Collier offer pragmatic insights to an intensely polemicized issue and compel us to confront hard questions. The staggering number of the displaced is not about to diminish any time soon. Until now, the authors say, the response has oscillated between the "heartless head" and the "headless heart." They have performed a precious service by reasoning with their heart and feeling with their head.

Mr. Traub is currently writing a book on the evolution of liberalism.

BOOKS

'From a certain point onward there is no longer any turning back. That is the point that must be reached.' —Franz Kafka

FICTION CHRONICLE: SAM SACKS

To Each His Own Israel

L IN THE 1986 NOVEL "The Counterlife," Philip Roth's fictional alter ego Nathan Zuckerman is confronted during a trip to Israel by an old man who can't believe that the writer would choose to live in America over the Holy Land. "We are living in a Jewish theater," he bellows, "and you are living in a Jewish museum!"

Zuckerman protested, but he was in the middle of a debate that still raises hackles. More than a decade earlier the critic Irving Howe, who had lambasted Mr. Roth's satires of "newly-rich suburban Jews," wrote that American Jews' assimilation into middle-class society deprived them of the outsider experiences crucial to the best books of writers from Henry Roth to Saul Bellow, leaving them with little beside "literary hand-me-downs"—museum pieces from a once-great immigrant story. In a 2013 lecture, David Bezmozgis, a Latvian-born writer who has lived in Canada and the U.S., echoed Howe's diagnosis, observing that "there is little in Jewish secular life to distinguish it from American secular life at large." What did he propose to escape the slough of the suburbs? "The Jewish future," he said, "is to be found in Israel."

Readers glimpsed that future in Mr. Bezmozgis's crackling 2014 novel "The Betrayers," loosely based on the life of Israeli politician and renowned refusenik Natan Sharansky. But he's not alone trying to remedy the identity crisis of the Jewish-American novel by making Aliyah. In Joshua Cohen's "Moving Kings" (2017), a self-made Queens entrepreneur reaches out to Israeli cousins after a heart attack provokes a yearning for the "primitive significance" of ancestry and ritual. Jonathan Safran Foer's "Here I Am" (2016) follows a jaded screenwriter who flees his disintegrating marriage and bloodless daily routine by enlisting in the Israeli army when a Middle East earthquake is the flashpoint for World War III.

The Israel in these novels is largely an abstraction, a setting whose incarnate ancient mysteries contrast with America's mannered materialism. "I felt comfortable with people here in a way I never did in America," says the narrator of Nicole Krauss's searching and intelligent new novel "Forest Dark" (Bloomsbury, 290 pages,



GETTY IMAGES

OLD-NEW LAND Before it was the name of a city, 'Tel Aviv' was the Hebrew title of Herzl's Zionist novel 'Altneuland.'

£16.99), "because everything could be touched, so little was hidden or held back, people were hungry to engage with whatever the other had to offer, however messy and intense, and this openness and immediacy made me feel more alive and less alone; made me feel, I suppose, that an authentic life was more possible."

"Forest Dark" is Ms. Krauss's attempt to release herself from the conventions of form and rationality—to swim "against the forceful current of understanding." It adapts the themes and the narrative tricks of "The Counterlife," imagining alternate realities while occupying the shadow space between autobiography and fiction. The first of its parallel stories concerns the Park Avenue lawyer Jules Epstein, who, drawn by "an irresistible longing for lightness," follows a charismatic rabbi to Israel and subsequently vanishes.

In the second, an internationally acclaimed novelist named Nicole, fettered by writer's block and a stalled marriage, seeks rejuvenation in an impromptu trip to Tel Aviv. There she

is approached by a stranger who claims to have access to a trove of unpublished fragments by Franz Kafka, which he wants Nicole to finish. Kafka's papers really were brought to Israel by his friend Max Brod (last year the court ordered their zealous executor to give them to the National Library in Jerusalem), but quickly the book veers from the factual to the hallucinatory, as the man unspools an incredible shaggy-dog tale claiming that Kafka faked his death and lived for decades in happy anonymity as a kibbutz gardener.

By design, both of these stories drift and undulate like sand dunes, allowing Ms. Krauss to eloquently ruminate on marriage, memory, scripture, storytelling and of course Kafka. One of the steep pleasures of "Forest Dark" is how unabashedly bookish it is, a tendency that would seem to work against the novel's embrace of uncertainty and intuition. But as Ms. Krauss writes, "Palestine was the only place as unreal as literature, because once upon a time it was invented by literature." The characters create

their own Israel just as they are created by it.

By fits and starts, the novel stages a kind of reverse exodus from civilization back into the wilderness. Epstein's strange journey eventually

The Holy Land of these two novels is a blank slate on which American Jews can write their futures.

lands him in the Judean Desert on a film shoot about the life of King David, while Nicole is led to an isolated house that allegedly belonged to Kafka. By this point "Forest Dark" has almost completely untethered itself from the strictures of realism and plotting and it does not end so much as dematerialize. It seems a fittingly indefinite conclusion to a book that's as slippery as it is impassioned. For what is there to do when one has returned to the desert except wander?

If Israel's wars stay in the background of Ms. Krauss's novel, they are front and center in Nathan Englander's "Dinner at the Center of the Earth" (W&N, 252 pages, £14.99). Mr. Englander's previous book, "What We Talk About When We Talk About Anne Frank" (2012), a collection of stories that strained to mash together the styles of I.B. Singer, Woody Allen and Mr. Roth, exemplified the derivative nature of so much Jewish-American writing. (One critic labeled the stories "Jewish minstrelsy.") But he too has found the relocation to Israel restorative, and his new novel tells a moving, if sentimental, story of espionage, disappointed idealism and love across borders.

We are introduced to two men in captivity. Prisoner Z, an American-born Israeli operative arrested for sharing information with Palestinians, has spent a dozen years locked in a cell "that doesn't, on any written record, exist." The man who put him there, a controversial military hero modeled on Ariel Sharon and here called the General, is trapped in a coma. In non-sequential chapters the novel flashes back to the 2002 intifada, tracing Prisoner Z's disillusion with the Israeli intelligence community and his efforts to hide in Paris after his betrayal. Meanwhile the General is fated to relive his vengeful exploits against Israel's adversaries, both military and civilian.

A twisty tale of spycraft and false allegiances unfolds, but what stands out is Mr. Englander's insistence on finding romance amid the violence and deception. Spies fall in love with counterspies, Israelis with Palestinians, Prisoner Z with his guard. During the aborted peace process, the General strikes up a warm rapport with Yasser Arafat ("The Devil so enjoys having us both around," he jokes). The ageless struggle between Jews and Arabs comes to resemble a desperate lover's embrace.

But some of Mr. Englander's most fervent devotionals are to the land itself, with its flowering deserts, "the waterfalls and Nubian sandstone, the great dusty mountains and their spectacular views." That ingrained attachment—and the conflicts it causes—continues to pull Jewish writers from the known world of America to this maddeningly unsolvable puzzle of a nation.

A Life Played by Ear

Good Things Happen Slowly
By Fred Hersch
Crown Archetype, 307 pages, £22.50

BY TED GIOIA

FRED HERSH never wanted to be a medical case study. I don't blame him. At the age of 61 he ranks among the finest jazz pianists of our time, and deserves acclaim for his artistry. That said, his return from a near-death experience, described in this newly published memoir, may inspire as many people as his music.

Mr. Hersch survived a health crisis that, if you saw it on a TV medical drama, would elicit disbelief. After being diagnosed HIV-positive in 1986, he maintained an intense schedule of performances and recordings for the next two decades through a winning combination of dedication and meditation. But in June of 2008, Mr. Hersch came down, in short order, with pneumonia, delirium, a collapse in blood pressure, kidney failure and septic shock.

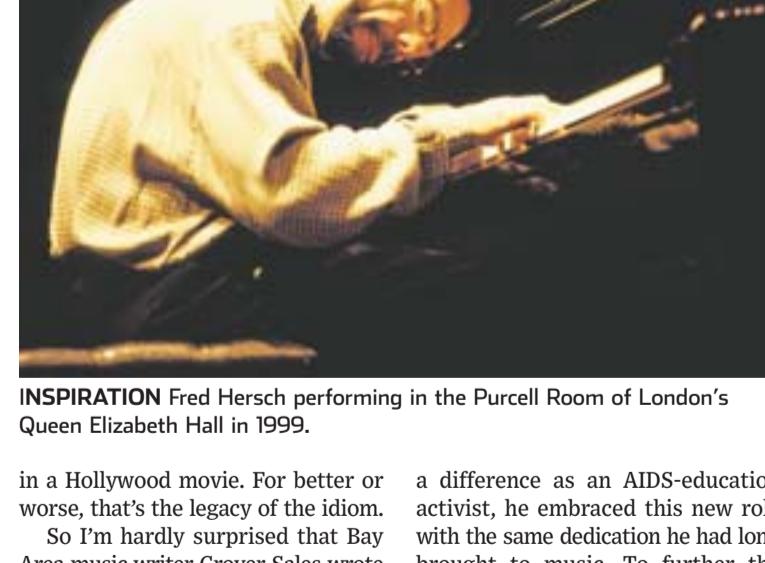
In a last-ditch effort to save his life, doctors put Mr. Hersch into a medically induced coma. For weeks he lingered at the brink of death. His coma lasted almost two months, and when, against all odds, he recovered consciousness, he still couldn't talk, breathe on his own, eat food or even swallow. And, of course, couldn't play piano.

To rebuild a life, let alone a demanding jazz career, from this setback required nothing short of a miracle. At an early stage of rehab, Mr. Hersch asked his partner, Scott Morgan, to push his wheelchair to a piano. He tried to play "Body and Soul," a song he had performed countless times in the past. "My fingers could barely move," he recalls, "and I couldn't remember the chords to the bridge."

Long before the crisis of 2008, Mr. Hersch had faced more than his fair share of adversity. As a gay man working in jazz, he belonged to two marginalized subcultures. And they espouse values and rituals that seem to have very little in common. Jazz may be the most macho music idiom of them all, too macho at times for my tastes. I've participated in jam sessions that felt like gladiator battles

the midst of the AIDS crisis their example toppled stereotypes and changed attitudes. Jazz is still a combative music, but there's more tolerance and slightly less testosterone on display nowadays. That's not only good for the musicians but for the music as well.

"I never wanted to be the gay jazz poster boy," Mr. Hersch admits. But when he saw the ways he could make



GETTY IMAGES

INSPIRATION Fred Hersch performing in the Purcell Room of London's Queen Elizabeth Hall in 1999.

in a Hollywood movie. For better or worse, that's the legacy of the idiom.

So I'm hardly surprised that Bay Area music writer Grover Sales wrote an essay back in 1984 entitled "Why Is Jazz Not Gay Music?" That question seems extremely narrow-minded nowadays, but Sales wrote during a time when no gay jazz star was yet out of the closet. Who can blame Mr. Hersch and others for holding back given the ethos of the idiom, with all its ultra-masculine aggression and ritualized strutting?

But just a few years after Sales's proclamation, Fred Hersch and vibraphonist Gary Burton took the brave step of coming out. These were genuine leaders in the jazz world, and in

a difference as an AIDS-education activist, he embraced this new role with the same dedication he had long brought to music. To further the cause, he signed on for concerts, events, compositions, interviews and TV appearances.

Given these dramatic incidents in Mr. Hersch's life, readers might be tempted to skip over the portions of this book dealing with the craft of music. That would be a mistake. Mr. Hersch belongs to that last generation of jazz performers who came of age learning the old-fashioned way, on the job and in the presence of the living masters instead of from a textbook or classroom assignment. In these pages, he tells about gigging

with Jo Jones Jr. in Greenwich Village, traveling on the bus with big-band star Woody Herman, partying with trumpeter Chet Baker and other rites of passage the likes of which do not exist for twenty-somethings nowadays. He also writes splendid impressionist essays on the essence of Thelonious Monk, the importance of rhythm in jazz, and the difference between an eighth note as played by Chick Corea (thin and bright), Herbie Hancock (fat and solid) and Fred Hersch (discrete, with space on each side, and with a distinctive pianistic color all its own).

I must add a warning to music teachers. They will be horrified by this book. "I didn't practice much and never went to my lesson fully prepared," Mr. Hersch explains at the outset. Even in later years, he avoided the rote playing of scales and exercises: "I'm never sure what or how to practice, so I rarely do. But I seem to pull it together when the lights go up." That may seem like a bad attitude for a professional musician, but I have a hunch that much of Fred Hersch's greatness stems from avoiding over-preparation and embracing the risk-taking attitude jazz improvisation demands when played at a high level.

"Great jazz has to have the element of danger," he contends. He has lived that motto to the fullest. And that same attitude propels this powerful autobiography. Again and again, Mr. Hersch shares details—about drugs or sex or the music life—that others might have held back. Yet that raw honesty and immediacy is probably why so many of us find his music so compelling. By the same token, that's why this book earns a place as one of the great contemporary jazz memoirs.

Mr. Gioia is a pianist and a writer on music, literature and pop culture. His most recent book is "How to Listen to Jazz."

OPINION

REVIEW & OUTLOOK

Escaping the Tax-Reform Budget Trap

Republicans know that their hold on U.S. Congress depends on passing tax reform, but what we hear about the debate behind the scenes is worrisome. The danger is that, as with health care, the GOP will hold themselves hostage to a budget process that is hostile to pro-growth tax policy.

The first test will come soon as the House and Senate write a budget resolution that is essential to be able to pass tax reform with 51 Senate votes. The problem is that under the arcane rules of "reconciliation," legislation cannot raise the deficit beyond the budget "window" that is usually 10 years. Tax writers thus feel obliged to "pay for" any tax cut based on estimates from the Joint Committee on Taxation and Congressional Budget Office, though such estimates are notoriously unreliable predictors of growth and tax receipts.

The GOP might trap itself inside this budget box. House Speaker Paul Ryan has already conceded publicly that cutting the corporate-tax rate to 15% from 35% is unrealistic and the rate might have to be in "the mid-to-low 20s." House Republicans have already abandoned a cut in the top individual-tax rate, and death-tax repeal could also be on the chopping block.

The risk is that Congress ends up passing a tax cut that is a damp squib for economic growth—amid an expansion that is already long by historical standards and needs a capital investment boost.

Congress can increase its pro-growth running room by eliminating tax loopholes, and we hope they do. But some of the biggest money savers are politically difficult—even among Republicans. Repealing the state and local tax deduction gins up more than \$1 trillion over 10 years, but will the GOP delegations in high-tax California and New York buy that? Deductions for charitable giving and mortgage interest have been declared untouchable.

The Joint Tax Committee is also supposed to offer a dynamic "score," or an estimate that considers how a reform would influence behavior and growth. But Joint Tax makes highly debatable assumptions: One is that deficits increase borrowing costs for Treasury and "crowd out" private investment, as the Tax Foundation has detailed. That argument should have been repudiated in the 1980s when deficits rose but interest rates fell and growth soared. But Joint Tax persists, and the effect is to mute its growth estimates and thus any revenue gains from reform.

The best way to escape the budget trap is to have the courage of GOP tax convictions and assume reform will restore the economy to faster growth. CBO predicts average GDP growth over

Revenue neutrality on Washington's terms will defeat good policy.

the next decade of a mere 1.9% a year—far below the historical norm. It assumes this will yield some \$43 trillion in revenue. But if growth merely averaged 3% a year, that would add some \$2.5 trillion more in government revenue over a decade.

The Trump Treasury is also scoring reform's budget impact, and Congress is free to

use it or any other revenue estimate. Democrats and the media would shout, but revenue estimating is hardly an exact science. The Joint Tax Committee-CBO estimate is merely one guess, and it has often been wrong.

For instance: Dan Clifton of Strategas Research Partners looked at forecasts for capital-gains revenue after the Bush 2003 cuts. In January 2004 CBO predicted \$215 billion in capital-gains revenue through 2007. The actual figure was \$377 billion thanks to investors cashing in and faster economic growth.

Another escape route would follow Pennsylvania Senator Pat Toomey's advice and extend the budget window to 20 years from 10. The decade horizon is merely a convention, and Congress never follows the budget anyway. Recall how Democrats gamed the Affordable Care Act by claiming that nationalizing the student-loan market would *raise* revenue.

A third—if less than ideal—option would be to ignore any budget window. But this would mean that much of the tax reform would expire after 10 years, as the Bush tax cuts of 2003 did. The bet would be that future politicians wouldn't dare raise taxes in 2027, but that depends on who runs Congress and the White House.

The bigger problem is that temporary tax reform won't eliminate the uncertainty that has contributed to low capital investment. If Congress goes this route, it should strive at least to make the business tax rates permanent, as well as the "territorial" tax reform that would let companies pay taxes wherever they are located around the world.

* * *

One reason Republicans lost the health-care debate is that they bowed to CBO's estimates of coverage and premiums, though they knew those guesses were surely wrong. On taxes the GOP is caught in a similar procedural trap invented by Democrats in the 1970s, but voters will judge the Republican Congress based on results—economic growth and rising wages. A reform that merely cuts taxes for some without broader prosperity won't deliver the goods.

And here's a losing argument for 2018: We didn't reform the tax code or cut your taxes all that much, but at least we followed all the Senate's budget rules.

Bernie's Socialism Goes Mainstream

Hillary Clinton's memoir of her presidential campaign is getting most of the media attention this week, but that's the politics of progressive nostalgia. If you want to know where the Democratic Party is going, Bernie Sanders showed the way Wednesday with his proposal for a complete government takeover of health care.

"Medicare for all," the Vermont Socialist calls it, and what was once a crank idea is fast becoming a progressive litmus test for Democratic candidates. Fifteen Democratic Senators endorsed it, including possible 2020 presidential candidates Elizabeth Warren (Mass.), Kamala Harris (Calif.) and even Cory Booker (N.J.). Hard to believe, but not long ago Mr. Booker was posing as a moderate.

The Sanders bill would expand Medicare—

'Medicare for all' is fast becoming a Democratic Party litmus test.

now available to people 65 and older—to the entire U.S. population over four years. Our readers understand how expensive such "free" medical care would be in runaway costs for taxpayers and rationed care in the form of the long waiting lists that exist in other socialist systems.

But no one should think this can't happen in America. The

Republican failure on health care guarantees the continuing decline of ObamaCare and that creates an opening for Democrats to escalate their designs for more government control.

Barack Obama once told us that he favored such a single-payer system but America wasn't ready for it. But in an era of political tumult, anything can happen, all the more so when millennials can't remember the 1990s, much less the Cold War. All the old battles are new again.

Americans Get Richer

Americans have received little good news lately, but a new U.S. Census Bureau report offers some economic hope:

The latest U.S. Census data show economic gains across income groups.

working more. Between 2015 and 2016, the number of people with earnings—i.e., income from employment—rose by 1.2 million. Meanwhile, the

number of full-time, year-round workers increased by 2.2 million as many people moved out of part-time jobs.

Labor-force participation hasn't much budged since its nadir two years ago, but un-

employment among minorities and less-educated workers has dropped sharply amid a tightening labor market. Job growth is a function of an improving economy and lower infra-

marginal taxes on work as government welfare has been scaled back.

Liberals are bemoaning that the Gini coefficient, which measures income inequality, didn't post a significant decline last year. But income inequality drops principally during recessions as the wealthy lose a larger share of their earnings than everyone else. As we learned in the Obama years, the preoccupation with inequality leads to economic policies that reduce growth, which leads to more inequality.

The left also overlooks that millions of middle-class Americans are moving into higher income brackets, as Mercatus Center researcher Dan Griswold points out. The share of Americans earning less than \$35,000 (in real 2016 dollars) fell to 30.2% from 38.2% between 1967 and 2016 while the proportion earning more than \$100,000 has roughly tripled to 27.7%.

All of this is worth celebrating, but more business investment and productivity growth will be needed to keep the expansion going and incomes rising. The most effective way would be for Congress to reform the tax code.

Most of the recent income growth has been due to more Americans working—and Americans

How Mark Carney Can Save Brexit



POLITICAL ECONOMICS
By Joseph C. Sternberg

The best Brexit news of the week—and it's mostly bad news at the moment—comes from an unlikely source. The Bank of England announced Thursday that an interest-rate rise could come considerably sooner than most people expected. In November, even.

That doesn't sound like it's related to Britain's departure from the European Union. For sure this development is part of the longer saga of developed-economy central bankers struggling to extract themselves from their exertions to save us from the global financial panic a decade ago. To the extent Brexit figures into Bank of England Governor Mark Carney's thinking, it will be as a risk factor arguing for lower rates, not higher.

But monetary normalization, or whatever passes for it nowadays, has always been the crucial missing ingredient for a successful Brexit.

London's political class remains consumed with haggling over the precise nature of Britain's trading relationship with the EU after 2019. But most countries in the world aren't members of the EU, and many of them aren't members of free-trade blocs binding them to their neighbors. They all manage to trade with each other to some extent, and profitably so.

Instead, the determining factor is productivity, which is a quasimeasurable proxy for the ephemeral notion of competitiveness. You can sell successfully both inside and outside your trading blocs if you can produce pins or widgets more efficiently than your competitors. Economists know the real reason to embrace trade is to force domestic producers to boost their productivity once they can no longer shelter behind trade barriers that blunt the competitiveness of more-efficient foreign firms.

If not trade deals, however, plenty of other tools exist to enhance productivity. Britain's main problem for years has been that it hasn't been using most of them. Former Chancellor George Osborne made a go with corporate-tax rate cuts that facilitated and incentivized business investment. And that's it.

Britain otherwise relied on the free-trade benefit of competition within the EU, for whatever it was worth.

The resulting "productivity puzzle"—that full employment and strong headline economic growth in Britain could coexist with low productivity-per-hour-worked relative to its European peers—is really a puzzle in the jigsaw sense. Interlocking pieces include green-energy policies that diverted considerable investment into inefficient technologies; an education system of debatable utility; land-use restrictions that stifle business expansion and funnel the economy's cash into inflated house prices; a socialized health service that saps ever-more private resources to deliver a chronically

weak

Easy for a columnist to say. Lurking behind this policy prescription is the real possibility of a recession, including falling house prices, job losses and severe fiscal strain.

But all that is highly likely to happen anyway if Britain continues on its current policy course instead of finding some way to boost its productivity to remain globally competitive during and after Brexit. Having missed repeated opportunities to effect productivity growth gradually, the main question now is whether Britain will ever be able to set itself on track for sustained growth in both productivity and the economy overall after whatever shock Brexit brings.

That leaves Mr. Carney. If he raises rates even a little and a downturn ensues, Brexiteers will blame him for sabotaging their project. They could show a little gratitude. They now depend on Mr. Carney to accomplish through gentle monetary maneuvers some of the productivity boost they lack the economic foresight and political wit to achieve themselves.

LETTERS TO THE EDITOR

Americans Shouldn't Tolerate Religious Tests

Regarding your editorial "Democrats and 'Dogma'" (Sept. 11): Sens. Dianne Feinstein and Dick Durbin should recuse themselves from voting on Amy Barrett's nomination. As senators they are sworn to uphold the U.S. Constitution, yet they are willing to disregard Article VI which clearly states "no religious test shall ever be required as a qualification to any office or public trust under the United States."

ROBERT SEILER

Lincolnshire, Ill.

I was absolutely and thoroughly disgusted with the line of questioning by our Democratic Party "leaders" (using that term lightly). Equal Employment Opportunity Commission regulations don't allow us commoners to question employment candidates about their religion and a number of other verboten issues. Apparently our lawmakers aren't required to abide by the laws they make.

MICHAEL J. KONEN

Scottsdale, Ariz.

We regularly hear from the left that we shouldn't stop people from traveling to America based on their religion. However, it seems that senior Democratic senators have no problem questioning the ability of Ms. Barrett, an American and a Catholic, to serve as a federal judge based on her religion. If there was a question raised about the ability of a Muslim or Jewish judge to serve on the Appeals Court, the media would go crazy and Dianne Feinstein and Dick Durbin would be loudly criticized.

Catholics need to raise their voices so we don't wind up where we were when John Kennedy was held up to criticism based on his religion as he prepared to run for president in 1960. This 25% of the

population needs to wake up and insist on getting these two elected officials to apologize for their comments.

TOM PRICE

Satellite Beach, Fla.

Sen. Durbin asks if Ms. Barrett has ever been an orthodox Catholic—as opposed to what? A lukewarm Catholic? A cafeteria Catholic? It's telling that in an age when many of America's leaders are rigid in their own convictions and dogma, the only Catholic they apparently admire is one without conviction.

The other irony is that while Sens. Feinstein and Durbin are rightfully opponents of white-supremacy groups nostalgic for a bigoted legacy, they don't seem to be aware of how their religious-test questions hark back to the same legacy of anti-Catholic sentiment.

TOM MYSZ

Oakland, Calif.

Given that the exclusivity of its belief system isn't exclusive to Christianity, Democratic dogmatic rejection of religious dogma should mean that Jews and Muslims with orthodox religious views are also unfit for public service. I notice Democrats don't grill non-Christians about their faith and how it colors their judgment. The exclusive nature of Democratic discrimination against Christian believers for their religious beliefs stinks to high heaven.

BILL ROBERTS

Richmond, Va.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

OPINION

Trump Talks, Schneiderman Sues

By Josh Blackman

President Trump's decision to wind down the policy known as Deferred Action for Childhood Arrivals—which shields from deportation nearly a million "Dreamers," aliens brought to the U.S. as children—has drawn a predictable response. The president already faces lawsuits from 19 states, as well as complaints from the University of California and immigrants nationwide.

Leading the charge is Eric Schneiderman, New York's state attorney general, who argues Mr. Trump lacks

Judges can't override the president's authority on 'Dreamers' just because he says offensive things.

the authority to revoke DACA because he is racist. Seriously.

In the complaint, filed last week, the attorneys general proffer other arguments based on the particulars of administrative law, but at bottom they assert that any action Mr. Trump takes that harms the Dreamers is tainted by his statements about Mexicans. That claim isn't only legally unsound but a threat to the constitutional separation of powers.

The states first assert that the Trump administration cannot rescind DACA without seeking feedback from the public. If that argument is correct, it would seem to nullify DACA, since the Obama administration itself bypassed the rule-

making process known as notice and comment when it issued the policy in 2012. (Janet Napolitano, who issued the DACA memo as secretary of homeland security, is now suing Mr. Trump in her capacity as president of the University of California.)

In announcing DACA's rescindment last week, U.S. Attorney General Jeff Sessions argued that the policy is unlawful—an "open-ended circumvention of immigration laws" and "an unconstitutional exercise of authority."

If Mr. Sessions is correct, the government is required to stop breaking the law. If courts rule DACA to be lawful, then a judge could find, as the states assert, that Mr. Sessions's justification was bogus, and thus inadequate to justify withdrawing the policy.

But proving Mr. Sessions's case shouldn't be hard. In 2014 the Obama administration issued a similar policy called Deferred Action for Parental Accountability. It was intended to protect aliens with children who are U.S. citizens, but a 2015 federal court order (still binding on the executive branch) blocked its implementation.

Texas and 25 other states asserted that DAPA was illegal. A district judge in Brownsville, Texas, agreed, as did the Fifth U.S. Circuit Court of Appeals, whose ruling was left to stand when the Supreme Court split 4-4.

Because the 2014 policy hadn't yet gone into effect, the judicial analysis was based almost entirely on how DACA had been implemented. There are some differences, but by the Obama administration's own admission, the 2014 policy was meant to be "similar" to its precursor.



ERIK MCGREGOR/ZUMA PRESS

New York Attorney General Eric Schneiderman at a Sept. 6 news conference.

The district judge in Brownsville wrote he had heard evidence "that DACA applications are simply rubberstamped." The government was unable to identify a single applicant who met the DACA criteria but was denied for discretionary reasons. Given that the policy was justified as an exercise of prosecutorial discretion, Mr. Sessions's conclusion that it is unlawful stands on terra firma.

Critically, the Trump administration doesn't need to be correct about DACA's illegality beyond a reasonable doubt. So long as DACA's wind-down isn't "arbitrary and capricious," the courts may not block it.

Even if a judge did find the decision capricious, he cannot order the executive branch to approve new DACA applicants. Courts lack the power to compel the executive branch to take discretionary acts. At

most, a judge could order the government to seek public comment or reconsider its decision.

Thus the current litigation, even if successful, may not help a single immigrant. Since Mr. Trump isn't revoking extant DACA approvals, which last two years, the policy may simply phase out by the time the lawsuits run their course.

That brings us to Mr. Schneiderman's most unsettling claim: that Mr. Trump can't revoke DACA because he is racist. "The President has demonstrated a willingness to disparage Mexicans in a misguided attempt to secure support from his constituency," the states' complaint argues, "even when such impulses are impermissible motives for directing governmental policy."

The filing cites a litany of Mr. Trump's offensive comments—his warning about Mexican "rapists"; his disparagement of Univision anchor

Jorge Ramos; his reference in a presidential debate to "bad hombres"; his attacks on Judge Gonzalo Curiel—as well as his pardon of Joe Arpaio, the former sheriff of Maricopa County, Ariz.

The states argue these remarks establish *as a matter of law* that Mr. Trump has a racist heart and his administration's actions are therefore irrational. Although Mr. Trump's comments should have given pause to his voters, courts cannot properly consider them in evaluating this policy.

The president's opponents are free to scroll endlessly through @RealDonaldTrump, and what they find there may carry political weight. But courts need a limiting principle. Namely, the judiciary should consider statements from Mr. Trump only if they are directly relevant to the case at hand.

Federal judges have already grossly erred by citing Mr. Trump's campaign statements to justify halting his executive orders on immigration. In those cases, at least there was some connection between the final policy and what Mr. Trump had proposed during the campaign. By contrast, the comments Mr. Schneiderman cites have nothing to do with DACA.

The judiciary should rebuff this attempt to deprive the president of his lawful authority. It's up to Congress to make the humane choice and enact legislation providing the Dreamers with legal status.

Mr. Blackman is a constitutional law professor at the South Texas College of Law in Houston, an adjunct scholar at the Cato Institute, and author of "Unraveled: Obamacare, Religious Liberty, and Executive Power." He filed amicus briefs in support of Texas' challenge to DACA.

Critics of the Equifax Identity Theft

By Amar Bhidé

Outrage in America that Equifax exposed more than 143 million credit records to identity thieves misses the point. We really should worry about what makes impersonation so easy—why do lenders know so little about the people to whom they issue credit?

Because laws meant to ensure fair lending also reduce individuals to anonymous credit scores. Regulators enforcing the 1968 Fair Housing Act and the 1974 Equal Credit Opportunity Act look askance at lenders who rely on judgment instead of scores to screen loan applications.

Even broadly relying on statistical scores doesn't get lenders off the hook. Regulators also frown on "discretionary overrides," especially if lenders allow frontline staff to overrule scores instead of having someone at headquarters do it.

A branch-based banker in direct contact with customers may be better positioned to determine whether an applicant's score reflects true creditworthiness. But regulators

worry that giving branch staffers this authority may invite discrimination, so it's a no-no.

Fairness examiners also worry about "customized" scoring models that can include variables excluded from credit-bureau records, such as education. It isn't entirely forbidden, but regulators worry those variables could correlate with factors like race, ethnicity and sex. Lenders often resort to using a "generic" bureau score, popularly called a FICO score, to mitigate regulatory risk.

U.S. federal agencies, notably Fannie Mae and Freddie Mac, have made FICO scores the main determinant of the creditworthiness of mortgage applicants. In 1994, Fannie and Freddie sought to automate screening—and prevent racial discrimination—by "removing subjective reasoning." Not coincidentally, Fannie Mae had concurrently pledged \$1 trillion in targeted housing finance for disadvantaged groups. Pressed for time, the agencies accelerated automation by relying on FICO scores, which had been designed for consumer lending, not

mortgages. Fannie and Freddie's endorsement then prompted private mortgage lenders to embrace bureau scores as well.

The use of bureau scores itself was predicated on a system of credit reporting and scoring nourished by

Fair-lending laws turned Americans into anonymous credit scores—and a target for identity thieves.

Washington. In the 1950s and '60s, as Citibank and Bank of America started marketing credit cards in states where they weren't allowed to open branches, they used bureau scores to screen applications. This led to increased concerns about inaccurate bureau records.

In 1970 President Nixon signed the Fair Credit Reporting Act, which barred lenders from providing inaccurate information to credit bureaus, required the bureaus to ensure maximum possible accuracy,

Miss the Bigger Point

and encouraged consumers to correct errors in their reports. The rules helped increase confidence in credit-bureau scores and records. Increased confidence in turn promoted even wider use of the scores by lenders and regulators.

Yet bureau scores don't play a major role in small-business lending. That's because government watchdogs don't nudge small-business lenders for allowing discretionary overrides or customizing credit scoring. The Small Business Administration doesn't mandate the use of bureau scores for the loans it guarantees. And there's no evidence of significant discrimination in small-business loans.

Rules driving consumer lenders to seek the safety of credit FICO scores risk more than large-scale identity theft.

Practical considerations—such as verifying someone's educational background—prevent factors that affect creditworthiness from being part of FICO scores. The scores also rely on "statistical information" that ignores crucial local circumstances. They don't recognize sub-

stance abusers or distinguish judges with life tenure from workers in plants scheduled to close. This allows lenders to mass-produce loans at low cost, but it also increases lending mistakes and the risk of credit bubbles.

Growing anxieties about indiscriminate FICO-enabled credit card, automobile and student lending—while "artisanal" lending to small businesses languishes—have sound foundations.

Fair lending rules may well have reduced unwarranted denials of mortgage and consumer loans, but they have prevented warranted denials of credit. Congress should scale back fairness rules to make consumer lending more like small-business lending. And regulators should relax enforcement of fairness rules. These simple steps could discourage nearly blind lending—and sophisticated identity theft.

Mr. Bhidé, a professor of business at Tufts University, is the author of "A Call for Judgment: Sensible Finance for a Dynamic Economy" (Oxford, 2010).

Sexual Politics in America

diktat. That hammer likely won't be necessary.

By now most institutions want a modus vivendi on this issue to replace what had become a crudely run jihad by left-wing lawyers in the Obama Education Department and the network of ideological enforcers their order created on the nation's campuses.

Indeed, after Mrs. DeVos's speech last week announcing her intention to rescind the rules, it was striking how muted the public opposition was. Among what's left of serious minds in academia, there was an awareness that something here had gone *waaaay* off the rails. Faculty at both Penn and Harvard law schools had already issued statements decrying the Obama sexual-abuse rules as fundamentally unfair to the accused.

It is difficult to express what a big deal this is—or should be. Basic due-process guarantees have existed in English-language law since they were embedded in King John's Magna Carta in 1215. The U.S. Constitution's Sixth Amendment reads: "In all criminal prosecutions, the accused shall enjoy the right . . . to be confronted with the witnesses

against him . . . and to have the assistance of counsel."

One has to ask: How in 2011 did this rule roll out of the Obama Education Department and become the law of the land in academia without so much as a peep of outrage from

The DeVos revision of college rules will reveal who stands where on due process.

them or the American press? Imagine the revolt if an administration attempted to impose on every U.S. newspaper such a sweeping dilution of the First Amendment. Donald Trump's mere accusation that the press is fake news has produced a nonstop death struggle between the media and White House.

The explanation that the universities caved because the Obama lawyers threatened to withhold their federal funding fix is persuasive but insufficient. Policy ideas like the 2011 sexual-abuse standards have a provenance, usually among left-wing faculty of the

sort who emerged when the Obamas got their degrees in the 1980s. So it was with the Title IX "guidance," which jumped overnight—by fiat—from the outer edge of feminist legal theory to established federal policy.

In testimony presented to U.S. Congress in 2014, Nancy Chi Cantalupo of Georgetown Law School's Victim Rights Law Center made a detailed case for the rules. "It is downright dangerous," she wrote, "to conflate civil rights and criminal justice approaches to sexual violence and allow criminal justice responses to dominate our collective imagination regarding how to address this violence." Meaning sexual abuse is a unique, transcendent category of injury, which justifies diminishing due process.

The most definitive criticism of the Obama Title IX enforcement was written in 2015 for the Yale Law & Policy Review by, of all people, Janet Napolitano, who was Mr. Obama's first homeland security secretary and is now president of the University of California system. Ms. Napolitano's careful but forceful essay—actually a precursor to Mrs. DeVos's speech last week—described all sorts of compliance problems and dilemmas created by "ambiguous legal requirements" and congressional legislation.

The creation of an atmosphere on campus akin to the Salem witch trials was the result of Mr. Obama's explicit policy choice to manipulate bedrock legal principles for a political goal. After the DeVos speech last week, former Vice President Joe Biden denounced "any rollback of Title IX protections." Demoting due process standards is now Democratic dogma.

After the DeVos announcement restoring widely accepted legal principles to America's campuses, we're going to find out fast who stands where on this subject.

Write henninger@wsj.com.

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Notable & Quotable: Burma

Shibani Mahtani and Myo Myo, writing in the Nov. 6, 2014 Asian edition of The Wall Street Journal:

YANGON, Myanmar—Opposition leader Aung San Suu Kyi said the U.S. has been too optimistic about the depth of Myanmar's transition away from military rule and that it should be ready to stiffen policy if progress toward democracy halts.

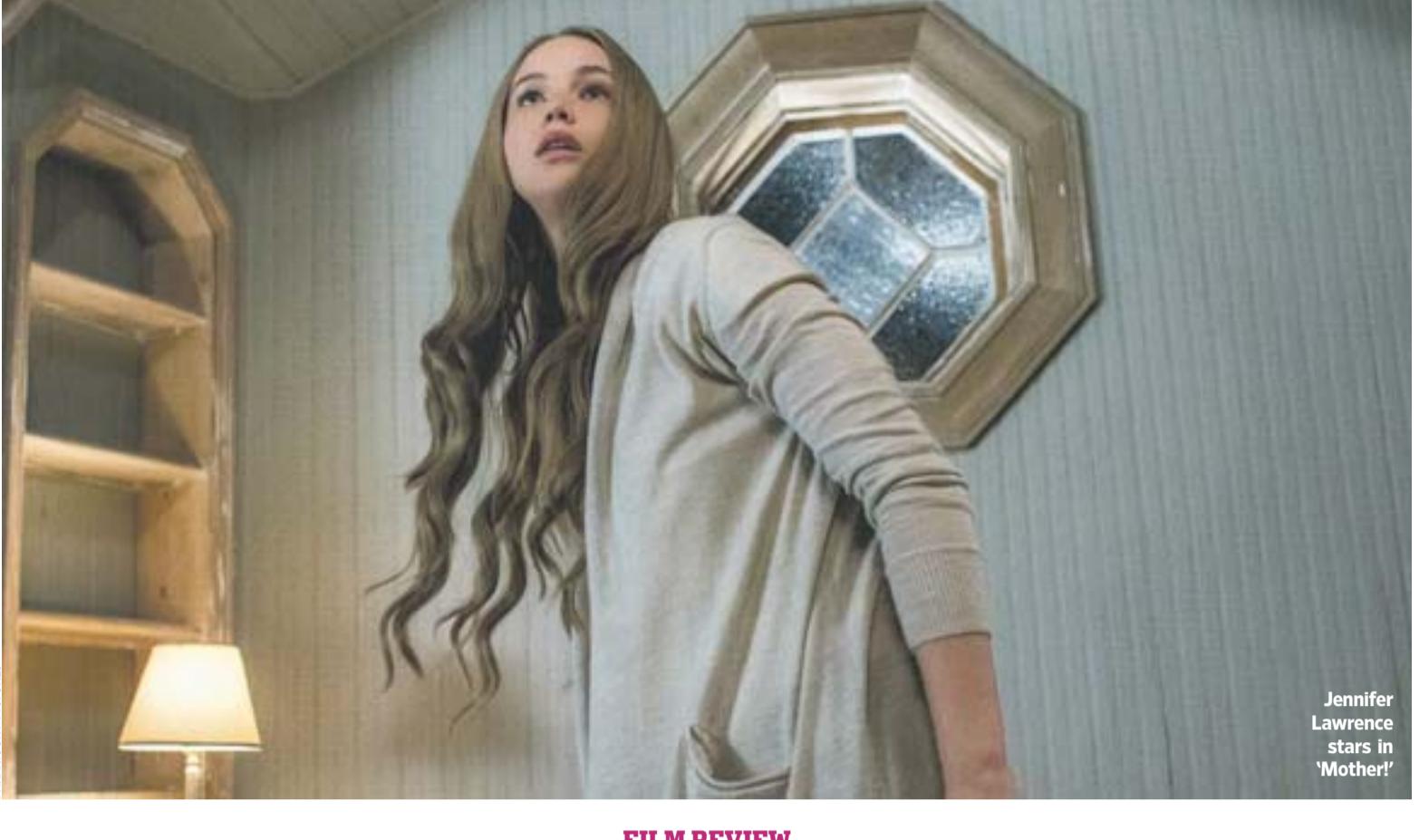
Speaking Wednesday at a news

conference at her ramshackle party headquarters—the first she has hosted in more than a year—Ms. Suu Kyi challenged those who have celebrated President Thein Sein's reform efforts to show "what significant reform steps have been taken" in recent months.

"I don't think the reform process is going forward," Ms. Suu Kyi said, and world leaders are "reconsidering their optimism."

Write henninger@wsj.com.

LIFE & ARTS



Jennifer Lawrence stars in 'Mother!'

FILM REVIEW

Giving Birth to Madness

Darren Aronofsky offers a tension-filled trip into his personal underworld in 'Mother!'

BY JOHN ANDERSON

DIRECTOR Darren Aronofsky's Freudian, Polanskian, Goya-esque, primal-scream-therapy movie "Mother!" is either the beneficiary or victim of the most hyperventilating hype of the year. And that's good, if it keeps audiences coming to theaters, which is where this film needs to be seen to fully appreciate its disturbing pictures, skin-crawling sound, unbridled insanity, Matthew Libatique's cinematography and Jennifer Lawrence's face, upon which Mr. Libatique's camera spends most of its time.

The hubbub is well-earned, but before "Mother!" gets where it's ultimately going, i.e., completely

off the rails, it spends time being several films, each with an intelligence, each with an agenda, each with an operating metaphor. It begins as an Albee-esque chamber piece about the sanctity of the home. It evolves into a hysterical statement about the price of celebrity. It eventually exits with a salute to "No Exit." But let's start with the house.

It's an impossible house. Octagonal, like a stop sign no one heeded. Its interior is disorienting and our travels around it are circular, much like the story, and it's hard for the viewer/visitor to understand how—or if—the space makes sense. A single viewing is not enough for one to say for sure, but it would seem that Mr. Aronofsky, like Orson

Welles and "The Magnificent Ambersons," created and shot his film using a dwelling with movable walls and an elaborate choreography of cast and camera that allowed for rooms and space to meld with other rooms and space.

The off-kilter architecture is certainly having an effect on Ms. Lawrence's character, the otherwise unnamed "Mother" of the title. The young wife of an older, quasi-famous writer, she has been rebuilding their house after a fire, wall to wall, while her feckless poet husband (Javier Bardem) chased his muse. The house is going to be her masterpiece; she even hand tints the finishing plaster she applies to the walls (with a powder that is, suspiciously, the same color as the

one she mixes in water and drinks each day, from a vial she might have gotten from Ruth Gordon in "Rosemary's Baby"). She's stripped the molding, is remodeling the kitchen, and is doing it entirely for her husband, whom she loves with all her heart—which we occasionally get to peek at during her various hallucinations, the angry organ pulsating and glowing and growing more ashen as the movie progresses.

Did we mention she sees things? Including portents of visceral doom in the floorboards? She does.

Then—a knock at the door. A man (Ed Harris) arrives, claiming that he thought the house was a B&B. The husband invites him to spend the night anyway, to Mother's dismay. When the man's

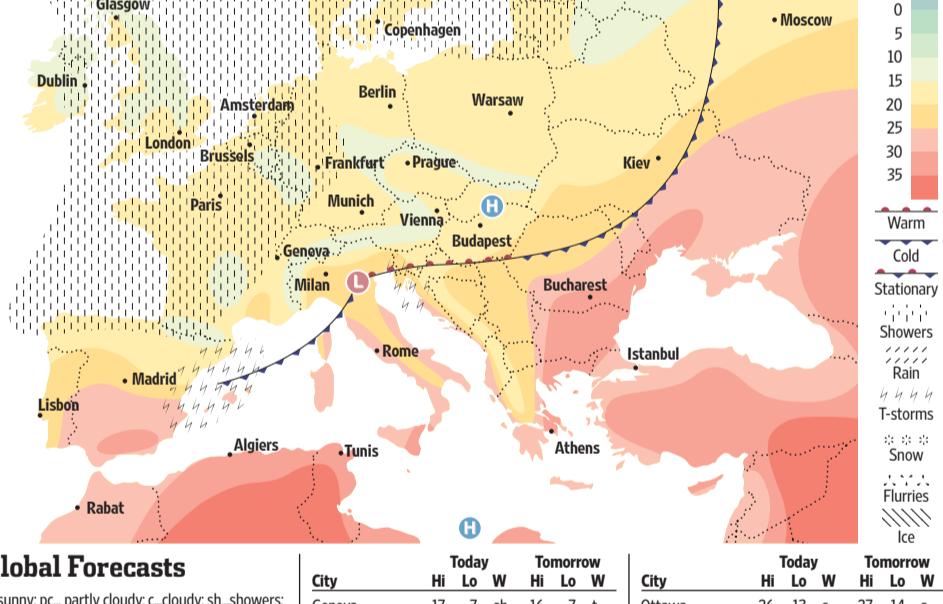
wife (Michelle Pfeiffer) arrives the next day with a mouthful of attitude, Mother begins to rankle, ever so gently. When the couple's sons (Brian and Domhnall Gleeson) barge in, arguing over inheritance, assaulting each other and trashing the place, she grows more desperate. She's been suffering stomach pains and clutching her abdomen, which in the basic movie lexicon means she's pregnant. She's not, yet, but her vulnerability is a source of tension, and she earns our sympathy for having been treated so rudely by her "guests" and so thoughtlessly by her husband. But her reasons for resentment have only begun.

So have ours. Mr. Aronofsky goes too far, it seems to me. He has always been obsessed with obsession (see "Black Swan") and purgatorial suffering—the anguish of a junkie in "Requiem for a Dream," the anguish of a prophet in "Noah." With "Mother!" he seems to want to share the hellishness more directly with his viewer, and this trip into his personal (very personal) underworld is both fascinating and repellent. What's oddly comforting is the way the accelerating series of outrages against our heroine ultimately becomes farcical: When the film leaves the realm of the impolite or even criminal for something far more extreme, it achieves a level of excess that makes the whole enterprise increasingly cartoonish, rather than just awful.

Ms. Lawrence? For her, the movie is a tour de force, and probably not a bad thing for her brand, since it indicates she'll do anything. The camera is almost never more than a few feet from her face and in a movie that exists on the edges of absurdity and offense, she delivers genuine emotion, with both sang-froid and virtuosity. It's an interesting case, this "Mother!" It probably got made because of Ms. Lawrence's participation, though the audiences she'll be expected to attract by Paramount Pictures will likely be unprepared for what Mr. Aronofsky has wrought. The thoughts of these innocents are what I'd like to hear, actually, to fully understand what a monster "Mother!" really is.

Mr. Anderson writes on TV for the Journal. Joe Morgenstern is away.

Weather



Global Forecasts

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

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	16	9	pc	15	9	t
Anchorage	14	9	c	13	8	r
Athens	32	22	s	32	22	s
Atlanta	28	19	pc	29	19	pc
Bahrain	44	24	s	45	26	s
Baltimore	27	17	c	28	18	pc
Bangkok	32	26	t	31	26	t
Beijing	30	17	pc	29	15	pc
Berlin	17	8	pc	18	8	pc
Bogota	20	8	r	20	8	r
Boise	19	5	c	18	9	pc
Boston	25	18	c	25	17	pc
Brussels	15	7	sh	15	7	t
Buenos Aires	16	8	pc	18	9	pc
Cairo	33	23	s	33	23	s
Calgary	10	-1	pc	13	0	s
Caracas	33	25	pc	33	24	pc
Charlotte	28	18	pc	30	18	pc
Chicago	30	19	s	30	20	s
Dallas	34	23	s	34	24	pc
Denver	28	9	s	22	10	c
Detroit	26	15	pc	27	16	s
Dubai	40	31	s	39	31	s
Dublin	14	8	p	13	7	s
Edinburgh	15	6	sh	14	7	sh
Frankfurt	16	7	sh	16	7	t

AccuWeather.com

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Geneva	17	7	sh	16	7	t		
Hanoi	30	25	t	29	24	r		
Havana	31	22	pc	31	22	pc		
Hong Kong	32	28	pc	33	27	s		
Honolulu	31	23	pc	32	24	pc		
Houston	33	23	pc	33	23	pc		
Istanbul	29	22	s	29	22	s		
Jakarta	34	24	t	33	25	sh		
Johannesburg	27	11	s	28	11	s		
Kansas City	31	21	s	31	19	s		
Lisbon	28	17	c	28	18	pc		
London	32	26	t	31	26	t		
Madrid	27	17	c	28	18	pc		
Milan	32	21	s	31	22	s		
Munich	30	17	pc	29	15	pc		
Paris	24	18	sh	25	17	pc		
Rome	23	10	p	22	9	s		
Riyadh	41	24	s	42	24	s		
Rome	25	18	pc	24	17	r		
Salt Lake City	19	9	c	20	11	pc		
San Diego	23	19	sh	23	19	pc		
San Francisco	23	15	pc	24	15	pc		
San Juan	31	26	sh	32	26	s		
Santiago	20	5	s	25	8	s		
Santo Domingo	31	24	pc	32	23	pc		
Sao Paulo	30	17	s	28	16	s		
Seattle	24	11	s	24	12	c		
Seoul	27	16	pc	27	16	pc		
Shanghai	27	22	r	28	20	pc		
Singapore	31	26	t	31	26	t		
Stockholm	14	8	t	16	7	sh		
Sydney	22	13	s	20	8	pc		
Taipei	34	26	pc	34	24	pc		
Tehran	32	21	s	33	20	s		
Tel Aviv	30	24	pc	30	22	s		
Tokyo	24	19	pc	23	20	pc		
Toronto	26	15	s	26	15	s		
Vancouver	21	12	s	21	12	c		
Washington, D.C.	28	20	c	29	20	pc		
Zurich	17	7	sh	15	6	t		

The WSJ Daily Crossword | Edited by Mike Shenk



HEAD COUNT | By Matt Gaffney

The answer to this week's contest crossword is a well-known European landmark.

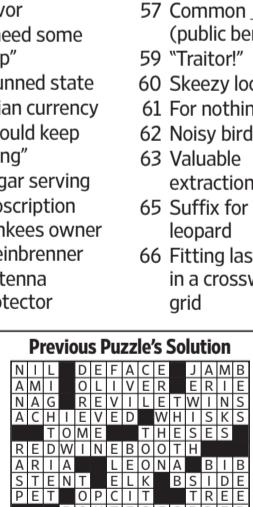
Across

- 1 Contract winner, usually
- 7 Elegiac stanza rhyme scheme
- 11 Revolutionary period?
- 14 Capital of Spain's Asturias province
- 15 Military start
- 16 How to repay
- 17 No indication of a systematic problem
- 19 Fellows
- 20 Bugling beast
- 21 Convened
- 24 Take off the court
- 26 Unhip
- 29 Possible response to a boast
- 32 Historian's period
- 34 Many web designers have them
- 35 Conversation, sometimes
- 37 Stationery store stack
- 38 Jar feature
- 39 Dipstick coating
- 40 Heart chart, for short
- 43 Govt.-backed news source
- 44 Beginning on 100 kopecks
- 46 A midwife may perform one
- 49 Quasi-Sch. for the Seminoles
- 51 Bétes (pet peeves)
- 52 Lancashire (dog breed)
- 54 Older sister of Zsa Zsa and Eva
- 56 Four-time Emmy winner for Outstanding Drama Series
- 58 Affirming words
- 59 2003 comedy featuring Peter Dinklage
- 62 Mud in a mug

Down

- 1 Collected wisdom
- 2 Zero, essentially
- 3 "Just kidding" signal
- 4 Truck part
- 5 Mozart opera of 1781
- 6 U.S. senator from 1973 to 2009
- 7 Mo. before May
- 8 Apt surname for a tavern owner
- 9 Stimulate
- 10 Potato chip flavor
- 11 "I need some help"
- 12 Stunned state
- 13 Asian currency
- 18 "I could keep going"
- 23 Sugar serving
- 24 Proscription
- 25 Yankees owner Steinbrenner
- 27 Antenna protector

Previous Puzzle's Solution



Email your answer—in the subject line—to crossover@wsj.com by 11:59 p.m. Eastern Time Sunday, Sept. 17. A solver selected at random will win a WSJ mug. Last week's winner: Calisa Cole, Palo Alto, CA.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday - Sunday, September 15 - 17, 2017 | B1

Euro vs. Dollar 1.1879 ▼ 0.05%

FTSE 100 7295.39 ▼ 1.14%

Gold 1324.70 ▲ 0.10%

WTI crude 49.89 ▲ 1.20%

German Bund yield 0.418%

10-Year Treasury yield 2.199%

Venture Firms Try Virtual Coins

Industry players seek piece of the action as startups raise cash with digital tokens

BY YULIYA CHERNOVA

Seemingly out of nowhere, the surge of initial coin offerings that have helped fledgling software startups haul in hundreds of millions of dollars in recent months has forced the venture-capital industry to confront a potential dilemma.

Are VC firms becoming irrelevant?

Many early-stage venture firms are still catching up with the explosion of cryptocurrency deals. The boom has left them uncertain about their role, and whether to treat ICOs as a threat, an opportunity or just a quirk employed by founders looking for a fast way to seed their ambitions.

But in 2017, amid a blistering pace of coin offerings, a



Brad Burnham of Union Square Ventures says that if investors are rigid, they may miss out on 'significant opportunities.'

growing group of venture investors have concluded that the rise of blockchain-focused startups and their novel ways of gathering cash signals an opportunity that is too compelling to pass up.

And they are determined to get a piece of the action in some form or another.

"If all the best, smartest technologists were building stuff around the iPhone in 2008 and 2009, they are all

building stuff around blockchains and crypto" now, said Nick Chirls, general partner at Notation Capital, a New York pre-seed venture firm. "Our view is that we have to find a way to participate in that."

Union Square Ventures, Bessemer Venture Partners and Sequoia Capital all have reacted—using investor funds—by buying digital tokens directly or by putting money into hedge funds that buy tokens.

Some venture investors, such as Nick Tomaino of Runa Capital, left their firms to set up crypto hedge funds.

"If you are in the business of investing in the future you probably have to change the style of investment to accommodate novel ideas and opportunities," said Brad Burnham, managing partner at Union Square Ventures. His firm bought tokens in the landmark offering of Filecoin, taken stakes in several blockchain startups and invested in the crypto-focused hedge funds

Polychain Capital and Metastable Capital.

"If you are rigid," Mr. Burnham added, "you may miss some significant opportunities." He cautioned, however, that "ICO's got out of hand."

World-wide some 120 businesses have raised about \$1.5 billion through coin offerings this year, up from about \$256 million by 43 companies last year, according to CoinDesk's ICO Tracker.

ICOs have prompted many entrepreneurs to bypass venture firms because this funding method offers cheap, non-dilutive capital with few strings attached. The offerings amount to a new kind of crowdfunding, with buyers who double as a base of potential users of software developed by the startups.

Protocol Labs Inc.'s Filecoin file-storage software net....
Please see COIN page B2

◆ Bitcoin plunges as Chinese exchange to close..... B7

Adjuster Shortage Worsens Florida's Problems

BY LESLIE SCISM AND NICOLE FRIEDMAN

After Irma, Florida residents are lacking in many necessities. One of the more frustrating is the paucity of insurance adjusters, which is threatening to anger policyholders and potentially delay the state's rebuilding efforts.

Many of the state's adjusters are 1,600 kilometers away, working on claims made after Hurricane Harvey hit Texas.

Insurers are scrambling to get more adjusters to Florida, creating a bidding war for those who are available. Some Florida home insurers have increased fees paid to adjusters by about 30%, insurers and adjusters say.

Citizens Property Insurance Corp., a state-run insurer of last resort, has boosted adjuster compensation by 18% to 20% and said it expects additional increases to keep up with rivals.

While higher fees for adjusters often only modestly affect the cost of a claim, the bigger worry is that damage to buildings will worsen from mold and other problems. In addition, claims that could have been resolved amicably might end up in costly litigation as homeowners get angry waiting.

"An insurance claim isn't a bottle of wine," said Randy Maniloff, an insurance-industry defense lawyer at White & Williams LLP.

Insurance companies are vying for independent claims adjusters, who totaled 57,200 in the U.S. as of July, according to the Bureau of Labor Statistics. Florida also says that it is easing the process of appointing insurance adjusters, which might help expand the number.

"Our department has taken steps to make the adjuster-appointment process as simple [as] possible for insurance companies, and our team is processing appointments at a rapid-fire pace" in an effort "to ensure that Floridians get swift handling of their post-storm claims," said a spokeswoman for the Florida Department of Financial Services. In addition, many insurance companies employ adjusters full-time and a lot of those will be on the ground, among other types of adjusters who could be available.

Lee Vorcheimer, a longtime adjuster in South Florida, said that "every day for the last two weeks, there have been 10 or 15 emails" from independent-adjuster firms seeking to recruit him to travel to Texas or handle claims for local insurers.

He has been offered bonuses, including money for temporary housing.



JAMES DURBIN FOR THE WALL STREET JOURNAL

The Hi-Crush sand mine near Kermit, Texas. Drillers need large quantities of sand to extract oil and gas from shale formations.

New Boom in Texas: Supplying Sand

BY RYAN DEZEMBER

There is a new land grab going on in the oil-rich fields of West Texas. This time it is over sand.

Big oil-field sand suppliers, Wall Street firms and other investors have been buying up swaths of the West Texas desert. These investors aim to mine and sell the sand to drillers in the region's booming Permian Basin, which need large quantities of sand to extract oil and gas from shale formations.

Texas energy producers have typically bought the millions of pounds of sand that each well requires from mines located far from their drilling fields. After oil prices collapsed in late 2014, though, cost-conscious drillers reconsidered their well designs and recipes for the slurries

they blast underground to unleash fuel from shale formations. Many West Texas drillers discovered that they could replace sand they had been shipping from mines 1,300 miles away in Wisconsin with finer grades found in dunes nearby. Doing so eliminates rail costs that sometimes are equal to or more than the sand itself.

Now investors are lining up to supply local sand to West Texas drillers.

"Local sand is a huge disrupter that is beneficial to the shale producers," said Ben "Bud" Brigham, an Austin geophysicist who built and sold two oil companies and now is plowing some of his profits into sand pits.

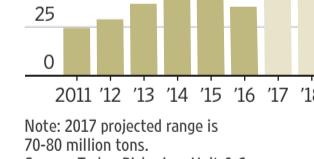
Mr. Brigham is using proceeds from his recent \$2.55 billion sale of Brigham Resources to fund a Permian

Multigrains

U.S. energy producers' use of sand for their fracking operations is rising again.

125 million tons

Projections



Note: 2017 projected range is 70-80 million tons.

Source: Tudor, Pickering, Holt & Co.

THE WALL STREET JOURNAL

mining operation called **Atlas Sand**, which he expects to begin sand production in next year's second quarter.

The Atlas mine is one of at least 18 under way or proposed for the desert outside Midland, Texas, according to Jefferies analyst Brad Handler. The first, Hi-Crush Partners LP's 3-million-ton-a-year facility, began operations in July. More than a dozen plan to open over the next year.

The prospect of tens of millions of tons of Permian sand coming to market could drive down sand prices that have been rising nationally, Mr. Handler said. Analysts say that prices rose to as much as \$45 a ton earlier in the year, from as little as \$15 a ton last year.

With competition heating up in West Texas, analysts say it is unlikely that all the planned mines will get built.

"There'll likely be many losers who jumped into the game

Please see SAND page B2

Aerospace Deal Faces Antitrust Ordeal

BY DOUG CAMERON

Questions are surfacing over how antitrust authorities will treat the tie-up between **United Technologies** Corp. and **Rockwell Collins** Inc. amid a broader debate over whether the combination will drive up costs in the aerospace industry.

Regulators, especially in Europe, are likely to be sensitive to the repercussions from the proposed takeover, announced last week, because it represents a culmination of years of smaller-scale consolidation. United Technologies agreed to purchase Rockwell Collins for \$23 billion in the biggest all-aerospace deal in history, creating a powerhouse

making everything from cockpit electronics to landing gear and engines.

Share-price moves since the deal's announcement indicate investors are putting a 70% probability on the transaction closing as planned by the third quarter of 2018.

Industry experts say Europe's antitrust watchdog represents the biggest potential obstacle to the deal.

There is relatively little overlap between the two companies—which would have combined annual aerospace revenues of \$40 billion a year—in terms of products manufactured, a primary focus of regulators in the U.S.

Other countries take non-tangible considerations, such

as the extent of a company's dominance in a sector or segment of a supply chain, into account.

"If there is an issue, we expect it would be in Europe and/or China, because scope, rather than just scale, matters," said Sanford C. Bernstein & Co. analyst Doug Harned.

Experts are drawing parallels between the United Technologies-Rockwell Collins deal and the planned combination of Honeywell International Inc. and General Electric Co., which the European Commission blocked in 2001. The commission's rationale was that the deal would stifle competition.

United Technologies Chief

Executive Greg Hayes said last week that the companies don't expect antitrust problems given that there are only a "few hundred million dollars" in product overlap. This includes cabin interior and lighting products.

United Technologies and Rockwell Collins may make few of the same parts, but could leverage their combined buying power to squeeze their own suppliers and demand higher prices from Airbus SE and Boeing Co., as well as airlines. Mr. Harned said this could attract the European regulator's attention.

The deal requires approval from 17 regulators, reflecting the global nature of the aero-

Please see DEAL page B2

Oracle Delivers Gains In Profit and Revenue

BY ROBERT MCMILLAN AND MARIA ARMENTAL

With **Oracle** Corp.'s shares hitting record highs this summer, the company Thursday reported earnings that gave investors further reason for optimism about the company's efforts to reinvent itself.

The 40-year-old seller of business software has spent billions of dollars over the past few years in order to transform into a post-millennium company selling web-based, on-demand computing services known as the cloud. That investment appears to be paying off as Oracle's cloud business again drove growth during the

company's fiscal first quarter, which ended Aug. 31.

Sales of business software, delivered over the internet as a service rose 62% to \$1.07 billion. Sales of the services used by software developers to build applications on the cloud, called platform-as-a-service and infrastructure-as-a-service, rose 28% to \$400 million.

The Redwood City, Calif., company said revenue climbed 7% to \$9.19 billion. Earnings rose 21% to \$2.21 billion, or 52 cents a share, from \$1.83 billion, or 43 cents a share, a year earlier.

Oracle shares rose 2% to \$53.88 in after-hours trading.

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Ford Motor.....B3
Alibaba Group.....B5	HCL Technologies.....A6
Alphabet.....B3,B4	HgCapital.....B5
Amazon.com.....B4	I
Apple.....A1	International Business Machines.....A1
Atlas Sand.....B1	J
Autoliv.....B3	J.P. Morgan Chase.....B5
B	KPMG.....B3
Bank of America.....A6	Kwik-Fit (GB).....B7
Bank of East Asia.....B7	L
Baoneng Group.....B7	Lattice Semiconductor.....B4
Blue Bottle Coffee.....B3	Life360.....A6
C	L'Oréal.....B3
Canyon Bridge Capital Partners.....B4	M
CBS.....B3	ManpowerGroup.....A6
China Vanke.....B7	MasterCard.....A6
Cisco Systems.....A6	MBO Partners.....A1
CSG Holding.....B7	McKinsey.....B3
D	Microsoft.....A6
Darden Restaurants...B8	Nestlé.....B3
Dreamchaser's Brewery.....A6	
E - F	
Elliott Management...B7	
FireEye.....B5	

INDEX TO PEOPLE

B	Fischer, Seth.....B7
Billerbeck, Darin.....B4	G
Bradley, Karen.....B3	Garrison, Jonathan.....B7
Brigham, Ben "Bud".....B1	H
Burnham, Brad.....B1	Handler, Brad.....B1
C	Hayes, Greg.....B1
Carlson-Wee, Olaf.....B2	L - O
D	Loeb, Daniel.....B2
Dimon, James.....B5	Zuma, Duduzane.....B3

COIN

Continued from the prior page work raised some \$250 million without so much as a prototype. Other cryptotoken-based concepts have been proposed or are in the works on a wide range of digital alternatives for blogging, mobile messaging, identity verification, internet browsing and even clinical-trial management.

"In a traditional venture world, venture investors are used to being the gatekeepers to capital," said Olaf Carlson-Wee, founder of Polychain Capital, a hedge fund that invests in cryptotokens. "Now it's very easy for these decentralized networked projects to raise capital through a crowd-sale through the internet."

Some venture investors watching from the sidelines say that, for now, ICOs haven't had an impact on their business.

David Wu, general partner at the consumer-focused early-stage firm Maveron, said the entrepreneurs his firm is speaking to haven't contemplated ICOs.

—Tomio Geron contributed to this article.

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BUSINESS & FINANCE



The prospect of tens of millions of tons of Permian sand coming to market could drive down sand prices that have risen in the U.S.

SAND

Continued from the prior page a bit late," said George O'Leary, an analyst at energy investment bank Tudor, Pickering, Holt & Co.

Mr. O'Leary said newcomers may not have the industry knowledge or contacts. Many wells might also require coarser grades of sand than can be found in West Texas. And though the long train ride is eliminated with local sand, logistical hurdles remain. Those include a tight labor market in the sparsely populated region and the potential for sand miners to wind up competing with their customers for the huge quantities of water both require.

The sheer number of trucks needed to move the sand around the Permian is daunting. Robert Rasmus, Hi-Crush's chief executive, recently told investors that it would take 120,000 truckloads to deliver the Permian facilities' annual output.

A few private-equity firms reaped big profits backing sand

producers in Illinois and Wisconsin as shale drilling took off. Shares of such companies soared until the second half of 2014 when they collapsed along with oil prices, and concerns about too much supply.

Even as oil prices have stabilized and sand prices have risen, these stocks have continued to falter. The five big listed sand companies are each down more than 35% this year.

Hedge-fund manager Daniel Loeb is among those betting that sand stocks will fall further. In an April letter to his Third Point LLC investors, Mr. Loeb cited the "important shift" from special sand mined in the Midwest to abundant sand within drilling basins, including West Texas.

Miners with Midwestern operations say they are confident that the types of sand produced there will remain in demand in Texas and other drilling regions, such as those in North Dakota and Appalachia.

The cost of rail transportation from the Midwest typically makes up about a third of the total cost of sand. Permian oil

Quicksand

Shares of sand miners have sunk despite increased demand from U.S. drillers.

Share performance since IPO



Source: FactSet

THE WALL STREET JOURNAL.

producers estimate they will chop roughly 5% from their drilling costs by using local sand. At a typical well cost of about \$8 million, that translates to savings of \$400,000.

In shale drilling, sand is mixed with water and chemicals and blasted underground to crack open energy-bearing

rock. In this process, known as hydraulic fracturing, it is the water pressure that cracks open the shale and the sand that props open the fissures to allow oil and gas molecules to seep out.

Many drillers have preferred coarser grades of sand that are better able to withstand the intense pressures miles deep beneath the surface and can hold cracks open wider than finer grains. A variety of sand called Northern White found mostly in Wisconsin and other Midwestern states has been prized for its uniformity, crush strength and grain size.

In response to low oil prices, however, producers such as Mr. Brigham were able to boost wells output by using larger quantities of finer sand, which propped open additional small fissures and reduced the chemicals needed to keep larger grains afloat in the water.

"People started looking around saying, where can we find this smaller mesh sand? And it was in the Permian Basin," said Hi-Crush finance chief Laura Fulton.

STREET

Continued from the prior page higher when inflation is below 4% than when it is above. Even better, the S&P 500 on average rose about 8% in the year following inflation coming in below 4%, against just 2% gains for faster inflation.

Unfortunately, averages conceal a lot, and in this case they hide the truth. The truth is that what matters most to stock prices isn't where inflation stands, but where it will stand in the future compared with what is currently priced in. Investors like low and stable inflation, but some of the best times to buy stocks have been when inflation is very high, and about to plummet, as in 1979. Equally, some of the worst times to buy stocks have been when inflation seems under control, but is about to take off, as for example at the end of 1936.

Even worse, the average hides massive variation. Data

put together by Yale Professor Robert Shiller for the S&P and U.S. inflation back to 1871 show that investing when inflation was between 1% and 2%, as it currently is, offered a one-year gain in the S&P averaging 8.6%—with dividends on top. Not bad, you might think as you dial your broker. But

the range was huge, from a whopping rise of 41% to a loss of 35%—again depending on whether inflation subsequently rose or fell.

This might seem like ancient history, but in August 2007, considered by many to be the start of the financial crisis, inflation was below 2% and the stock market was

booming.

Perhaps most relevant is late 1965. Inflation had been below 2% for seven years, stocks were on a roll and Beatlemania was at its height in America. Investors seemed to agree with John Lennon as he sang "I Feel Fine," and stock valuations hit their highest since 1929 on the widely used Shiller P/E ratio, which smooths the cycle by comparing price to 10 years of earnings. It would be another 30 years before U.S. shares were again so highly valued.

Few trading today were even born in the 1960s, but Dan Fuss was trading bonds at the time. Now vice chairman at Loomis, Sayles & Co in Boston, he sees similarities with the 1964-66 period, when inflation was quiescent.

"The Fed chose to soak the field in gasoline so when the match came it would be a problem," he said of the 1960s. Just as then, he thinks the Fed is restrained by domestic policies from tightening policy,

making it hard for policy makers to respond when inflation does start to pick up, and he is worried it is on its way.

The consensus is that inflation is going nowhere fast. U.S. consumer prices rose 1.9%, slightly more than forecast, in the past year, data on Thursday showed, giving heart to those betting on another Fed rate increase this year. Yet, almost all the increase came from surging prices of gas and shelter; strip out energy, food and shelter and inflation is close to the lowest ever.

The risk is that investors are again being lulled into a false sense of security. The calm of the 1960s was broken in 1967, when core inflation—taking out volatile energy and food prices—jumped more than 2 percentage points in just 12 months, and highly valued stocks proved vulnerable. If the bad guy turns out to be lurking just off screen, Hollywood's scriptwriters may yet have a plot worth watching.

DEAL

Continued from the prior page space industry. Each regulator has its own set of priorities.

Attention is also on China, whose regulators are becoming a more important factor in aerospace deals. The country accounts for around 20% of Boeing and Airbus orders, and is also developing its own commercial airliners.

Last year, Honeywell's high-profile bid for United Technologies didn't move forward, in part because United Technologies executives didn't think a deal would pass antitrust muster.

Plane makers, concerned about the clout of a super-supplier, objected to that potential combination and already have voiced opposition to the latest one.

Boeing quickly came out against United Technologies' proposed takeover of Rockwell Collins. "We remain skeptical whether that's going to add value for us," Boeing CEO Dennis Muilenburg said at an investor conference on Wednesday.

The world's biggest plane maker has questioned whether the deal would benefit customers and threatened to explore regulatory options and review existing contracts with

the two companies.

Boeing plans to examine whether the deal is inconsistent with "the long-term health and competitiveness of the aerospace industry supply chain."

<p

BUSINESS NEWS

Cruise Operators Reel From Storm

Companies scramble their Caribbean schedules amid damage from Irma

U.S. cruise operators plan to divert their ships from storm-stricken Caribbean islands for several weeks, seeking to minimize Irma's impact

By Costas Paris in London and Michelle Ma in New York

on a business that has been enjoying a surge in bookings.

About 150,000 vacationers on 51 cruises have been affected by cancellations, delays and route changes since Irma struck Florida and the Caribbean days ago, according to Cruise Critic, a cruise review

and information site owned by TripAdvisor.

Some 25 Caribbean cruise ports were hit by the storm, with data from the Caribbean Tourism Organization showing that 10 of them, including ones in Barbuda, Cuba, St. Barts, St. Martin and the British Virgin Islands, have been severely damaged.

Ports in the Bahamas, Barbados, Nevis, Puerto Rico, St. Kitts, Turks and Caicos, and the U.S. Virgin Islands have reopened, while damage is still being assessed in Anguilla, Antigua, the Dominican Republic and the Florida Keys. Some of those ports are open to cargo ships but not cruise vessels.

Florida-based operator Norwegian Cruise Line Holdings Ltd. will divert one ship from eastern Caribbean destinations to western ones until

November. Carnival Corp. and Royal Caribbean Cruises Ltd. will also skip the worst hit areas, although new itineraries are still being worked out by their Miami head offices, which were closed for several days.

Operators said it is too early to gauge the monetary impact of the storm, but they expect to provide further guidance when several post their financial results later this month. Morgan Stanley said in a report this week that canceled and modified trips could cost Carnival as much as \$20 million, or 3 cents per share, to its annual operating income. It estimated the impact to Norwegian and Royal Caribbean as 4 cents a share and 7 cents a share, respectively.

Shay Howard, a Miami-based travel agency owner,

said she has fielded more than 80 calls this week from clients worried about Caribbean cruises they have booked. She has a 100-person group scheduled for a Sept. 24 Carnival cruise to the Dominican Republic and Turks and Caicos, but she hasn't received any updates on its status.

"I've never dealt with this before," she said.

As cruise operators reroute trips, there is a risk that the ports that remain open will become overcrowded. "You don't want 12 ships in Cozumel on the same day," said David Crooks, a senior vice president at World Travel Holdings, which owns several online cruise agencies.

Operators said they will avoid such congestion issues by scheduling carefully or using private islets they own

that haven't been damaged by storms. "The good news about our industry is that our assets are mobile, so we are able to adjust our schedules as needed based on the circumstances," a Carnival spokesman said.

The cruise sector is a rare bright spot in a depressed shipping industry marred by overcapacity and low freight rates. It has been growing at 4% to 6% annually with a record 25.8 million passengers expected this year and cruise-ship builders fully booked until 2025, according to Cruise Lines International Association, which represents the world's top 60 players.

Americans represent about half of cruise ships' passengers, the association said, with the Caribbean the most popular regional destination.

Nestlé Invests In Coffee Retailer

By BRIAN BLACKSTONE

ZURICH—Nestlé SA added to its rapidly growing coffee business by acquiring a majority share in specialty coffee roaster and retailer Blue Bottle Coffee.

Thursday's deal will give the Swiss consumer-products giant a 68% stake for about \$425 million, a person familiar with the matter said.

The transaction, though small relative to Nestlé's 89.5 billion Swiss francs (\$92.7 billion) in 2016 sales, underscores the packaged-food company's emphasis on coffee as one of the priority parts of its business, while it pares back some of its confectionery business.

Nestlé's coffee unit, which includes Nescafé and Nespresso coffee and Coffee-Mate creamer, generated 2016 sales of 9.1 billion francs.

Blue Bottle had 29 shops in U.S. cities including Washington, New York, Los Angeles and in the San Francisco Bay Area, as well as in Tokyo at the end of last year. It is expected to have 55 stores by the end of this year.

"This move underlines Nestlé's focus on investing in high-growth categories and acting on consumer trends," said Nestlé Chief Executive Mark Schneider.

In June, Nestlé cited coffee as one of the high-growth parts of its business in which it plans to focus its investments in addition to infant nutrition, bottled water, pet care and consumer health. It also launched a 20 billion franc share buyback, and put up for sale its U.S. confectionery business that includes Butterfinger and Crunch candy bars.

The moves came amid investor pressure to boost profits and raise Nestlé's share price, which has languished over the past two years. That pressure culminated in late June with the founder of activist investor Third Point LLC, Daniel Loeb, publishing a letter on how Nestlé should change its business. His recommendations included a formal margin target, more share buybacks and a sale of Nestlé's stake in French cosmetics giant L'Oréal SA.

Thursday's announcement continues an acquisition spree by Nestlé in the U.S. Last week, Nestlé said it would buy California plant-based foods manufacturer Sweet Earth, which makes vegan and vegetarian products. In June, it acquired a minority stake in startup Freshly, which sells prepared meals directly to consumers in 28 U.S. states.



Passengers head toward a cruise ship anchored in St. Maarten on Sunday, after Hurricane Irma hit the island. The storm struck some 25 Caribbean ports.

Google Ex-Staffers Allege Bias Against Women

By YOREE KOH

Three former Google employees on Thursday filed a class-action lawsuit against the tech giant, alleging it discriminated against women in pay and promotions, building on a debate of whether gender bias is pervasive at Google.

The three women claim Google placed them in lower job levels than their similarly qualified males, leading to lower pay, and denied the women promotions or transitions to other teams that would have led to better career advancement.

The complaint, filed in San Francisco Superior Court, is the latest chapter in a recent flare-up over gender equality at Google. Thursday's complaint comes on the heels of an accusation by the Labor Department that Google systematically underpays its female employees. And Google last month fired James Damore, an engineer, for publishing a memo that attributed Google's gender gap in part to biological differences, not sexism.

Google, part of Alphabet Inc., has said its annual salary analyses show no pay gap.

Lawyers for the three plaintiffs said more than 90 current and former Google employees came forward to say they faced discrimination.

The plaintiffs say Google placed them in lower job levels than similarly qualified men.

a software engineer on the Google Photos team in 2010. In the complaint, Ms. Ellis claimed she was brought in at a level typically given to new college

graduates, despite her four years of engineering experience. She asked for a promotion after learning that she had equal or better qualifications

than male engineers in a higher level, and after receiving "excellent performance reviews."

She said she was denied. According to the complaint, Ms. Ellis resigned from Google around July 2014 due to "the sexist culture."

The claims from the other two plaintiffs, Holly Pease, who managed software engineers, and Kelli Wisuri, a salesperson, follow a similar pattern in which they felt their initial positions didn't match their qualifications, then found it hard to catch up.

—Jack Nicas contributed to this article.

VW Sets Air-Bag Recall In China

By TREFOR MOSS

SHANGHAI—Volkswagen AG and its Chinese joint-venture partners are recalling nearly 4.9 million vehicles in China to replace faulty air bags from bankrupt Japanese supplier Takata Corp., the German auto maker said Thursday.

It is the second massive recall Volkswagen has faced in China in the space of 10 days. Earlier this month, the Chinese quality watchdog said Volkswagen would recall more than 1.8 million vehicles to fix defective fuel pumps.

Volkswagen is heavily dependent on the China market: last year the country accounted for four million of the 10.3 million vehicles VW delivered globally. The company builds cars locally with state-run partners Shanghai Automotive Industry Corp. and FAW Group Corp.

The setbacks aren't likely to seriously damage VW's prospects in China, said Gerwin Ho, senior analyst at Moody's Investors Service. "China's auto market is evolving into a developed market, and recalls are



The recall of nearly 4.9 million vehicles involves Takata air bags.

common and standard procedure in developed auto markets," Mr. Ho said.

Volkswagen's diesel-emissions scandal of 2015 dented sales elsewhere, but its business held strong in China. VW remains by far China's most-popular auto brand: it sold 1.5 million passenger cars in the first half of 2017, more than double the volume of its closest rival, Honda Motor Co., according to LMC Automotive, an auto-intelligence company.

The Volkswagen-owned Audi and Skoda brands are also popular with Chinese consumers.

China's General Administration of Quality Supervision, Inspection and Quarantine said it had pushed for the recall based in recent discussions with Volkswagen and its Chinese partners.

The watchdog said in June that it had asked several auto makers, including Volkswagen, to deal with the air bags as a matter of urgency. At that stage, 24 auto makers in China had already recalled 10.6 million cars over the air-bag issue, it said.

Volkswagen Group China said in a written statement that it was acting on the watchdog's conclusion that there is "a potential safety risk" relating to air bags in its vehicles. The recall will be carried out in phases through December 2019, it said.

Faulty Takata air bags have been linked to at least 12 deaths in the U.S. alone. The air bags have been known to explode because of faulty inflators, sending potentially deadly shrapnel into the vehicle's cabin.

Fox's Sky Deal Faces Scrutiny

By RORY GALLIVAN AND STU WOO

LONDON—The U.K. government on Thursday said it would refer 21st Century Fox Inc.'s \$15.5 billion proposal to consolidate ownership of Sky PLC for review by the country's competition authority using both broadcasting standards and media-plurality criteria.

The move represents a hurdle in media mogul Rupert Murdoch's yearslong bid to solidify control of British pay-TV giant Sky and further integrate his wider, global media empire.

The decision comes just two days after the U.K.'s culture secretary, Karen Bradley, said she was "minded" to refer the

deal to the Competition and Markets Authority. Fox and Sky wrote to Ms. Bradley to say they disagreed with her intention but wouldn't be filing any formal case against it, paving the way for the move.

The CMA has 24 weeks to investigate the deal, in which Fox is seeking to buy the 61% of Sky it doesn't already own. The authority would then provide evidence to the government, which makes the final decision on whether to clear the merger or to impose any conditions on the deal.

Fox said it looks "forward to engaging constructively with the CMA, as independent authority, and hope[s] that the findings of this process will be

respected" by the government. Sky said it "will continue to engage constructively in this process."

In terms of media plurality, Ms. Bradley had raised questions about whether the transaction would give one organization too much power in the British media. Mr. Murdoch and his family are major shareholders of both Fox and News Corp., which owns a number of British newspapers.

In regards to broadcasting standards, Ms. Bradley said this week she was acting partly out of concern about corporate governance at 21st Century Fox, highlighted by a series of sexual-harassment scandals at its Fox News unit in the U.S.

BUSINESS WATCH

VERIZON

Telecom to Cut Billions by 2021

Verizon Communications Inc. is planning to cut \$10 billion in spending from its operations over the next four years, the company's chief executive told investors on Thursday.

The carrier plans to deploy an aggressive cost-cutting technique known as zero-base budgeting. The idea is that all business units must start with a

clean sheet of paper each year and justify the money they want to spend, rather than basing it off the previous year's spending. In 2016, Verizon had about \$126 billion in revenue and \$99 billion in operating expenses.

—Ryan Knutson

AUTOLIV

Car-Parts Maker Considers a Split

Swedish car-parts company Autoliv Inc. said it is considering

splitting itself into two listed companies, separating its electronics operation from its business making safety devices such as seat belts and air bags.

The move is intended to help the company's fast-growing electronics-components business—whose products include positioning systems used in autonomous driving technology—compete better, as suppliers, auto makers themselves and technology companies all rush to develop self-driving cars.

—William Wilkes

TECHNOLOGY

WSJ.com/Tech

YouTube Pulls North Korea State Videos

Citing U.S. sanctions, company deletes channels experts say provide a trove of data

BY JACK NICAS

YouTube removed channels that broadcast North Korean state television because of legal concerns, angering North Korea experts who have used the channels for years to monitor the secretive country.

Over the past several days, YouTube, owned by Alphabet Inc.'s Google, pulled two of the most prominent channels. YouTube said it determined they might be controlled by the North Korean government and thus violate U.S. sanctions against the country.

A message posted by YouTube on one channel's page said it was removed because of a legal complaint, while an-

other said it violated the site's "community guidelines."

"We love that YouTube is a powerful platform for documenting events and shining light on dark corners around the world, but we must comply with the law," a YouTube spokeswoman said in an email. YouTube said it removed the channels after they were brought to its attention, not because of a change to U.S. law or YouTube policy.

Researchers say the move hurts research into North Korea. Some questioned whether the U.S. sanctions law applies to the videos, which didn't have ads and thus didn't earn money.

But Shea Cotton, a researcher at the Middlebury Institute of International Studies, said he believes YouTube is likely interpreting a 2015 order from the Obama administration that prohibits providing "funds, goods, or services"

to the North Korean government.

"The 'services' part is what probably has YouTube spooked," Mr. Cotton said in an email.

The channels have broadcast thousands of hours of North Korean state TV on YouTube over the past several years, researchers said, providing valuable footage of the country and its leaders. There are few, if any, other places on the internet to access such footage, and satellite connections to receive North Korean broadcasts in the U.S. are expensive and complicated, researchers said.

"North Korea propaganda is bad by Western standards. It's not going to convince anybody that this is a decent, moral or legitimate government," said Curtis Melvin, a fellow at the US-Korea Institute at Johns Hopkins University. "What they are doing is providing us

information about their government from the inside that we can't get from other sources."

North Korean broadcasts have enabled researchers to build databases on schools,

Researchers have used the footage to locate missile-launcher factories.

factories, government offices and military infrastructure in the country. They have used footage to locate missile-launcher factories, determine that missile tests failed, and identify nuclear targets in the U.S.

The removal of the channels not only hurts future investigations, but also under-

cuts years of research citing videos posted on the channels. "Every single North Korea researcher I know has seven years of bookmarks in those YouTube channels that are now totally useless," Mr. Melvin said.

Joshua Pollack, a researcher at the Middlebury Institute of International Studies, said he and his peers primarily use satellite images from Google Earth and state TV footage posted on YouTube—usually in conjunction—to investigate North Korea. "It's like a knife and a fork. It's hard to eat a steak with just a knife," he said. "And Google owns both the knife and the fork."

The researchers' complaints come amid separate criticism of YouTube for pulling journalistic or academic videos related to violence in the Middle East. For instance, Syrian activists say YouTube has pulled

some of their videos documenting the civil war in Syria.

Such examples have increased in recent months because YouTube widened a crackdown on extremist videos. The site added new software that proactively flags videos that appear to violate its policies, such as those that show graphic violence or nudity. YouTube also added more human reviewers to screen flagged videos.

YouTube said in many cases where journalists' videos were pulled, human reviewers erred or the footage lacked appropriate context that said it was aiming to document events rather than spread extremist ideas.

YouTube said it has reinstated many such videos.

A YouTube spokeswoman said in an email, "With the massive volume of videos on our site, sometimes we make the wrong call."

Truck Drivers Balk at Electronic Monitoring

BY BOB TITA

Electronic logs are taking fuzzy math out of trucking.

Federal and state officials have given truckers until December to install electronic monitors that track their time on the road. The new devices are meant to make highways safer by keeping drivers from overshooting the hours they are supposed to drive.

But some truckers who get paid by the mile could see their incomes drop with a more accurate accounting of the time it took them to make a delivery. And lower pay could exacerbate a driver shortage in an industry with a reputation for high turnover.

"You'll see smaller carriers leave the business," said Rod Nofziger, chief operating officer for the Missouri-based Owner-Operator Independent Drivers Association, which has 158,000 members.

Since 2003, truckers have been limited to 11 hours of driving during a 14-hour on-duty stretch. Waiting at a loading dock or getting stuck in traffic counts against that time. That tempts truckers to say in their logs that deliveries happened faster than they did. Driving-log violations are the largest share of citations that police issue during truck inspections, the Federal Motor Carrier Safety Administration says.

Even modest fudging can



A requirement for electronic trackers takes effect in December.

add up to hundreds of hours of unlawful driving. Road-safety advocates say off-book driving pushes up highway accident rates. The motor-safety agency estimates electronic logs will save 26 lives and prevent 562 injuries annually.

"The only reason anyone would oppose this technology is to skirt the hours of service," said Chris Spear, chief executive of the American Trucking Associations in Virginia.

With drivers paid an aver-

age of 40 cents a mile, small operators say the \$1,000 cost for an electronic log and the monthly service fees of around \$40 per truck to process the data is a financial burden. Small fleets and owner operators account for about half of the 1 million heavy-duty trucks for-hire in the U.S.

Acknowledging those concerns, the consortium of state and federal law enforcement agencies overseeing the change said last month that they will fine truckers found without electronic logs starting in December but won't force their trucks off the road until April. Fines for log violations are based on state statutes and vary from state to

state.

Paul Truman, president of Truline Corp., a larger trucking company in Las Vegas, has seen a 12% drop in weekly miles traveled since most of the company's 220 trucks were converted to electronic logs. He says he hopes the reduction will be offset by higher shipping rates if there is less off-log driving and some owner-operators leave the industry.

"If you reduce the capacity and demand is the same, then pricing should go up and hopefully it makes the trucking industry more profitable," he said. "To make this work, we need everybody to be compliant."

Trump Blocks China Chip Deal

BY KATE O'KEEFE

WASHINGTON—President Donald Trump has blocked a Beijing-backed fund's attempt to buy an American chip maker, signaling his administration will closely scrutinize Chinese efforts to invest in U.S. semiconductor technology.

Mr. Trump on Wednesday rejected the transaction after the would-be deal makers—Chinese government-backed Canyon Bridge Capital Partners and Lattice Semiconductor Corp.—made a rare, direct appeal to him. They had hoped he would overrule an earlier negative recommendation by the Committee on Foreign Investment in the U.S., a multi-agency panel that reviews deals for national-security concerns.

Instead, the White House said that Mr. Trump believes the \$1.3 billion transaction could have risked U.S. national security.

Canyon Bridge and Lattice sought—and failed—three times to win approval from CFIUS, with executives from both entities alleging in interviews with The Wall Street Journal that anti-China politics in the U.S. were scuttling the deal.

Lattice Chief Executive Darin Billerbeck said in an interview earlier this week that Lattice and Canyon Bridge tried to address all possible national-security issues through an agreement to give the U.S. government control over Lattice's intellectual property and technology if the tie-up were approved.

"You're basically saying that the government itself can't control IP that they're in charge of. I don't understand that," Mr. Billerbeck said of the foreign-investment committee's decision.

In a statement after the president's decision, Treasury Secretary Steven Mnuchin, who is chairman of CFIUS, emphasized that the panel's process "focuses exclusively on identifying and addressing national security concerns."

Mr. Billerbeck had argued that blocking the deal would heighten national-security risks, as Lattice wouldn't have to honor the terms of the agreement they proposed on intellectual property and technology and they could pursue joint-venture and licensing deals abroad that are outside the panel's purview.

Following Mr. Trump's decision, Lattice issued a statement confirming it would terminate the deal and reiterating its belief that it was in "the best interests of our shareholders, our customers, our employees and the United States."

Canyon Bridge said in a Wednesday statement: "We are obviously disappointed in today's decision by the President of the United States to forgo what we believe to be an excellent deal for Lattice's shareholders and its employees by expanding the opportunity to keep jobs in America."

CHINA CIRCUIT | By Li Yuan

Tips on Luring Amazon to Your Town

Amazon.com Inc. set off a bidding race among cities in North America last week when it announced plans to build a second headquarters.

Would-be hosts might look to Wuhan for tips.

The central China city is a gray titan of the old industrial economy that is trying to reposition itself as a new hub for technology companies. Wuhan sees opportunity because the costs of living and labor have soared in the established tech centers of Beijing and Shenzhen, just as they have in Silicon Valley and Seattle, driving Amazon and others to look elsewhere.

What sets Wuhan apart is the broad array of incentives on offer. These include not just tax breaks and office rent rebates, but research-and-development funding, investment financing and bonus awards for engineers, coders and other top talent. That is on top of more affordable housing prices and an abundant supply of college graduates.

Wuhan needs to be aggressive. Several other fading industrial cities—Chengdu in the west, Xi'an in the north and Changsha in the south—are competing for the same pool of people and companies.

Dozens of companies have headed Wuhan's appeal and set up operations, including smartphone maker Xiaomi Corp. and bike-sharing startup Ofo Inc.

For Beijing-based Xiaomi, Wuhan pulled out all the stops.

The city, along with the provincial government, in May announced a 12 billion yuan (\$1.83 billion) joint investment fund with Xiaomi to lure hardware startups and nurture local tech companies.

The local Communist Party chief showered attention on Xiaomi co-founder and chief executive Lei Jun, a graduate of one of Wuhan's universities. The pair met three times in one month—an unusual gesture in a country where officials almost always outrank business executives.

Other financial incentives weren't announced, though there should be plenty more, according to executives whose companies have received such benefits. The city and company are discussing developing an industrial park.

As a result, Xiaomi will open a regional headquarters, base its retail-store operations in Wuhan and develop high-tech products there, according to the government. Xiaomi declined to comment.

Wuhan's zeal illustrates the resources and political will that authoritarian governments can muster to meet an objective—in this case moving up the value chain.

American cities offer incentives, too. Amazon can expect to receive breaks on property, state and local taxes, as well as tax rebates and other possible sweeteners such as grants for train-

ing employees and expedited permit approvals. To get electronics maker Foxconn

Technology Group to locate a \$10 billion plant in Wisconsin, the state promised \$3 billion in tax credits, spread out over 15 years.

While Wisconsin has to defend the deal against criticism and concerns about taxpayer giveaways, the Wuhan government faces no meaningful opposition.

Wuhan's main press office declined to comment. A business-development official at the East Lake High-tech Development Zone—the city's tech-industry center—says Wuhan is very conscientious about not wasting taxpayers' money. The city, he says, needs to spend now, even if the payoff isn't imminent.

"If we don't take the first step, we won't be able to build up a high-quality talent reserve. Then we'll never have the opportunity to

move up the value chain," he says. "We will be completely irrelevant."

And so the spending continues. Live-streaming video company Wuhan Douyu Internet Technology, for example, received five million yuan last year for locating its headquarters in the city, even though it did so three years ago, says Douyu's vice president, Yuan Gang. The company gets an office rent subsidy of about 10 million yuan a year and a 15% tax rate on profits, lower than the 30% to 40% common for Chinese businesses. Then there are grants for R&D, for equipment, for top personnel and more, so many in fact that Mr. Yuan hired two full-time staff to file grant applications.

The business development official at East Lake High-tech Development Zone says many incentives are focused on people. He says while a company relocation will

bring in many talented people, some will quit to look for other jobs or start their own companies. When they do, he says, Wuhan wants them to stay.

"With headquarters comes top talent. Only when you've got top talent, can it be a virtuous cycle," he says. "That is why we pay more attention to talent than tax at the moment."

Wuhan subsidizes moving, rent and other housing costs for those identified as top-tier talent, and helps them find schools for their children, according to Wuhan East Lake High-tech Development Zone's website. The development zone has a 10 billion yuan budget each year to attract companies and talent.

With housing prices soaring in Shenzhen, drone maker Shenzhen Simtoo Intelligent Technology Co. moved its 20-member software R&D team to Wuhan and, says founder Aaron Zhang, was rewarded with government largess. His best coders are awarded 100,000 yuan to 300,000 yuan "talent" grants, as well as stipends to cover personal income taxes. The team received an 800,000 yuan R&D grant, too.

As for the rest of his company, Mr. Zhang is looking to relocate to a small city near Shenzhen. Smaller cities, he says, offer even better incentives than Wuhan.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.



Generous incentives are helping create a tech hub in Wuhan, China.

KEVIN FRAYER/GETTY IMAGES

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FINANCE & MARKETS

Money Market's Accidental Giant

Regulators worry as cash pours into Yu'e Bao, a high-returning Ant Financial fund

SHANGHAI—In just four years, a money-market fund created by an affiliate of China's **Alibaba Group Holding** Ltd. has become the world's largest, providing millions of the country's savers a high-returning place to park their money.

Now, it is facing pressure from regulators to slow down.

Fueled by contributions from some 370 million account holders, the fund, known as Yu'e Bao—which means “left-over treasure”—has grown rapidly to manage \$211 billion in assets. It is more than twice the size of the next largest money-market fund, a U.S. dollar liquidity fund managed by **J.P. Morgan Asset Management**, according to data from Morningstar Inc.

Yu'e Bao's assets doubled in the past year alone, and the fund now makes up a quarter of China's money-market mutual-fund industry.

Its ascent has been an accidental byproduct of a sharp shift among Chinese consumers toward mobile payments. Yu'e Bao draws its funds from users of Alipay, an electronic-payments platform used by roughly a third of China's population to make purchases on Alibaba's e-commerce sites and to pay for everything from cinema tickets to household bills.

In some ways, Yu'e Bao's surge to prominence shows how diverse and dominant Alibaba and its affiliates have become in recent years. Founded



A Beijing shopper. Mobile payments fueled Yu'e Bao's rise.

in 1999 as an e-commerce site to rival eBay, Alibaba has transformed itself into a technology behemoth with interests in banking, financial services, media and entertainment. Its New York-listed shares have doubled in value this year, closing at \$178.97 on Wednesday. Alibaba spun off Alipay in 2011 and renamed the company that owns and operates it Ant Financial Services Group.

Ant set up Yu'e Bao as a place for Alipay users to park idle cash sitting in virtual wallets they control with their smartphones. The company never intended, or expected, Yu'e Bao to become as large as it did so quickly, according to a person familiar with the matter.

Attracted by the fund's generous returns—Yu'e Bao's investments currently produce a 7-day annualized yield of 4.02%—some investors have been sending chunks of their monthly paychecks to it, another reason for its growth. A year ago, the fund's yield was 2.3%, according to Tianhong Asset Management Co., an Ant subsidiary that man-

ages the fund.

Xu Xiaoyan, an IT manager in Shanghai, sees Yu'e Bao as a simple and safe cash-management tool. Since April 2014, the 32-year-old has been plowing 20% to 30% of her monthly salary into the fund. “I am not too concerned about what Alibaba does with my money since it's too big to collapse,” said Ms. Xu. “I'm happy that the monthly yield can buy me at least a cup of milk tea.” She has about \$775 in the fund.

Yu'e Bao's short-term yield dwarfs the 1.5% interest rate on one-year Chinese bank deposits and even beats the 3.6% yield on 10-year Chinese government bonds. The fund invests most of its money in certificates of deposits issued by Chinese state-owned or state-supported banks. It also holds government bonds, bank-issued bonds and commercial paper.

Data reviewed by The Wall Street Journal indicates Tianhong boosted Yu'e Bao's returns in recent years by increasing its allocation of funds to financial instruments with longer maturities. Such assets,

however, tend to be less liquid than bank deposits and lower-yielding investments. About 40% of Yu'e Bao's investments mature in under 60 days, versus over 60% four years ago, according to Tianhong reports.

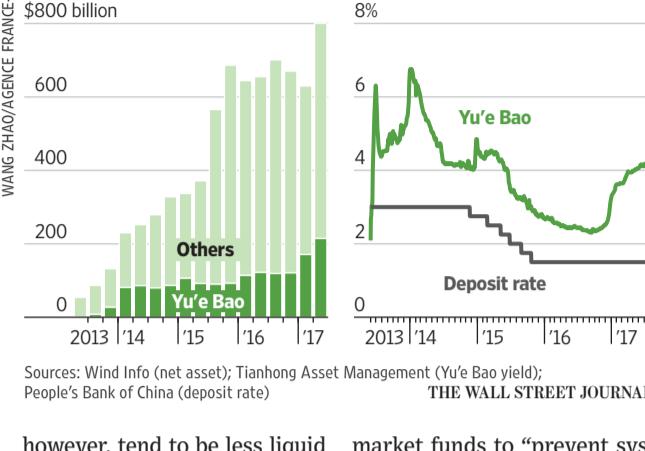
China's money-market fund industry has swelled in recent years, partly because of loose regulation. The first Chinese money-market fund was launched in 2003, and similar funds for years were marketed mainly to wealthy individuals and institutions. Following the formation of Yu'e Bao, which lets people open accounts with as little as 1 yuan (\$0.15), the industry has grown exponentially as other similar funds have sprouted.

The surge is making Chinese regulators nervous. In March, China's securities regulator called for “significantly stronger” risk controls at money-

Treasure Trove

Yu'e Bao, a four-year-old investment fund, has seen its assets swell rapidly to make it the world's largest money-market fund, thanks in part to its generous returns.

Net asset value of China's money-market funds



Sources: Wind Info (net asset); Tianhong Asset Management (Yu'e Bao yield); People's Bank of China (deposit rate)

THE WALL STREET JOURNAL

market funds to “prevent systemic risks caused by large-scale redemptions.” The concern is that the funds could see sudden and large-scale redemptions if, for example, returns drop, or during broader market turmoil. If the funds are forced to liquidate large volumes of assets to raise cash, the moves could potentially destabilize the financial system.

In early September, regulators issued new liquidity rules, effective Oct. 1, requiring money-market funds to boost their holdings of higher-quality assets, such as short-term debt securities, that carry top credit ratings. The regulator also labeled money-market funds as “systemically significant” and instructed them to curb their exposure to individual financial institutions.

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and Chuin-Wei Yap

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and Chuin-Wei Yap

HgCapital Weighs The Sale Of Ullink

BY BEN DUMMETT

HgCapital, a Europe-based buyout firm, is eyeing the possible sale of **Ullink** in a deal that could value the provider of electronic-trading software at about €700 million (\$832.7 million), according to people familiar with the matter.

The potential sale comes as investors and brokers come under pressure to cut trading costs and meet new regulatory requirements to boost transparency and mitigate risk taking.

Traders increasingly rely on technology to connect directly to an exchange and seek out the best price to buy and sell different types of securities across trading venues. They also rely on technology to publish more trading information in real time.

Ullink, based in Paris, offers an electronic network that links about 1,500 investors and brokers, providing access to about 90 trading venues globally, according to the company's website. Its technology is also used in trade execution and to try to guard against market abuse.

The coming introduction in January in Europe of the Markets in Financial Instruments Directive is an example of the opportunity that regulatory changes create for Ullink and other technology providers. The rules, which arose out of the financial crisis, range from regulating commodity-derivatives trading to toughening rules on governing payment for investor research and bringing greater transparency to bond trading.

The deal could value the provider of trading software at about \$830 million.

To help the financial community address the new regulations, Ullink in April launched an automated system designed to collect, validate and consolidate trade data for reporting to the required regulatory authority.

Ullink, which was founded in 2001, isn't the only trading-technology company on the market. Intercontinental Exchange Inc., owner of the New York Stock Exchange, is selling Trayport Ltd., a London-based energy software trading company, after U.K. competition authorities ruled earlier this year that the acquisition could limit competition in wholesale energy markets.

The U.S.-based exchange operator had originally agreed to acquire Trayport from BGC Partners Inc., a New York- and London-based brokerage company, in 2015 for \$650 million.

HgCapital acquired a majority stake in Ullink in 2014 for an undisclosed amount. Then that same year the company acquired two businesses from ICE to expand its customer base and extend its geographic reach.

One business, Nyfix, provides trading services to broker-dealers and institutional investors and the other, Metabit, offers investors connections to Asian markets.

Up-to-date financial figures for Ullink weren't available.

At the time of the Nyfix and Metabit acquisitions from ICE, Ullink said that the two purchases would increase its annual revenue to \$130 million from about \$50 million.

Equifax Identifies Software in Hack

BY ANNAMARIA ANDRIOTIS

Deloitte's Revenue Increases by 5.5%

Deloitte Touche Tohmatsu

Ltd. recorded \$38.8 billion in revenue in its latest fiscal year, up 5.5% in U.S. dollar terms from the previous year, the Big Four accounting firm said Thursday.

Global revenue for the year that ended May 31 was up 7.1% in local-currency terms, the way major accounting firms prefer to measure their growth. Last year, Deloitte's revenue rose 4.4% in U.S. dollar terms and 9.5% in local-currency terms.

Deloitte said its growth was aided by companies' need for assistance in revamping their business models to cope with the rapid pace of change, as well as by the firm's investments in advanced technology and its acquisitions and strategic alliances.

Clients are using Deloitte “to help them navigate change and reinvent themselves,” Punit Renjen, Deloitte's global chief executive, said in a statement.

Major accounting firms are international networks of private partnerships that disclose only their revenue, not their earnings.

—Michael Rapoport

GOLDMAN SACHS

Bank Hires Staff From Bond Street

Goldman Sachs Group

Inc. is hiring about 20 employees from online small-business lender **Bond Street Marketplace** Inc. as the Wall Street giant embraces loans as a source of growth, according to legal observers.

The group—a mix of engineers, product developers and risk and marketing specialists—will join Goldman's growing consumer bank in the wake of Bond Street's recent decision to stop making new loans, according to the people familiar with the move.

Founded in 2013, Bond Street offered companies one- to three-year loans of up to \$1 million. It grew to about 35 employees and raised at least \$10 million through share sales to investors.

Recently though, Bond Street has faced challenges raising a new round of equity, which contributed to its decision to stop lending and run off its existing portfolio, one of the people familiar with the matter said.

On Tuesday, Goldman said it expects lending to account for nearly half of \$5 billion in revenue growth by 2020—a shift for a firm that long shied away from credit businesses.

—Peter Rudegeair

and Liz Hoffman

—Michael Rapoport

—Michael Rapoport</

MARKETS DIGEST

Nikkei 225 Index

19807.44 ▼ 58.38, or 0.29%

High, low, open and close for each trading day of the past three months.

Year-to-date
52-wk high/low
All-time high

20230.41 16251.54
38915.87 12/29/89

STOXX 600 Index

381.79 ▲ 0.45, or 0.12%

High, low, open and close for each trading day of the past three months.

Session high
Session open
Close
Session low

20500
20250
20000
19750
19500
19250

65-day moving average

19000

June July Aug. Sept.

Bars measure the point change from session's open

Session high
UP Close
Close Open
Session low

20500
20250
20000
19750
19500
19250

65-day moving average

395
390
385
380
375
370

June July Aug. Sept.

S&P 500 Index

2495.62 ▼ 2.75, or 0.11%

High, low, open and close for each trading day of the past three months.

Data as of 4 p.m. New York time

Last 23.82 24.86

P/E estimate 18.83 18.52

Dividend yield 2.00 2.12

All-time high: 2498.37, 09/13/17

Trailing P/E ratio 23.82 24.86

P/E estimate 18.83 18.52

Dividend yield 2.00 2.12

All-time high: 2498.37, 09/13/17

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

2500

2475

2450

2400

2375

2350

June July Aug. Sept.

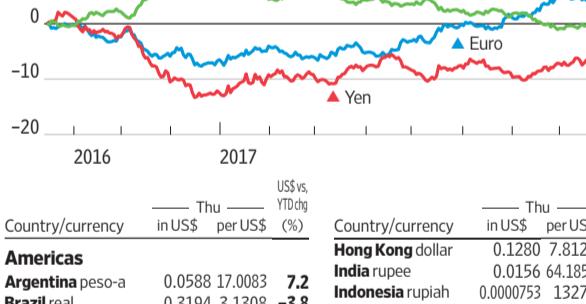
International Stock Indexes

Region/Country	Index	Data as of 4 p.m. New York time					
		Close	NetChg	% chg	52-Week Range	Close	YTD % chg
World	The Global Dow	2888.50	-2.12	-0.07	2386.93	2894.85	14.3
	MSCI EAFE	1964.12	-1.03	-0.05	1614.17	1973.04	14.4
	MSCI EM USD	1100.29	0.83	0.08	838.96	1102.88	38.5
Americas	DJ Americas	602.27	-0.35	-0.06	503.44	602.81	11.3
Brazil	Sao Paulo Bovespa	74773.20	-14.37	-0.02	56794.11	75332.23	24.2
Canada	S&P/TSX Comp	15182.04	55.23	0.37	14382.87	15943.09	-0.7
Mexico	IPC All-Share	50111.72	-53.16	-0.11	43998.98	51772.37	9.8
Chile	Santiago IPSA	3918.53	-1.91	-0.05	3120.87	3945.90	21.6
U.S.	DJIA	22203.48	45.30	0.20	17883.56	22216.44	12.4
	Nasdaq Composite	6429.08	-31.10	-0.48	5034.41	6460.84	19.4
	S&P 500	2495.62	-2.75	-0.11	2083.79	2498.43	11.5
	CBOE Volatility	10.48	-0.02	-0.19	8.84	10.21	-25.4
EMEA	Stoxx Europe 600	381.79	0.45	0.12	328.80	396.45	5.6
	Stoxx Europe 50	3111.55	3.12	0.10	2720.66	3279.71	3.4
Austria	ATX	3238.99	3.58	0.11	2311.88	3289.71	25.4
Belgium	Bel-20	3989.41	0.28	0.01	3384.68	4055.96	10.6
France	CAC 40	5225.20	7.61	0.15	4310.88	5442.10	7.5
Germany	DAX	12540.45	-13.12	-0.10	10174.92	12951.54	9.2
Greece	ATG	790.97	-19.01	-2.35	548.72	859.78	22.9
Hungary	BUX	38243.20	124.11	0.33	27466.59	3818.92	19.5
Israel	Tel Aviv	1415.46	-2.45	-0.17	1346.71	1490.23	-3.8
Italy	FTSE MIB	22281.14	47.84	0.22	15923.11	22347.77	15.8
Netherlands	AEX	529.34	0.65	0.12	436.28	537.84	9.6
Poland	WIG	64748.47	28.67	0.04	46674.28	65611.21	25.1
Russia	RTS Index	1125.69	7.31	0.65	953.12	1196.99	-2.3
Spain	IBEX 35	10361.10	-9.90	-0.10	8512.40	11184.40	10.8
Sweden	SX All Share	569.27	2.63	0.46	489.12	598.42	6.5
Switzerland	Swiss Market	9071.43	17.60	0.19	7585.56	9198.45	10.4
South Africa	Johannesburg All Share	55850.32	-302.22	-0.54	48935.90	56896.89	10.3
Turkey	BIST 100	108244.22	88.69	0.08	71792.96	110530.75	38.5
U.K.	FTSE 100	7295.39	-84.31	-1.14	6654.82	7598.99	2.1
Asia-Pacific	S&P/ASX 200	5738.70	-5.60	-0.10	5156.60	5956.50	1.3
China	Shanghai Composite	3371.43	-12.72	-0.38	2980.43	3385.39	8.6
Hong Kong	Hang Seng	27777.20	-116.88	-0.42	21574.76	28094.61	26.3
India	S&P BSE Sensex	32241.93	55.52	0.17	25765.14	32575.17	21.1
Japan	Nikkei Stock Avg	19807.44	-58.38	-0.29	16251.54	20230.41	3.6
Singapore	Straits Times	3220.95	-9.41	-0.29	2787.27	3354.71	11.8
South Korea	Kospi	2377.66	17.48	0.74	1958.38	2451.53	17.3
Taiwan	Weighted	10553.57	20.69	0.20	8902.30	10617.84	14.0

Source: SIX Financial Information/WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



US\$ vs. in US\$ per US\$ (%)

Country/currency

US\$ vs. in US\$ per US\$ (%)

London close on Sept. 14

Country/currency	Thurs.	US\$ vs. YTD chg (%)
Europe		
Bulgaria lev	0.6076	1.6458 -11.4
Croatia kuna	0.1586	6.304 -12.1
Denmark krona	1.1879	0.8419 -11.4
Egypt pound	0.0567	17.6347 -2.7
Hungary forint	0.0384	259.94 -11.7
Iceland krona	0.0094	70.55 -6.6
Ireland pound	0.1269	8.78 -14.6
Malta euro	0.1596	6.2647 -11.4
Norway krona	0.1266	7.8989 -8.6
Poland zloty	0.2777	3.6017 -14.0
Portugal euro	0.1738	57.524 -6.1
Russia ruble	0.0173	57.524 -6.1
Sweden krona	0.1248	8.0156 -12.0
Switzerland franc	0.1349	3.4447 -2.2
U.K. pound	0.1391	0.7468 -7.8

Country/currency

US\$ vs. in US\$ per US\$ (%)

Country/currency

US\$ vs. in US\$ per US\$ (%)

Country/currency

US\$ vs. in US\$ per US\$ (%)

FINANCE & MARKETS

Activists Ramp Up in Asia

Investors are targeting more of the region's companies and finding success in China

By GREGOR STUART HUNTER

Activist investors are descending upon Asia in greater numbers than ever before and scoring hits against some of the region's biggest listed companies.

But it is at companies based in China, rather than market economies such as Japan or South Korea, that activists have had the most success.

Activist investors have successfully pushed for change in 40% of the companies they have taken up arms against in Asia since 2013, according to data from research firm Activist Insight. That compares with a 56% success rate in the U.S. over the same period, with success defined as occurring when a company concedes fully or partially to an investor's demands.

And while the frequency of campaigns by activist investors in Asia remains far behind that in the U.S., it is accelerating. Some 38 companies in Asia were targets of activist investors in the first half of 2017, already more than the total in 2013 and on track to eclipse 2014's tally, according to the report.

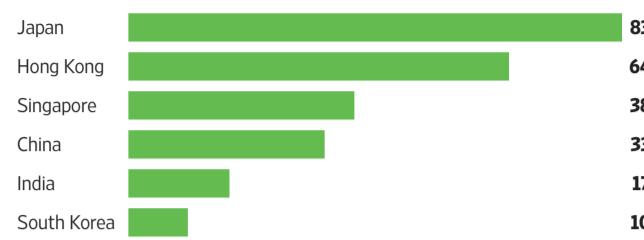
Activist investors in Asia can find it hard to break down resistance to change from big family owners of companies and other substantial shareholders, as with Elliott Management Corp.'s long-running battle to force change at Hong Kong's family-owned **Bank of East Asia** Ltd. The presence of the state as a big investor in countries such as China can be another hindrance.

Moreover, some governments are pursuing policies that may make it harder for activists to succeed. In South Korea, a plan to raise the capital-gains tax could make it too expensive for some activist in-

Following the Money

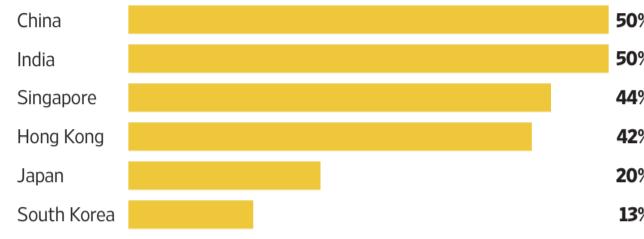
Activism Is Big in Japan...

Number of companies facing activist demands



...But More Successful in China

Percentage of firms that acceded to those demands



Source: Activist Insight

THE WALL STREET JOURNAL

vestors to operate there.

Activist investing globally has generated returns of 6.6% through the end of August, according to data from eVestment, better than the 5.5% return from the average hedge fund.

China has emerged as a happy hunting ground. Half of all activist campaigns mounted there in the past four years have been successful, according to Activist Insight.

Many of these changes have been sought by domestic investors. **Baoneng Group**, an insurance conglomerate, last year forced resignations of top executives at Shenzhen-listed glass producer **CSG Holding** Co. and blocked a share issuance at **China Vanke** Co., one of the country's largest property developers.

Beijing's push for overhauls at big state-owned companies is bringing benefits. For example, more state-owned enterprises are paying special dividends, said Jonathan Garrick, who manages the Neutron Asia Absolute Return Fund.

"If the central government and the [securities regulator]

are giving deliberate directives to improve corporate performance with a focus on shareholder value, that's a step in the right direction," he said.

Still, some fear corporate-governance overhauls in China are heading backward. This summer, dozens of companies changed their corporate charters to embed internal Communist Party committees within their corporate charters.

In Japan, activist investors have carried out 83 campaigns against companies in the past four years, taking their cue from Prime Minister Shinzo Abe's calls for better corporate governance. Still, activists have successfully pushed for change in just 20% of the campaigns launched in the country.

In South Korea, where family-owned conglomerates known as *chaebols* control vast chunks of the economy through often opaque webs of cross-shareholdings, change has also been slow. Just 10 activist campaigns have been launched over the past four years, with only 13% proving

successful, the lowest level in the survey.

The election of Moon Jae-in as president in May has raised hopes. The government has appointed a shareholder-rights activist, dubbed the "chaebol sniper," to be the country's antitrust regulator.

Activist investors say they are bidding their time. **Oasis Management** Co., a Hong Kong-based multistrategy hedge fund that has successfully advocated change at Japanese companies, including **Nintendo** Co. and **Panasonic** Corp., has been looking for opportunities in South Korea. But it is awaiting the outcome of a parliamentary vote this month, which would increase the capital-gains tax on disposals by large shareholders from 20% to 25%.

Any tax increase could make taking a large position in a company's shares prohibitively expensive in some cases, said Seth Fischer, Oasis's chief investment officer.

Elliott Management achieved some success in South Korea this year, after pushing for management at **Samsung Electronics** Co. to adopt a simplified corporate structure, continue share buybacks and cancel some of its treasury shares. The electronics company agreed to the latter move but held its ground on the other requests.

In Hong Kong, activist campaigns are also increasing. Last month, **PAG**, an alternative asset manager that manages \$18 billion, attempted to force the resignation of the management of **Spring REIT**, a Hong Kong-listed real-estate investment trust, after it conducted a sale and lease-back arrangement for 84 properties owned by **Kwik Fit** Ltd., an auto-repair company based in the U.K.

PAG claims the deal represents a move into a market where the REIT, which mostly invests in mainland China, doesn't have much experience. Spring REIT hasn't responded to the criticisms.

Bitcoin Exchange To Shut in China

By PAUL VIGNA AND CHAO DENG

Bitcoin prices fell sharply after China's second-largest digital-currency exchange by volume said it would shut down its domestic trading operations, the latest development in Beijing's attempts to impose control within its borders over the stateless currency.

Bitcoin was down 10%, at \$3,490, after bitcoin-exchange operator BTCC said Thursday on its Twitter account that it would shut down its Chinese trading business by Sept. 30. Bitcoin has declined about 25% from its peak of \$5,014 on Sept. 2.

The bitcoin community initially had doubts about whether China would make good on a call to ban bitcoin exchanges. BTCC's announcement banished those.

"I'm honestly shocked," said Jimmy Song, a prominent bitcoin developer.

That surprise was mirrored in the wider cryptocurrency market. Of the top 20 digital currencies by market value, 18 were down on Thursday. Ether fell about 11%, to \$237; Bitcoin Cash was down roughly 9%, at \$439; and litecoin dropped about 20%, to \$48.

The falls also underscored how volatile small, illiquid

cryptocurrency markets can be. In July, bitcoin fell 35% and ether fell more than 50%, only to bounce back in August.

China has in recent years become a big market for bitcoin, with traders there drawn to both the currency's speculative nature and its potential as a conduit to move money outside the country. About a year ago, bitcoin trading in yuan comprised about 98% of all bitcoin trading. That fell to less than 15% by this month as Chinese authorities have clamped down.

Government authorities earlier this year compelled bitcoin exchanges to comply with "know your customer" and anti-money-laundering rules. This drove away a large chunk of the trading volume in the country.

According to reports from Chinese media on Thursday, regulators in Shanghai gave verbal instructions to exchange operators to shut down.

BTCC wasn't immediately available for comment. OK-Coin, the largest of the three biggest exchanges, didn't respond to a request for comment.

Huobi, the third largest, said it hadn't been contacted by authorities and was operating normally.



The news sent prices of digital currencies sharply lower.

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MARKETS

Swiss Sing a New Note on Value of Franc

Central bank cites a welcome decline versus euro as it recalibrates language

By BRIAN BLACKSTONE

ZURICH—Switzerland's central bank on Thursday softened its longstanding warning about the strong franc but still said that it was "highly valued," suggesting Swiss officials aren't fully satisfied yet with the franc's depreciation against the euro.

The franc weakened against the euro Thursday despite the Swiss National Bank's more upbeat view on the local currency, suggesting the central bank was able to alter its language without signaling any imminent shift in its monetary policy that could have spooked investors. In a policy statement accompanying an announcement that it would keep its key deposit rate at -0.75%, the SNB noted that the franc has weakened against the euro and strengthened against the U.S. dollar since its last meeting three months ago.

"Overall, this development



Thomas Jordan heads the Swiss National Bank.

is helping to reduce, to some extent, the significant overvaluation of the currency," the SNB said. "The Swiss franc nevertheless remains highly valued, and the situation on the foreign-exchange market is still fragile," it said.

The "highly valued" assessment is a departure from the SNB's longstanding warning that the franc was "significantly overvalued." The language tweak was noteworthy because the SNB's concerns over the franc's strength have formed the bedrock of its monetary policy, which includes negative interest rates and large-scale currency inter-

ventions.

Currency investors shrugged off the change, suggesting that a stronger European economy and expectations for reduced stimulus from the European Central Bank will continue weakening the franc. The euro traded at 1.15 francs on Thursday morning, up about 0.3% from late Wednesday's quote and near the highest level against the franc in two-and-a-half years.

The franc has weakened by about 6% since the SNB's last meeting in mid-June. And while it has strengthened some against the U.S. dollar, the euro exchange rate is

Speaking Franc-ly

Volatile swings in the franc's value have led to changes in how Switzerland's central bank describes the currency.

How many euros one franc buys



Note: Through 6:00 a.m. ET Thursday

Source: Thomson Reuters

times of global stress, when investors seek safety.

The SNB's comments about the franc have evolved over the years with varying expressions of alarm. At the end of 2010, the SNB noted that the franc "has again appreciated," and that became "strong appreciation" by June 2011. The language turned more alarming that summer with officials referring to "massive overvaluation" of the franc. When the franc ceiling was in place from autumn 2011 until January 2015, the SNB called the franc's value "still high," and it adopted the "significantly overvalued" language after the cap was scrapped and the franc soared anew. On Thursday it went back to "highly valued."

"I think right now they are in the semi-comfort zone. They would be very happy to see the franc above 1.20 [against the euro] and would be very unhappy to see it below 1.10," said Mr. Adler.

Despite the strong franc, Switzerland has chugged along with modest, if unspectacular growth.

—Todd Buell

contributed to this article.

FTSE 100 Stumbles as Pound Hits One-Year High

By MICHAEL WURSTHORN

Sterling hit a one-year high against the dollar Thursday, knocking British stocks lower after the Bank of England warned that markets could be

underestimating how soon interest rates may rise.

The U.K. pound rallied 1.4% against the dollar and 1.2% against the euro, climbing to \$1.340 and €1.125, respectively, by late afternoon.

The U.K.'s FTSE 100 index slumped 1.1% to end at

7295.39. The Stoxx Europe 600 edged up 0.1% to 381.79.

The BOE kept its key interest rate on hold and made no changes to its quantitative easing program, but warned that rates could rise faster than traders currently are pricing in.

The Dow industrials rose 45.30 points, or 0.2%, to 22203.48, its third record close of the week. The S&P 500 declined 0.1%, while the Nasdaq Composite fell 0.5%.

United Technologies and Boeing were among the biggest contributors to the Dow industrials' climb, adding

roughly 36 points to the index in late trading Thursday.

Shares of United Technologies rose 2.3% after The Wall Street Journal reported that questions are surfacing over how antitrust authorities will treat its deal for Rockwell Collins.

Boeing extended Wednesday's gains, rising 1.3%, after it increased 2019 production estimates for its 787 Dreamliner passenger jet.

Brick-and-mortar retail stocks weighed on the S&P 500. Tiffany and Under Armour both lost ground.

Investors proceeded to buy

up shares of hard-hit energy companies, putting the S&P 500 energy sector, up 0.4% in late trading, on pace for its best week since September 2016. U.S. crude has rebounded this week as data have pointed to falling global oil supplies and stronger demand.

Many investors continue to debate the durability of the market's run, with some arguing strong earnings and economic growth will continue to support stocks, and others saying the rally's length makes them nervous. Future interest-rate increases could add to

volatility in the stock market, investors and analysts said.

"We're entering more and more into an environment where you may want to avoid passive investments," said Tom Stringfellow, chief investment officer of Frost Investments. "The risk is there, which could be a larger-than-expected rate hike or some significant geopolitical event."

Investors' expectations for an interest-rate increase jumped Thursday after data showed U.S. consumer prices rose last month by the most since January.

Federal-funds futures, used

by investors to place bets on the Fed's rate-policy outlook, showed Thursday a roughly 53% chance of a rate increase by the end of the year, up from 31% a week ago, according to data from CME Group.

Muted inflation readings throughout the year have made many investors question the Fed's plans to move forward with normalizing monetary policy.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, was down 0.2%.

—Marina Force

contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

China Is Slowing, but Don't Panic

Looking Droopy

Data for China, change from a year earlier



*For nonfinancial firms and households **In property and infrastructure

Source: CEIC

iron ore and coal.

While this all sounds unpleasant, there are a few reasons for guarded optimism. First, real-estate investment in August ticked up again to 7.8% growth from the same time a year ago, reversing its drop to just 4.8% in July. The July figure was the lowest in a year and a bearish signal on the single most important sector for Chinese growth and commodity demand. Second, credit growth picked up again in July, in a sign that policy makers are also concerned that investment is now slowing too quickly.

With debt servicing costs at coal and steel plants still high, China's economic mandarins are unlikely to permit an overly sharp slowdown in investment that could tank commodity markets, particularly right ahead of the twice-a-decade Communist Party leadership shuffle kicking off in mid-October.

China is slowing again. It isn't time to run for the hills yet, but now would be a good time to start taking profits.

—Nathaniel Taplin

OVERHEARD

BOE's Talk Of Rate Rise May Be Real

The Bank of England is sounding the alarm again that it might lift interest rates for the first time since the financial crisis. The prospect of a rate rise is real.

The vote at Thursday's Monetary Policy Committee meeting was split, 7-2, in favor of keeping rates at 0.25%. But meeting minutes show that a majority of policy makers now believe that if the economy stays on track, then interest rates are likely to rise "over the coming months" to combat inflation, currently at 2.9%, well above the 2% target.

Even as the U.K.'s Brexit political headache worsens—divorce talks with the European Union are going nowhere—the British economy is running much closer to full capacity than in the past. Unemployment is at 4.3%, a 42-year low. And while growth has slowed this year, it is still proving more robust than the BOE had expected. As a result, the limited slack in the economy is being used up, raising inflation risks.

A Brexit shock could yet deter the BOE. But in the context of monetary-policy tightening in the U.S. and Europe, that would likely be a double-edged sword: a further drop in the pound might threaten a fresh rise in inflation. But a stronger pound and higher rates might weigh further on growth. A rate increase, if it comes, will please almost no one.

The market was surprised Thursday, with the pound and gilt yields rising sharply. The BOE under Gov. Mark Carney was once dubbed an "unreliable boyfriend" by a politician when it comes to guiding expectations. September's meeting has set the stage for a real test of fidelity.

—Richard Barley

Munich Re Has Cushion to Withstand Hurricane Damage

Hurricanes Harvey and Irma will hit profits among reinsurance groups, and Munich Re is among the first to warn about the pain it will feel. But investors shouldn't fret.

The Germany-based group said recent storms were likely to mean a loss for the third quarter, so it could miss full-year profit guidance of €2 billion (\$2.38 billion) to €2.4 billion for 2017.

Insurance stocks in general have rebounded strongly after it became clear that the strongest winds from Hurricane Irma would miss the most heavily insured and valuable properties around Miami, although the damage

and disruption to much of Florida is still severe.

Munich Re is the world's third-biggest listed reinsurer after European rival Swiss Re and Berkshire Hathaway of the U.S.—although Berkshire does a lot more than reinsurance and said it would stop writing catastrophe reinsurance in late 2015 because of weak pricing.

Hurricane-related profit warnings from other reinsurers are likely to follow, especially from some of the smaller, Bermuda-based groups that have more concentrated exposure to catastrophe risk, such as Everest Re.

Allianz, the Germany-

based life and property insurer, has said combined losses from the two storms could be as much as €440 million, but even that upper amount would only knock about 4% off its expected 2017 operating profit.

Munich Re is best prepared to weather big losses. It has the largest cushion left among European peers against expected losses from major storms or earthquakes for the year, although different groups will have different levels of exposure to different kinds of catastrophe.

Its so-called catastrophe budget is \$1.352 billion for the second half of 2017, according to Jefferies, which

serves from earlier years, due to a more conservative policy on holding back cash until claims are fully settled. Investors like the industry for its consistent dividend payments and stock buybacks. But Munich Re's reserves means it has more ability to continue releasing cash even in bad years.

And it has room on its balance sheet to borrow funds to back more future business if prices start to rise. There are risks of further big storms in this year's hurricane season, which runs into November, but investors can take weakness in Munich Re's stock as a chance to buy.

Munich Re also has the biggest pile of excess re-

—Paul J. Davies

—Richard Barley

—Richard Barley

For oenophiles
on a budget:
15 great \$15
wines
W4



OFF DUTY



Expedition
cruises have
never been
cushy...until now
W6

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THE WALL STREET JOURNAL.

Friday - Sunday, September 15 - 17, 2017 | **W1**

Fall Will Be Revealed

The most insistent fashion trends. The latest autumn tastes. The go-to gear.
The design arrivals. And the least likely place for staring wistfully at leaves.

Fifty ideas in all—in this preview of the season

OFF DUTY

Turn a Double Into a Triple

The lean double-breasted suit—minus the big shoulders and stiff inner lining—is fall's top pick. Here, three ways to wear it

BY JACOB GALLAGHER

YEAR AFTER YEAR, a debate rages among the staff at A.K. Rikk's, a boutique in Grand Rapids, Mich.: Is the double-breasted suit cool? Opposed are those employees who feel it has a cheesily aggressive swagger right out of "Miami Vice." More supportive are staffers who say the suit packs the panache of a Milanese industrialist. "It's a constant back and forth," said A.K. Rikk's president Jim Murray, who admits he currently sides with the panache contingent: "A solid wool flannel double-breasted suit can be an amazing thing to break out."

The suits are impeccably tailored yet still have 'the comfort of a cardigan.'

The din at the store is quieter this fall, because a positive consensus has emerged. What's different about the new double-breasted suits is a sense of ease. Designers took a typically uptight silhouette and shook it free of the usual linings, ditching the macho padded shoulders and stiff canvas panels from the inner body of the jacket. Suits have "the elegance of an impeccably tailored double-breasted jacket with the comfort of a cardigan," said Elisabetta Canali, the group communication director of 83-year-old Italian menswear label Canali.

A flexible fit means you can wear the suit more flexibly, too. "Because the jacket is [unstructured], it lends itself to casual pairings, like a cable knit sweater, jeans and loafers," said Mr. Murray. Yet the cut is still office-ready, when formalized with leather cap-toe shoes and a smart striped tie.

To prove our point, we styled a Canali suit three ways, but don't let us box you in: The slouchier double-breasted suit gives you a Rubik's Cube of options. There's no debate about that.



ONCE, TWICE,
THREE TIMES
A LAD Suit (used
throughout),
\$2,495, *Canali*,
212-752-3131.

Nice, Not 'Vice'

It's time to reappraise one of menswear's most underappreciated combos: the T-shirt and double-breasted jacket. Done right, it's a cool and commanding look. Done wrong, it's Detective Sonny Crockett reporting for duty on "Miami Vice." Fortunately, the big shouty shoulder pads of the '80s have gone to shoulder-pad heaven, so you can pull off this casual pairing without its looking forced. Finish things off with gray wool trousers and black-and-white sneakers for a high-low combo. T-Shirt, \$25, *jcrew.com*; Pants, \$550, *Canali*, 212-752-3131; Falke Socks, \$28, *clubmonaco.com*; Sneakers, \$80, *adidas.com*.

The Dignity of the Office

The eagle-eyed will note that this suit is not merely double-breasted but subtly patterned with classic menswear checks—appropriate for work but not dully so. "The check creates an eye-catching look without being too showy," explained Ms. Canali. Go for a small-scale Prince of Wales pattern or houndstooth check in a neutral palette—nothing that "runs the risk of looking like a picnic blanket," she said. Keep the rest quiet: solid shirt, solid tie. Those familiar with Savile Row savant Tommy Nutter will detect your nod to him. Shirt, \$165, *drakes.com*; Tie, \$245, *Giorgio Armani*, 212-207-1902; Shoes, \$1,340, *John Lobb*, 212-888-9797.

Bottoms Up

"You wouldn't break apart a double-breasted suit that is very dressy," said A.K. Rikk's Mr. Murray. That's not an issue with this relaxed design: The trousers can play backup for a sport coat on Friday and further loosen up come Saturday. What creates this versatility is the suit fabric itself—soft wool, lightly brushed and less formal than traditional gabardine. So play up the texture with a chunky knit sweater when the temperature dips below 50°. Befriending it: a pair of unassuming leather loafers and a cozy plaid scarf. Sweater, \$995, *Ermengildo Zegna*, 212-421-4488; Scarf, \$355, *drakes.com*; Loafers, \$275, *grenson.com*



Elevate the Sweatshirt

A sweatshirt sans jacket has a finite window of wear: anything chillier than 55° and you may as well be out in a tank top. Not so with this burly Italian pullover from Noah, the New York City label known for its wryly detailed functional garb. Stitched from 19-ounce, water-resistant wool—the sort you'd find on an urban duffel coat—this hoodie-like "sweatshirt" provides a meaty amount of coverage when worn with a T-shirt underneath. The regimental stripe gives it a surprising dose of dignity: Think Beau Brummel sophistication by way of hipster Brooklyn. Hoodie, \$628, *noahny.com*



Ditto the Sweatpants

Menswear today is ruled by a king named Comfort. So it's no surprise that track pants are being given the royal treatment. These plush polyester ones by Swedish upscale-skate label Polar Skate Co., in partnership with Très Bien, a Malmö-based fashion brand, have the sharp cut of a dress trouser and a shiny ribbon stripe down the leg. They're fancy but not precious, like tuxedo pants you needn't send to the cleaners. Skip the matching track jacket and wear them with a navy or tan merino crewneck to avoid becoming a "Suburban Soccer Dad-in-Waiting." Pants, \$180, *openingceremony.com*

If you could go back to school for another degree, what would it be?

"Heaven forbid! Life itself is the best school of all if one is always hungry for knowledge."

Grace Coddington
author of *Grace: A Memoir*,
who just launched
sketchbooks for Smythson,
the British leather
goods line



MAKE ROOM FOR DESERT

The iconic suede-topped desert (or chukka) boot beloved by sockless surfers and nerdy Ivy Leaguers gets a suave update this fall by Parisian menswear label Lemaire. It's a neatly done revision that purists won't hate; Lemaire is known for its self-consciously austere tailored suits. The boot's textured, bark-toned gumsole runs the entire length of the shoe, traveling from the top of the heel down and across the sole, then swooping smoothly up the front of the toe. This uninterrupted line gives the chunky chukka a sophisticated upgrade, making them wearable with nearly any kind of attire, self-consciously austere or otherwise. Shoes, \$585, *lemaire.fr*



Punctuate with Plaid

At first glance, these cocky chapeaus could be an imaginative upcycling of your Uncle Milty's tweed sportcoat collection. But these bucket hats and ball caps are original creations by the Milanese label Missoni in partnership with Larose, the Parisian-based milliner. Done in Missoni's Italian-loomed wool, they'll punch up a sweater-and-jeans combo, or keep your noggin warm when worn with your boiled-wool topcoat. Not recommended: Nestling an incontinent puppy in one for an Instagram photo op. Hats, \$495 and \$445, *missoni.com*

OFF DUTY

Behold the Blouse

Look beyond its prim 19th-century lines and you'll see there's nothing at all bashful about this feminine statement piece for fall

BY KIMBERLY
CHRISMAN-CAMPBELL

WHEN DID THE blouse get a bad name? In all of the fuss over the crisp tailored white shirt, what's been lost is just how beautiful blouses can be. Our favorites for fall exhibit a streak of Brontë-era romanticism, but there's nothing retrograde about them. With high necklines and long, full sleeves, rendered in fluid fabrics like silk georgette and crêpe de chine, these are not prudish throwbacks but blank canvases for designer whimsy.

In fetching hues or embellished with ladylike appliqués and embroidery, these blouses will make your wardrobe of office skirts and trousers sing a roundelay, repeating the refrain of "how pretty, how pretty!" throughout the workday.

Candy-colored patterns are a signature of Valentino's fall 2017 collection, and none is sweeter than the playful "Counting" print by Milan-based textile designers Nathalie du Pasquier and George Sowden, illustrating mathematical equations with images of slender fingers. The design duo were co-founders of the Memphis Group collective, whose sunny, 1980s-era graphics served as a touchstone for Valentino creative director Pierpaolo Piccioli.

A darker mood prevailed in the blouses from the Red Valentino line, on which embroidered eyes lent sinister overtones to girlish ruffles.

Worn tucked into a sweeping midi skirt or as a tunic over skinny pants, this kind of statement blouse is fueling conversation among the



NECKLINE NEWS Above, clockwise from right: Flower Blouse, \$840, Sonia Rykiel, 212-396-3060; Valentino Counting Print Blouse, \$1,490, matchesfashion.com; Ruffle Blouse, \$1,390, dereklam.com

fashion crowd this fall. "From Op Art geometrics to crazy 'Beetlejuice' stripes, prints were everywhere this season," said Natalie Kingham, buying director at online luxury emporium Matches Fashion.

Her advice? Go bold, pairing a boisterous blouse "with a pleated print skirt for an explosive hybrid of pattern and color." Alternatively, keep things well-mannered, subduing the top with a solid-colored midi skirt or wide-leg wool trousers.

At Sonia Rykiel, artistic director

Julie de Libran was inspired by pieces from her grandmother's wardrobe dating back to the '70s, when the flower power generation rediscovered Victorian romanticism. With its flounced collar and sleeves, her buttoned-up floral smock is unabashedly pretty and proves to be exceptionally versatile. "The sunshine yellow hydrangea print on this feminine silk georgette works as an unexpected accent with so many fall colors and fabric textures, from velvet to denim," Ms. de Libran said.

Many statement blouses are office-appropriate, but they willingly work overtime on weekends. "It can be dressed up in a more formal way, or dressed down simply with jeans," said New York-based designer Derek Lam. On the runway, he showed a vibrant heliotrope-hued blouse with high-waisted, black twill wide-leg pants. Though the mock-turtleneck silhouette is classically understated, "the color provides that bolt of unexpectedness, which makes a blouse desirable and special this

fall," Mr. Lam said.

His demure blouse holds a few other surprises, too. Though it's sweet and innocent in the front, with lettuce-edge frills tracing the seams of the sleeves from the cuffs up, it plunges into an enticingly deep V in back, held closed by a scarflike tie at the neck. Valentino's version similarly ties behind the neck. We suggest you loosely knot these ties, leaving the long ends trailing, so the blouses look exceptional, either coming or going.



Honor Cher Horowitz

Every self-respecting fashion lover knows at least one line from "Clueless," the 1995 high-school dramedy: "This is an Alaia!" So whines Cher Horowitz (Alicia Silverstone), referencing her body-hugging dress by designer Azzedine Alaïa, when a gun-wielding attacker demands she lay face down on concrete, potentially sullying her frock. This fall, similarly devoted fans of the Parisian designer are happily counting up their loose coinage to spend on one of his fanciful new handbags. Our favorite? This mini bucket bag in studded black suede. Small enough to elegantly transition from day to night, it can still easily hold the tech essentials so necessary to a modern woman's survival. Defend it with your life. Bag, \$2,390, net-a-porter.com —Rebecca Malinsky

MEET THE LIZARD KING

"Of course!" said film director Sofia Coppola when asked via email if she recalled her first pair of Manolos: "Black kitten heels!" The question could easily be an initiation into a Manolo Blahnik fan club, one with members such as Rihanna, Karlie Kloss and Bianca Jagger. And that circle is sure to widen with the release of "Manolo: The Boy Who Made Shoes for Lizards," a new documentary by Michael Roberts. The curious title refers to the shoe designer's childhood in Santa Cruz de la Palma, where he dreamed up fantasy footwear for the reptilian population. A special collection marks this month's premiere, including a patent leather brogue (shown) and a sexy stiletto replete with snakeskin lizards slithering up the leg. Agatha Heels, \$765, manoloblahnik.com —D.B.



Tap into a Collaboration

Set a calendar reminder now: Next week Uniqlo will release its premiere collaboration with the British brand J.W. Anderson. While it's not the first time the Japanese retail goliath has partnered with a fashionable significant other (recent notables include Lemaire, Carine Roitfeld and Inès de la Fressange), this one has an edgy charm with designer Jonathan Anderson's signature quirkiness all over it.

The 33-piece men's and women's collection plays on essentials with twists of tartan and reworked denim. We'll be poised to snag this ruffly wrap skirt but everything from the Fair Isle knits (\$50) to Mr. Anderson's take on the ubiquitous ultralight down puffer (\$100) will disappear in a poof, starting Sept. 19 (U.K. only), before going global on Sept. 21. Skirt, \$50, uniqlo.com

—Lauren Ingram

Groom a Can't-Beat Brow

Look to the frames of the face for autumn's defining beauty trend: Well-defined brows go a long way to highlighting your peepers. But that doesn't mean you need to book a brow-shaping session with a meticulous micro-blading pro or spend a tiresome hour at the salon having your brows tinted an unlikely color. We've run across a new tool that makes

pencil combines a twisty spiral brush to shape and tame unruly hairs and a spongy triangular color tip to heighten your natural hue. Tucked into this multitasking pencil as well is a gleaming ivory highlighter you apply just below the arch of the brow. That's the bit that makes this a real find. Phyto-Sourcils Design Brow Pencil, \$62, Sisley Paris, 212-645-1013 —L.I.

pencil combines a twisty spiral brush to shape and tame unruly hairs and a spongy triangular color tip to heighten your natural hue. Tucked into this multitasking pencil as well is a gleaming ivory highlighter you apply just below the arch of the brow. That's the bit that makes this a real find. Phyto-Sourcils Design Brow Pencil, \$62, Sisley Paris, 212-645-1013 —L.I.

OFF DUTY

Find Your Wine Store's Sweet Spot

Looking for the best values? Focus on the \$15 range. **Lettie Teague** found some of the season's finest buys there



YOU CAN'T GET TOO far on \$15 these days—a soda and sandwich, maybe, or a movie ticket for one (hold the popcorn). But \$15 can still get you a nice bottle of red, white, rosé or even sparkling wine. The price-quality ratio of wine is particularly high at the moment. If you know where to look, you can find plenty of good \$15 bottles from regions all over the world.

It might mean exploring a grape or a style of wine you've never tasted before (sparkling rosé from South Africa?), but it might also mean buying a type of wine that's tried-and-true, such as Oregon Pinot Gris or Argentine Malbec. Italy is currently a particularly fertile source of great buys for the buck. The \$15 bottles I tasted came from around the world and the following 15 met my criteria of deliciousness and drinkability. They may not be profound, but they're definitely pleasurable—not to mention highly affordable.

A. 2015 Gianni Gagliardo "Falle-gro" Bianco

The Gagliardo family were some of the biggest champions of the white Favorita (Vermentino) grape, which had all but disappeared from the Piedmont region of Italy when they took on the task of bringing about its revival. The wine they make from it is charming and slightly frizzante (partway between still and sparkling.)

B. 2015 Luigi Pira Dolcetto d'Alba

Marked by juicy red-berry fruit, the Luigi Pira estate's Dolcetto is truly delicious. There are plenty more serious wines made in Piedmont but this one is a full-out pleasure to drink.

D. 2015 Zorزال Malbec Terroir Unico

You can find lots of simple, high-alcohol Argentine Malbec fruit bombs on the market; this is thankfully not one of them. Produced in a high-altitude Mendoza vineyard, it's a much more subtle, earthy, minerally Malbec and great with food.

D. 2016 Château Riotor Côtes de Provence Rosé

Here's a textbook example of a Provençal rosé. From its pale-salmon color to its lively acidity and fragrant red-berry nose, this Grenache- and Cinsault-dominant blend is a terrific last-rosé-of-the-summer choice.

E. 2016 Whitehaven Marlborough Sauvignon Blanc

The Marlborough region of New Zealand is home to many reliably



good Sauvignon Blancs, including this approachable, medium-bodied wine from Whitehaven.

F. 2016 Gini Soave Classico

There is an ongoing renaissance of Soave, the once-scorned commercial white wine from Italy's Veneto region, and Gini is among the producers who have restored its reputation. Their basic Soave Classico is a crisp, fragrant delight.

G. 2013 Gregorina Sangiovese di Romagna Superiore

Though the Sangiovese grape is most often associated with Tuscany, it's grown successfully in other regions of Italy too. This appealing, slightly earthy example comes from the Gregorina winery in Emilia-Romagna.

H. Graham Beck Brut Rosé Western Cape Non Vintage

This sparkling blend of Pinot Noir and Chardonnay was made by the same process as Champagne by top South African producer Graham Beck. Marked by lively notes of raspberry fruit, it's a luscious and easy drink.

I. 2015 Valle dell'Acate Il Frappato

Producer Valle dell'Acate produces one of my favorite renditions of the native Sicilian red grape Frappato. A bright and toothsome red with a pleasingly bitter note, it's best served with a bit of a chill, like Beaujolais.

J. 2015 Willamette Valley Vineyards Pinot Gris

Though Oregon's Pinot Noir gets most of the attention, Pinot Gris, the state's workhorse grape, regularly delivers ripe, sometimes slightly



tropical and eminently drinkable wines like this one from Willamette Valley Vineyards.

K. Nino Franco Rustico Valdobbiadene Prosecco Superiore

The popularity of Prosecco remains strong, and Nino Franco's non-vintage Prosecco Rustico is a reliable one. A very crisp, very dry and relatively light bodied take on Prosecco and an excellent aperitif.

L. 2016 Schloss Göbelburg Cistercien Rosé

While Austria has long been renowned for Grüner Veltliner, this country's producers grow more than one grape and make more than one type of wine. Witness this very pretty and fragrant rosé made at a Cistercian monastery estate, one of Austria's oldest wineries, from Zweigelt, St. Laurent and Pinot Noir grapes.

M. 2015 Bortoluzzi Pinot Grigio

With a bit more body and weight than the typical Pinot Grigio, this one from the Friuli-Venezia Giulia region in northern Italy is a dry, well balanced wine with surprising persistence and length.

N. 2014 Beckmen Vineyards Cuvee Le Bec Santa Ynez Valley

This Rhône-style red from Beckmen Vineyards is simply a terrific wine for the price. A soft, approachable, Syrah-dominant blend from California's Central Coast, it's marked by lush dark-red fruit and notes of pepper and spice.

O. 2016 Collestefano Verdicchio di Matelica

Verdicchio is a key white grape in the Marche region of Italy. Matelica produces some of its best examples—in particular, those from winemaker Fabio Marchionni of Collestefano. This 2016 is a delightfully bright, zingy expression of the grape.

Take the Toast Trend to a Whole New Level



It's a bird, it's a plane. Actually, it's a toaster. And a convection oven, dehydrator, dough proofer and air fryer. The Smart Oven Air is the largest and most multifunctional of Breville's do-it-all models. The super-convection capacity of this machine will air-fry chicken to a crisp or, at a low temperature, produce first-class jerky. Come November, this countertop oven can even roast a 14-pound turkey. \$400, brevilleusa.com —G.G.



JOIN THE MOROCCAN TEA SET

Hospitality in a box: That's the idea behind this kit, all you need to pull off a gracious Moroccan-style tea service. Created by Ron and Leetal Arazi, owners of New York Shuk, a Brooklyn-based maker of Middle Eastern pantry staples, it includes glass cups; a brass teapot; a bespoke herbal tea made with fennel seeds, sage and cinnamon; Turkish delight and pistachio halvah to nosh on; and a tray to hold it all. Ms. Arazi based her tea blend—brewed the traditional way, along with fresh mint—on one she serves at home. "The sage and the fennel aid digestion," she said, "which makes people feel good after a meal." \$275, nyshuk.com —G.G.

Shake On It (Your Pizza, That Is)

There's no such thing as bad sex or bad pizza, or so the saying goes. But why not shake things up? The La Boîte x Martina Pizza Spices trio combines the palate-pleasing panache of La Boîte's master spice blender Lior Lev Sercarz with the pie prowess of Nick Anderer of Manhattan's Martina Pizzeria. Far tastier than what's in the shakers at your average pizza joint, the Chili Flakes deliver a balance of smoky ancho, hot Calabrian and fragrant Aleppo peppers. Parmigiano-Garlic Salt packs a serious savory punch. And the Finocchio, made with fennel and mushroom, adds floral and umami notes to each bite. \$49 for the set, shop.laboiteny.com —G.G.

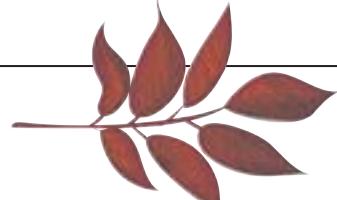




She's a fan.



OFF DUTY



Don't Miss the Boat

Thanks to upscale expedition cruises—the biggest trend afloat—the Arctic just got a lot cozier

BY SUSAN HACK

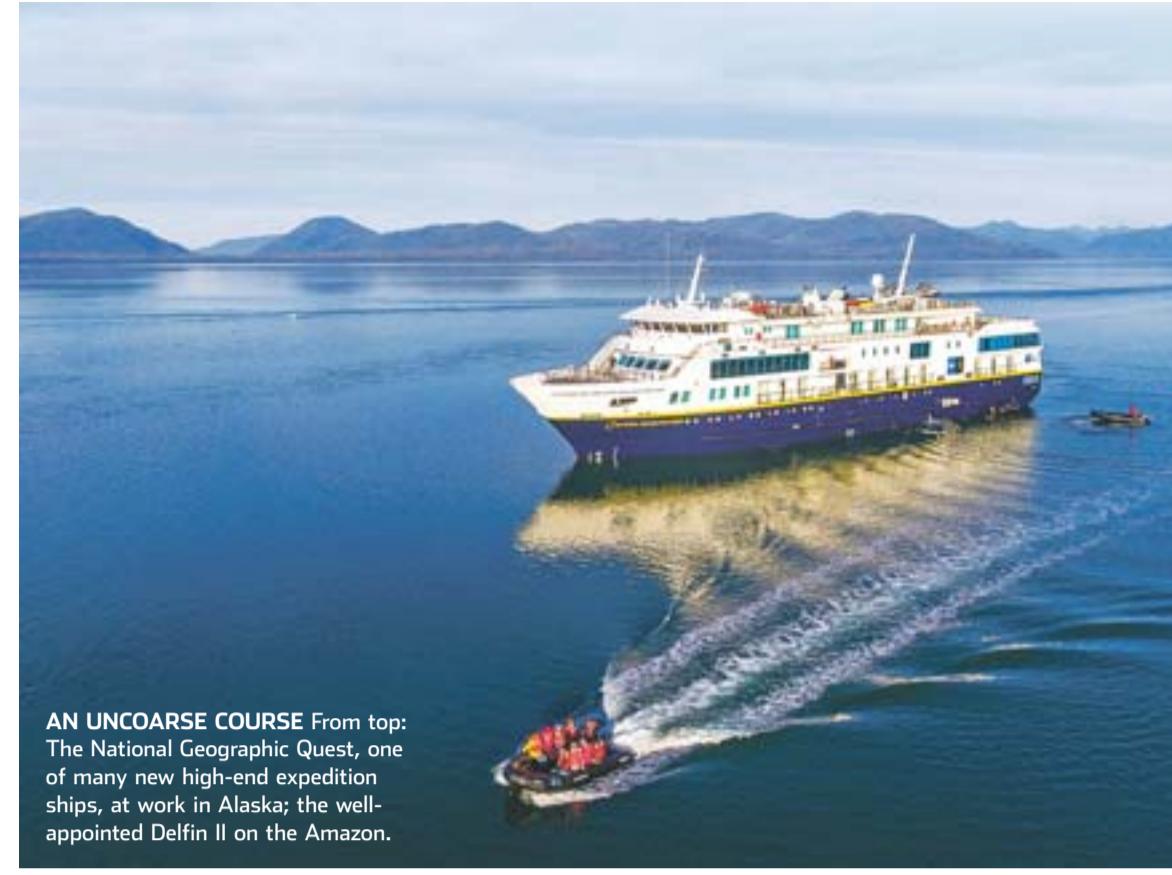
NOT LONG ago, the only way to sail to Antarctica and the Arctic was aboard charmless research vessels and icebreakers, while plying the Amazon and Mekong meant public ferries with dubious plumbing and no air conditioning. But now adventurous cruisers needn't freeze, swelter or hit the public head: Several top-line cruise companies are spinning out rugged ships outfitted for remote locations and the expectations of a luxury-addicted clientele.

Is photographing the giant tortoises of Aldabra Atoll on your bucket list? Silverseas' 120-passenger Silver Discoverer, extensively spruced up last year, explores the remote islands in the Seychelles, offering guests 12 Zodiac inflatable boats and a glass-bottom vessel to explore Indian Ocean beaches, reefs and sea life up close. Back onboard, butler service awaits. Meanwhile, her newly remodeled sister ship, the famously plush Silver Cloud, has set her sights and strengthened hull on chillier climes—she now motors around Antarctica and the Arctic, with a Relais & Châteaux restaurant daintily poised on one of her decks (silversea.com). Next summer, the luxury French cruise line Ponant plans to launch two new ice-class expedition ships of its own: Le Lapérouse and Le Champlain. Each will offer 92 cabins, a spa and a boat-

load of French wine and cheese, as well as a futuristic underwater observation lounge. Screens will project live images from submerged cameras, as you sip a digestif, ensconced in a vibrating "body listening sofa" to which hydrophones transmit sounds of the sea (us.ponant.com). More modestly, Norwegian line Hurtigruten is also planning a big reveal next year: the hardy 530-passenger MS Roald Amundsen, another exploration class ship purpose-built for the Polar waters and able to sail on hybrid electric power in total engine silence (hurtigrutencruiseline.com).

When it comes to more intimate expedition vessels, consider the 50-cabin National Geographic Quest, which launched in June. Swankier than the others in the National Geographic-Lindblad fleet, the Quest was built to cruise around Alaska's Inside Passage, British Columbia, the San Juan Islands and the Meso-American reef off Belize. Its shallow draft enables the ship to access coves and fast-moving channels where guests can set out by kayak, paddleboards or snorkel gear-equipped Zodiac. Prefer to admire the scenery from a comfortable distance? Twenty-two balconied cabins ensure fine views with zero exertion (expeditions.com).

Farther afield, Delfin Amazon Cruises is launching the spa-equipped 43-passenger Delfin III, crafted specifically for the remote northern Peruvian Amazon. Like its smaller sister ship, the 14-cabin Delfin II, it's a replica steamer with



AN UNCOARSE COURSE From top:
The National Geographic Quest, one
of many new high-end expedition
ships, at work in Alaska; the well-
appointed Delfin II on the Amazon.



picture windows, five-star hotel service and, crucially, air conditioning (delfinamazoncruises.com). In October, the 31-cabin RV Indochine II, furnished with tropical hardwood interiors, sets out on the Me-

kong for voyages between Cambodia's Siem Reap and Vietnam's Ho Chi Minh City. And in December, the same company plans to introduce the 16-passenger RV African Dream along southern Africa's

Chobe and Zambezi Rivers with eight staterooms, a pool and roof terrace for sundowners. If only Stanley and Livingstone had it this good (croisieuroperivercruises.com).

IAN STRACHAN/LINDBLAD-NATIONAL GEOGRAPHIC (QUEST); RODRIGO RODRIGUEZ (DELFIN II)

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OFF DUTY

Plant Some Berried Treasure

To ensure you hear your share of songbirds—and shore up their dwindling numbers—cultivate fruit-yielding trees and shrubs this fall

BY BART ZIEGLER

THIS AUTUMN, cardinals and blue jays will snatch orange crab apples from twisted branches. Robins and catbirds will compete for plump, vermillion winterberries. And warblers will make entrees of waxy blue berries hanging from feathery junipers.

These are the lucky birds—those that find forage as temperatures drop. In recent decades, as development and agricultural clearing have eaten up fields and forests, the populations of some common songbirds have fallen dramatically. Purple finches, a dusky-rose habitué of backyard

A chickadee, which doesn't migrate, can lose up to 60% of its body fat during a moderately cold winter night as its metabolism works to stay warm, said Rhianon Crain of the habitat network at the Cornell Lab of Ornithology. Some evergreens, such as dense, bushy cedars and thorny-leaved hollies, offer birds a twofer: berries as well as protection from weather and predators. And for us humans, evergreens give otherwise bare winter gardens aesthetic oomph.

Southerners have a role to play, too. Though temperatures stay mild in their states, their yards can give birds en route to Central or South America both shelter and berry buffets. "Many migratory birds go through areas that are developed," Mr. Winston said, so their ability to find food can be compromised. The outcome can be grim. "A huge percentage don't make it through migration," Ms. Crain said.

Bird-friendly plants that grow well in the South include American beautyberry, whose clusters of bright lavender-pink berries attract colorfully plumed finches, mellifluous thrashers and sparrow-like towhees; flowering dogwoods, whose delicate springtime blooms lead to fire-engine-red fruit favored by mockingbirds, bluebirds and others; and a viburnum called rusty blackhaw, whose dark blue berries satisfy many kinds of songbirds.

Wildlife groups advise growing native trees and shrubs that have evolved with the birds in a region. Mr. Winston called non-native species "junk food for birds" because their seeds or berries often deliver less nutritional value than native plants.

The websites of the Audubon Society, Cornell Lab of Ornithology and National Wildlife Federation provide searchable databases of native plants suitable for each region to make avian guests feel at home.



Evergreens such as eastern red cedar, or eastern juniper, offer cedar waxwings and other birds juicy berries and dense sheltering greenery. Some varieties grow 65 feet tall, though smaller versions of this conifer abound. Junipers are hardy from most Northern states through the South.

FOR THE BIRDS // FRUIT-BEARING FLORA—AND THE WINGED FAUNA THEY FEED



The brilliant red, yellow or orange fruit of the winterberry—a deciduous holly at home in a wide range of climates—stands out against the bush's bare branches. To ensure berries, plant male and female plants in proximity; the fruit feeds robins, bluebirds and mockingbirds well into winter.



Crabapple trees, famed for their spring display of pink or white blooms, bear colorful autumn fruit that woodpeckers, pine grosbeaks, cardinals and others feast on. Experts advise planting a variety with smallish fruit, such as Adirondack or Prairifire, to attract birds. Large apples won't fit in their beaks.



Gray catbirds, towhees and bobwhite quails flock to the clusters of vibrant amethyst fruits on the American beautyberry bush. Though hardy throughout the Southeast, Texas and lower Midwest, these native shrubs can't tolerate the Northern winters that Asian varieties can withstand.

LISEL ASHLOCK

STUART WEITZMAN

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OFF DUTY

Stream Must-See TV

Netflix doesn't have it all: A guide to the best fall shows and movies on niche streaming services you haven't heard of—yet

BY JOSHUA FRUHLINGER

AT A CERTAIN point in your binge-watching life, Netflix, HBO Go and Amazon Prime no longer cut it. Sure, they offer thousands of excellent options, but they tend to keep things safe: similar concepts, similar actors and similar season-ending cliff hangers that ultimately lead nowhere.

If you want more adventurous (and brag-worthy) fall viewing, look beyond the usual suspects to the myriad specialized, niche streaming services offering everything from Korean soap operas to B-horror.

To tune in, you'll need a smart TV or a streaming device like Apple TV or Google Chromecast. (A game console, like an Xbox or PlayStation, will work, too.) Of course, you can also watch on a computer, tablet, or smartphone.

Here are a few services that will keep you glued to your couch this fall.

FOR HORROR

Shudder

Shudder has an impressive back catalog of classic horror films, like the original "Pulse," directed by Kiyoshi Kurosawa (much better than the American version), and the amazing 1986 haunted-home classic "House." Shudder also offers a generous selection of B-horror, like "Zombie Holocaust" from 1982.

Must-see show: "The Valley," a suspenseful Shudder-original series about a man who wakes up with amnesia and a dead woman hanging over his head. Shocking in a good way. *\$5 a month*, shudder.com

FOR BRITISH TV

Britbox

This service is loaded with original and classic programs from the U.K. You'll find all seven (uncensored) seasons of the outrageous comedy "Absolutely Fabulous" as well as "Are You Being Served?" the show from the 1970s and '80s that epitomized British innuendo.



STEPHAN SCHMITZ

Must-see show: The latest season of "Cold Feet," a dramedy about several 50-something best friends from Manchester who are dealing (or not dealing) with entering middle age. *\$7 a month*, britbox.com

FOR ANIME

Crunchyroll

Anime—the animation genre from Japan—has tackled a wide range of topics, from teenage angst to the supernatural. Crunchyroll offers a broad cross-section to sample, supplemented with a few live-action television shows from Japan and other parts of Asia.

Must-see show: Even if you have never been drawn to anime, the series "Attack on Titan" is worth checking out. It combines an otherworldly vibe with deep, humanistic

writing. The series "Black Clover," based on a popular graphic novel, has been generating a lot of buzz online and premieres next month. *\$7 a month*, crunchyroll.com

FOR FEEL-GOOD FILMS

Hallmark Movies Now

You won't find any downers or gratuitous violence here. Founded by Academy Award-winning producer Rob Fried, Hallmark Movies Now promises programming that will leave you feeling uplifted about life, love and the world as a whole—no easy task if you've looked at cable news lately.

Must-see show: "At Home in Miford," an original movie for the service, features the winsome Andie MacDowell. Based on the novel by Jan Karon, it's a story about second

chances and finding happiness that even the jaded can begrudgingly enjoy. *\$6 a month*, hallmarkchannel.com

FOR MELODRAMA

DramaFever

Asian soap operas—especially those from Korea—are now a world-wide phenomenon. Typically lasting a single season of 12 to 20 episodes, K-Dramas are surprisingly addictive tear-jerkers—and DramaFever is the best way to binge on them (with subtitles).

Must-see show: "Goblin," about a (you guessed it) goblin who falls in love with a human priestess. He's immortal, his roommate is the Angel of Death, and the priestess is a quirky young lady who steals any scene she's in. It is hard to imagine

this strange set up coming from anywhere but Korea. Watch a couple of episodes and see if you don't get hooked. *Free or \$5 a month to remove ads*, dramafever.com

FOR CURATED ART-HOUSE HITS

MUBI

Rather than bombard you with thousands of options, MUBI features just 30 acclaimed indie or foreign films at any given time. The service adds one—and takes one away—every day, creating a movie-festival feel.

Must-see show: Just last week, MUBI ran a mini John Carpenter festival with faves "The Fog" and "Escape From New York." Both titles will be available until the end of the month. *\$6 a month*, mubi.com.

Get a Vroom

Cargo bikes may offer ample room for hauling home your latest reckless investment at Whole Foods or a flea-market plant stand, but the station wagons of the two-wheel world can be a chore to pedal. Enter the Riese & Müller Packster 40, a German-made cargo bike outfitted with a Bosch electric motor that does the bulk of the heavy lifting for you. Zipping up a hill past other bikers, even with your rig fully loaded, it's easy to convince yourself you have minor superpowers. To better accommodate city dwellers, the Packster's proportions have been slimmed down: At roughly 6 feet long with a 16-inch-wide cargo box, the Packster can maneuver tight spaces. Yet the box, shown here with upgraded padded Cordura side walls, is still large enough to transport multiple cases of beer—or offspring up to around 8 years of age in the optional rear-facing child seat. *From \$5,829*, r-m.de



Go Forth and Amplify

Bluetooth speakers come in many styles these days, but few exude the old-school charm of this new tabletop number from Klipsch. With gunmetal knobs, real-wood veneer (available in blonde walnut, shown, or ebony) and a textured grill cover that harks back to the megaspeakers from which your ancestors once blasted Jethro Tull, this 30-watt model will sit as handsomely next to vintage hardcovers as it will on your modernist kitchen's counter. And while the look may skew retro, the sound quality does not: Two bi-amped 2 1/4-inch drivers deliver stereo sound; a capable 4 1/2-inch woofer supplies ample bass. A built-in rechargeable battery lets you stream completely wire-free for up to 8 hours at a time. Klipsch Capitol One Special Edition, *\$299*, klipsch.com



Slip Into Some Svelte Felt

Finding a cozy house shoe for fall: Simple, right? Not entirely. A slipper that's fur-lined can make feet sweat and feel clammy; one that's too thin can leave you unintentionally cooling your heels. But this pair from Danish maker Glerups encases your feet in a thick swath of (non-itchy) felted wool—a breathable material that absorbs moisture and keeps toes dry, even when you wear them without socks. This new model, available Nov. 15, is Glerups's first with a rubber (instead of a soft calf-skin) sole, so feel free to roam the woods in them. And don't worry about their getting sullied; you can simply vacuum them or—in a pinch—launder in a washing machine on the "wool" setting. Glerups Low Boot Rubber Sole, *\$155*, glerups.com

If you could go back to school for another degree, what would it be?

"Architecture. Great architects meld art and science in a way that stirs emotion; like great musicians, they create enduring works."

Andy Mooney
CEO, Fender Musical Instruments Corp.

PICK 'STICKS WORTH SAVORING

Want to elevate your takeout dining experience while keeping dozens of those splintery disposable chopsticks out of the landfill? This elegant pair, from the Japanese outdoor brand Snow Peak, has stainless-steel handles and polished bamboo tips that can unscrew from each other—and then tuck tidily into an included compact carrying case. Lightweight yet sturdy, these are an ideal bring-along when you've packed dragon rolls for an autumn picnic or simply want to make the experience of eating overpriced airport ramen a little less bleak. Wabuki Chopsticks, *\$40*, snowpeak.com



F. MARTIN RAMIREZ/THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS (CHOPSTICKS); SPEAKER, SHOES



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THE WALL STREET JOURNAL.

Friday - Sunday, September 15 - 17, 2017 | W9

FOOD & WINE AT HOME

The Time Is Ripe in Bordeaux

Luxury-home sales in southwestern France have emerged from the cellar of the recession, thanks to its culinary and cultural offerings and a high-speed train to Paris.



KATRIN COETZER

ANTOINE DOYEN FOR THE WALL STREET JOURNAL

CHATEAU IN BORDEAUX Le Château Pardaillan, above, one of the many vineyards surrounding the city of Bordeaux. The average price of a property in Bordeaux was up 21% in January compared with a year ago. Luxury-home buyers here have options: from city-center apartments in buildings that are 300 to 400 years old, to farmhouses, châteaux and hobby wineries on its fringes.

BY RUTH BLOOMFIELD

IN BORDEAUX, the wine cellar of France, 2017 is shaping up to be a vintage year for luxury property.

Median real-estate prices are up 15.5% in the first quarter of the year compared with the same period in 2016, according to the Notaires de France, which tracks national price trends. The increase is notable for a country that has barely recovered from the recession.

The bump has been helped by the launch of a new high-speed train in July, which has cut travel times for the 360-mile journey to Paris

(where prices increased 5.5% in the same period) to just over two hours.

"There is, of course, the new high-speed train, but the city has also completely changed in the last 10 years, in terms of architecture, culture and nightlife and people want to live here," said Etienne Delpech, a broker at Sotheby's International Realty.

Bordeaux's global fame stems from its wine industry, which dates back to the third century. It has around 287,000 acres of vineyards and produces almost a million bottles a year, ranging from table wines to some of the finest labels in the world: Châteaux Margaux, Lafite-Rothschild, Latour, Haut Brion and Mouton-Rothschild.

But as Mr. Delpech suggests, this city on the Garonne River in southwest France is more than a giant winery. It is a Unesco World Heritage city, with some magnificent 18th-century buildings and no fewer than 362 historic monuments.

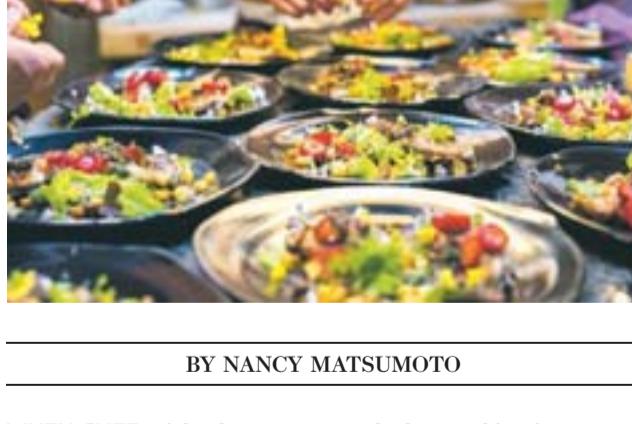
Alongside all that wine, Bordeaux has a thriving gastronomic scene. Some of the world's best-known chefs, including Joël Robuchon and Gordon Ramsay, have restaurants in the city.

Property buyers can take their pick from city center apartments in buildings that are 300 to 400 years old, to farmhouses, châteaux and hobby wineries on its fringes.

According to research from Knight Frank, the *Please turn to page W16*

AT THIS CHEF'S HOME, DINNER IS SERVED

From the forests of southern Ontario, Michael Stadtlander and his wife, Nobuyo, host multicourse dinners at their eclectic farmhouse; bartered meals (and a Texas Red Wattle pig) helped cover the costs of renovations.



BY NANCY MATSUMOTO

WHEN CHEF Michael Stadtlander and his wife, Nobuyo, bought their Victorian redbrick farmhouse in Ontario, they named it "Eigensinn," a German word that means obstinate. It signaled, says Mrs. Stadtlander, their intention "to do things our way."

Every inch of their 3,000-square-foot home in Singhampton bears their creative imprint. Since purchasing the property in 1993—along with 100 acres of forested land—for about \$250,000, the couple has continuously

worked on making improvements, spending another \$140,000. These include the addition of a professional kitchen with commercial-grade appliances. From here, they prepare multicourse dinners served to customers at the farmhouse throughout the year.

The couple's path to the forests of southern Ontario was circuitous. They met in the early 1980s when he was chef at the landmark Toronto fine-dining restaurant Scaramouche and she was a newly arrived pastry chef



WINE AND DINE In the kitchen, above left, plates are prepared for a recent dinner for 14. Above, Nobuyo Stadtlander pours wine in front of a stone hearth made by the home's previous owners.

there. A stint in Japan studying with natural-farming guru Masanobu Fukuoka in the early '90s confirmed their desire to buy a farm of their own. They chose southern Ontario, where Mr.

Stadtlander, 60, says the lakes and rivers remind him of his childhood home in Lübeck, Germany.

Upon moving into the 1904 farmhouse, the couple immediately began hosting

farmhouse dinners, even though the house wasn't yet equipped with a kitchen and they had a 2-week-old son to care for. "With no stove and no fridge, we cooked for 16

Please turn to page W14

HOUSE OF THE DAY
wsj.com/houseoftheday



Washington, Conn.
A New England country retreat



Big Sky, Mont.
A mountainside apartment for skiers



Kelowna, B.C.
A Canadian mansion hits the auction block

PLATINUM LUXURY AUCTIONS

FOOD & WINE AT HOME

A Sake-Brewer's Home Steeped in Tradition

A 200-year-old Japanese house has evolved for modern lifestyles but stays true to its heritage

BY NANCY MATSUMOTO

TETSUO YAMAGUCHI'S home is located just steps from the "office," a sake brewery founded by his family 180 years ago in the Japanese city of Kurume.

And like the fermented-rice beverage, the Yamaguchi home is steeped in tradition. The family's presence in Kurume, Kyushu, dates back to 1737 and the home to about 1800. That's when Rishichi Yamaguchi, a rice distributor and banker, had the home erected by local craftsmen. Back in its 19th-century heyday, the traditional, cedar-beamed house bustled with domestic and commercial activity.

Sited on the same lot as the brewery, five of its 30 rooms were used to billet sake-brewery workers, their extended families and live-in help. Five kitchens kept both family and staff fed. "There were a lot of kids and grandparents," says Tetsuo Yamaguchi, the 11th-generation heir.

Now, just Mr. Yamaguchi, his wife and two children, and his mother, Reiko, live there. Only five of the original 15 bedrooms remain, the rest converted for other uses. In the late 1960s, when Reiko came to the home as a new bride, westernizing old Japanese homes was in vogue: exposed roof beams would be concealed with drop ceilings, tatami-matted floors and earthen walls were covered.

The Yamaguchi family kept its Japanese-style decor. Today, by contrast, families with traditional homes "want to treasure them and keep them as they are," says Mr. Yamaguchi, who is 48 years old.

Where most traditional Japanese homes have just one rough-hewn central pillar, or *hashira*, Mr. Yamaguchi proudly notes his home's five cedar pillars. These were traditionally erected first, followed by tie beams and the roof. The pillars are still consid-



BEN WELLER FOR THE WALL STREET JOURNAL (3); ILLUSTRATION BY ROBIN DAVEY

HOME BREWED The Yamaguchi home, above, on Japan's southwestern island of Kyushu. Below left, Reiko Yamaguchi and her son, Tetsuo, outside the home. Below right, the largest room of the house can seat up to 50 guests.



ered objects of beauty—proof of the carpenter's craftsmanship. Polished to a high gloss, they are a focal point of the main tatami-matted sitting/dining room.

In homes with more than one *hashira*, the pillars had to be spaced widely enough apart so that if the area flooded, boats could navigate through the home and around the pillars. Their symbolic significance is contained in

another name for them: *daikoku bashira*, meaning "head of the household," or "the person who supports the family structure."

The largest pillared room hosts formal occasions, such as the dinners for 50 that the Yamaguchis hold occasionally for guests and clients. But when the family is

alone, they gravitate to the kitchen. There, Mr. Yamaguchi points out the family's cherished 100-year-old wood-burning stove. Concessions to the modern age go only as far as an electric rice cooker, says Reiko Yamaguchi, who is famous throughout the region for her expertise in culinary arts and crafts.

She has perfected the art of cooking over the many geothermal vents in the area, dehydrates and preserves food, and produces a line of her own artisanal and disaster-relief food products. Reiko, who is 72 years old, is also renowned for her skills as a quilt designer and teacher. It was a craft she picked up as a new bride, she says, wanting to offer something "hand-crafted and from the heart" as traditional New Year's gifts to clients and distributors. "They were not popular," she says wryly. "People wanted department-store wrapped gifts."



Mr. Yamaguchi says he doesn't know how many sake-brewer's houses remain in Japan's Fukuoka Prefecture, just one of the many regions in Japan that produce top-quality sake. There are very few, he ventures, that are still home to three generations, as his is.

Old sake brewery houses like his "are very much in demand," he says, sometimes for dismantling and rebuilding elsewhere, or to be plundered for prized "old wood" to incorporate into new construction. Mr. Yamaguchi says he has been offered large sums for his home, offers he declines because of his belief that "in Japan, when homes are over 100 years old, there are gods that dwell in them, and family ancestors have left their mark." He adds, "You can't exchange gods for money."

The only time sake-brewery homes come up for sale, he adds, is when the brewery itself ceases to operate—a common occurrence across Japan as the overall sake market shrinks even as global appetites for premium sake rises.

The Yamaguchis have no plans to move from their small craft brewery, Niwa No Uguisu, named after the nightingales that once flitted about the brewery courtyard. Here, the family produces 20 different kinds of small-batch sake using locally grown rice and its own spring water.

Future renovations are in the offing, although limited to making the home more user friendly. One plan is to have dedicated areas where shoes do not have to be shed—still the norm in Japanese homes and even inside the brewery, where street shoes are traded for sanitized rubber work boots.

"As much as possible," says Mr. Yamaguchi, "we want to hang on to traditional ways, and preserve this space."

LIVING HISTORY

A 'Private Kingdom' in the Country

A sprawling English property offers room to roam and plenty of privacy



BY RUTH BLOOMFIELD

SUSSEX HOUSE FARM started its long life in the 16th century, as a humble shepherd's lodge.

Over the years that followed, it was extended by one owner after the next, developing gradually into a working farmhouse surrounded by agricultural buildings.

More recently, its owners—who have included an Academy Award-winning actor and an author of a series of beloved children's books—have repurposed the house and its grounds for pleasure.



One of Britain's most famous acting dynasties lived in the house for several years after World War II: the prolific film actor John Mills and his wife Mary Hayley Bell, a writer. Their two daughters, Hayley and Juliet, followed in their father's footsteps to become successful actresses.

During the 1980s, the writer Roger Hargreaves lived at property with his wife and their four children, writing several of the series of "Mr. Men" and "Little Miss"

children's books there. He died in 1988 at age 53, and is buried in the local church, the spire of which is the only building visible from the farmhouse.

Its current owners are Ginny Finegold, 50, and her husband Nick, 52, who bought the property in 1999 for £1.2 million.

At the time, the family was living in west London and Mr. Finegold was running a successful firm of stockbrokers. The original plan was to use the property,

which is a 45 mile drive from central London, as a weekend getaway for their growing family. They now have four children—Gemma, 21, Ben 18, Hope, 17, and Jett, 11—as well as two dogs, Baxter and Brodie.

The property was far too large for their needs. In addition to the 6,665-square-foot main house there are three cottages, a barn and numerous outbuildings. But Mr. Finegold, born and brought up in London, was very taken with the property's more than 200 acres of land. "My husband loved the idea of having his own private kingdom," said

Mrs. Finegold.

Then, in 2001, Nick was on a business trip to New York during the terror attacks of September 11. "He came home and said: 'I want to get the kids out of the city,'" said Mrs. Finegold. She had been brought up in Australia, the daughter of a cattle rancher, riding horses and roaming the family's land. The idea of giving her children a similar experience appealed and by 2003 the family was living in the country full time.

During their 18-year tenure, the Finegolds have put their mark on the house and grounds. They converted the semiderelict barn into a structure that includes an office, staff accommodations and two guest rooms. They installed a tennis court and renovated run-down cottages on the property.

Then Mrs. Finegold's father decided—unilaterally—that Gemma needed a pony. He bought one and had it transported to the farm, to the surprise of her parents. One pony led to another, and soon the whole family was riding. With six horses to care for, the stables had to be renovated; old cattle pens were replaced by an indoor ménage and a cross-country course of jumps has been put up.

The house is a heritage building with exposed beams, inglenook fireplaces in several rooms, flagstone floors on the ground floor and wide ancient floorboards above. So the couple made only one major change: replacing the small, dark, kitchen, in what was once the farmyard dairy, with a modern kitchen extension overlooking the swimming pool and the valley beyond.

Now, with their children growing older, the couple has decided to sell the large home and buy a smaller property nearby, plus a low-maintenance London home.

Sussex House Farm is jointly listed with RH & RW Clutton and Knight Frank for £5.5 million, or about \$7.3 million.

Mr. Finegold, who sold his stockbrokers' firm and set up an online financial information company five years ago, will miss the privacy afforded by the house.

"There is no noise," he said.

"We have been very spoiled in that way," Mrs. Finegold added. "You can do what you want and not worry about the neighbors. Gemma has just had her 21st birthday party, and they didn't turn the music off until 9 a.m."



ALICE WHITBY FOR THE WALL STREET JOURNAL (4)

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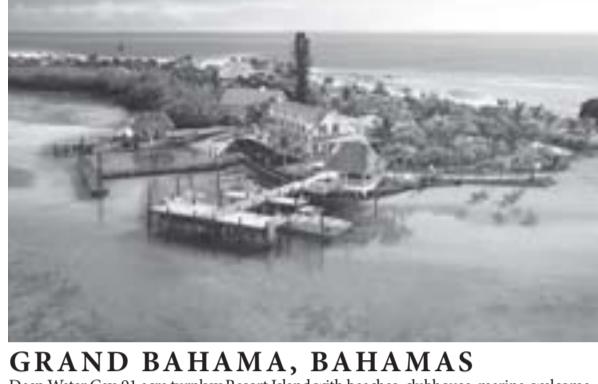
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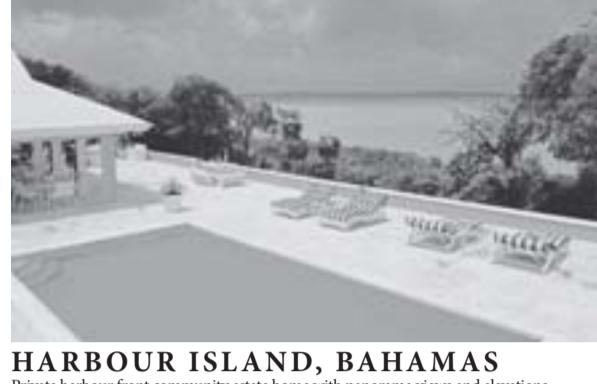
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GRAND BAHAMA, BAHAMAS

Deep Water Cay. 91 acre turnkey Resort Island with beaches, clubhouse, marina, welcome center, 3 homes + 7 guest rooms. 52 lots, 4,200 ft. airstrip, electricity and water. World-class bone fishing and diving. WEB: 8V74VY. \$25,000,000 US. George.Damianos@SIR.com

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HARBOUR ISLAND, BAHAMAS

Private harbour front community estate home with panorama views and elevations. This 4 bedroom, 4 bath home includes guest cottage and large pool, sits on 1.4 acres. WEB: 9F9TBX. \$5,750,000 US. James.Malcolm@SIR.com

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LYFORD CAY, BAHAMAS

Casually chic courtyard-style house situated on a 1-acre lot with 180 ft. of private beach frontage. 5 bedrooms, 5.5 baths, pool and sundecks. Within easy walking distance of the Lyford Cay Club. WEB: 3MLSY2. \$12,500,000 US. Nick.Damianos@SIR.com

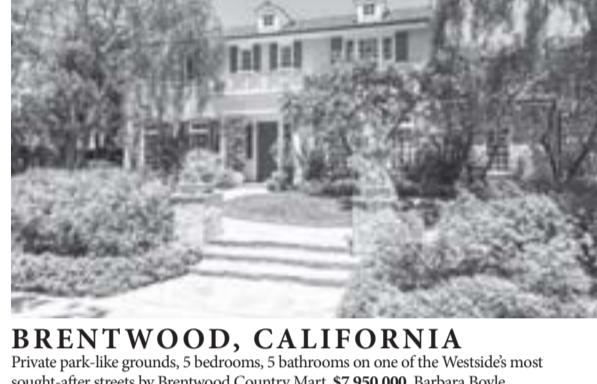
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ST. BARTH, CARIBBEAN

St. Barth's most spectacular estate. 9 bedrooms including a caretaker residence. Panoramic views including the islands of Saba and Statia and year round sunsets. Private five bedroom main residence, two bedroom guest house, and two pools. \$46,000,000. tom@stbarth.com

St. Barth Properties Sotheby's International Realty
+1 508.570.4481 | sothebysrealty-stbarth.com



BRENTWOOD, CALIFORNIA

Private park-like grounds, 5 bedrooms, 5 bathrooms on one of the Westside's most sought-after streets by Brentwood Country Mart. \$7,950,000. Barbara Boyle. barbara.boyle@sothebyhomes.com

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LA JOLLA, CALIFORNIA

Unobstructed coastline views captivate from this gated hilltop estate, set on ½ acre of prime land in an exclusive neighborhood. Live the villa life or build your dream home. Renderings by Will & Fotsch Architects. \$4,998,888-\$5,998,888. Brett Dickinson.

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LAGUNA BEACH, CALIFORNIA

Striking floor to ceiling glass and angular architecture complement the panoramic ocean views from this dramatic contemporary beach front home. 4,200 sq. ft., 4 bedrooms, 5 baths, prime Laguna Village location. \$13,500,000. John Stanaland. john@johnstanaland.com

HOM Sotheby's International Realty
+1 949.689.9047 | homgroup.com



LOS ALTOS HILLS, CALIFORNIA

The 20,000 sq. ft. home on 8+ acres is designed for entertaining on a corporate or personal level. Indoor swimming pool, massage room, theatre, vineyard and wine room. Freestanding office building for business needs. Easy access to airports make the home a perfect West Coast hub. \$68,000,000. Michael Dreyfus.

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SAN DIEGO, CALIFORNIA

Newly constructed coastal Mediterranean masterpiece, uniquely positioned on the southernmost waterfront lot in Del Mar, neighboring Torrey Pines State Reserve, providing unparalleled, unobstructed ocean views. \$24,900,000. Eric Iantorno, Clinton Selfridge and Lindsay Dunlap.

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SAN DIEGO, CALIFORNIA

Private, oceanfront Midcentury style on nearly half an acre. Incredible courtyard complete with pool and spa. Impressive interiors boasting natural layers of wood, stone, beams and floor to ceiling windows framing a 60 ft. waterfront deck. \$19,950,000. Eric Iantorno, Kathy Herington and Clinton Selfridge.

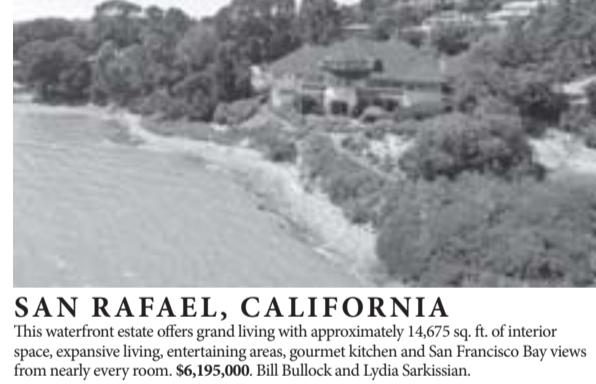
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SAN DIEGO, CALIFORNIA

A gorgeous, waterfront three building estate overlooking the San Diego harbor and offering one of the best views of the city's skyline. During the day enjoy harbor activity and when the sun sets, the quiet, magical glow of downtown. \$13,900,000. Clinton Selfridge and Eric Iantorno.

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SAN RAFAEL, CALIFORNIA

This waterfront estate offers grand living with approximately 14,675 sq. ft. of interior space, expansive living, entertaining areas, gourmet kitchen and San Francisco Bay views from nearly every room. \$6,195,000. Bill Bullock and Lydia Sarkessian.

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ATLANTA, GEORGIA

Built in 1940, this almost 6-acre estate is rich in history. The privacy this home affords is a rare find in Atlanta's Buckhead community. A true entertainer's delight with lush gardens, pool and guest house. \$3,800,000. Ally May. ally@atlantafinehomes.com

Atlanta Fine Homes Sotheby's International Realty
+1 404.874.0300 | atlantafinehomes.com



RINGGOLD, GEORGIA

A rare find on 48 ± acres, this elegant four-sides brick home offers a desirable combination of luxury, comfort and privacy. Immaculate, tranquil and moments from historic Chattanooga, Tennessee. Michelle Pittman. michelle.pittman@atlantafinehomes.com

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+1 770.442.7300 | atlantafinehomes.com



CHICAGO, ILLINOIS

This urban oasis defines modern luxury. Completely redesigned in one of the city's most sought after addresses, this condo features over 3,000 sq. ft. of sleek, open design living with 180 degree views. This turn-key residence is enhanced with cutting-edge technology and furnished to entertain. \$4,750,000. Kelly Angelopoulos.

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CHICAGO, ILLINOIS

Extraordinary brand new condo boasts breathtaking, panoramic lake and city views, an incredible 72 ft. wall of windows and dramatic 13+ ft. ceilings. Over 4,300 sq. ft. of perfection, thoughtfully designed with the finest materials available. \$4,450,000. Nancy Tassone.

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CAPE ELIZABETH, MAINE

Oceanfront estate. This magnificent home has it all: 16+ generously proportioned rooms, breathtaking views, a private beach, separate 4 bedroom guest house, pool, tennis court and much more - all on 600+ ft. of bold Atlantic frontage. \$11,000,000. Anne Bosworth and Chris Lynch.

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GIBSON ISLAND, MARYLAND

This breathtaking, designer shingle house features 1.43 acre lot with beautiful views of the Magothy River, 3-level floor plan with 5 bedrooms, 5 baths, exquisite finishes throughout, high ceilings, gourmet kitchen, gorgeous outdoor spaces. \$2,990,000. Sarah Kanne and Corey Burr.

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GIBSON ISLAND, MARYLAND

Private, gated, enchanting island in Chesapeake Bay with 200 homes (11 presently for sale), freshwater lake, one hour from Washington, 20 minutes from BWI/Amtrack, private country club (by invitation) with yachting, golf and more. Prices upon request. Sarah Kanne and Corey Burr:

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CAMBRIDGE, MASSACHUSETTS

Designed by Arthur Little in 1888. Details and intricately carved teak salon by the American Aesthetic Movement's Lockwood de Forest. With a sympathetic nod to the Queen Anne style, asymmetry abounds, yet all facades are active with Neo-Classical elements. \$7,900,000. Susan Condrick:

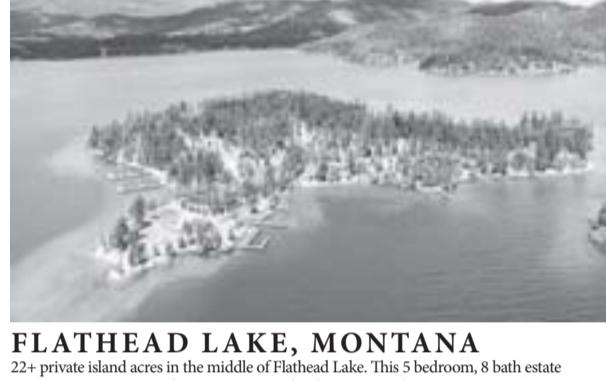
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CAPE COD, MASSACHUSETTS

Eastham waterfront. Amazing views of Marsh and Cape Cod Bay from almost every room. 4,100+ sq. ft., 4 bedrooms, 5 baths. Gourmet kitchen with 6 burner gas top, grill top, wok burner. Boat Meadow Beach out your door for swimming and kayaking. \$1,895,000. Team Alberti:

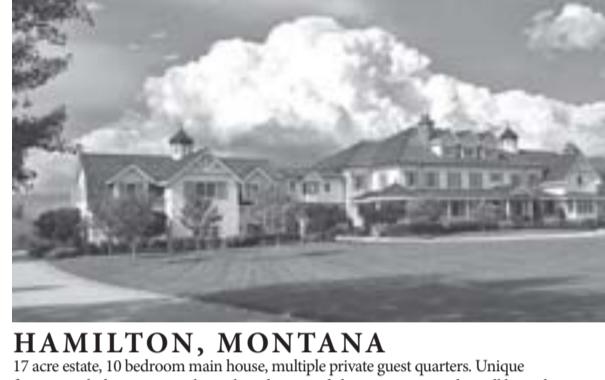
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FLATHEAD LAKE, MONTANA

22+ private island acres in the middle of Flathead Lake. This 5 bedroom, 8 bath estate is a luxurious 22,000 sq. ft. with over 4,800 ft. of private, lakefront access. Includes guest/boathouse. Exquisite finishes throughout. \$22,750,000. Dawn Maddux:

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HAMILTON, MONTANA

17 acre estate, 10 bedroom main house, multiple private guest quarters. Unique features including grotto style pool, underground shooting range and 4 stall horse barn. Exclusive/private Stock Farm amenities include Tom Fazio golf course. \$27,500,000. Dawn Maddux:

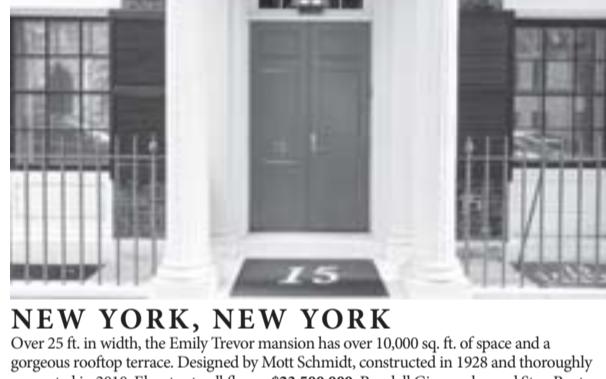
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MISSOULA, MONTANA

Organic vineyard on 10.5 acres. Exquisite features include imported sea bed stone, Venetian fixtures, tumbled marble floors, gourmet kitchen. Huge courtyard with stone pigeonnier, adjacent to designated wilderness land. \$2,990,000. Dawn Maddux:

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NEW YORK, NEW YORK

Over 25 ft. in width, the Emily Trevor mansion has over 10,000 sq. ft. of space and a gorgeous rooftop terrace. Designed by Mott Schmidt, constructed in 1928 and thoroughly renovated in 2010. Elevator to all floors. \$23,500,000. Randall Gianopoulos and Stan Ponte:

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NEW YORK, NEW YORK

Enjoy breathtaking views of Central Park and the city skyline from the terraces of this high-floor corner apartment with 7 gracious rooms perched over 5th Avenue. 1 East 66th Street is a premier full-service building. \$12,950,000. Meredith Hull Smith:

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The façade and layout of this 20 ft. Art Deco townhouse is unique in every way. Built in 1905, this spacious home has an elevator and is flooded with light. A rare gem in the city. \$8,900,000. Eva J. Mohr and Greg Schriefer:

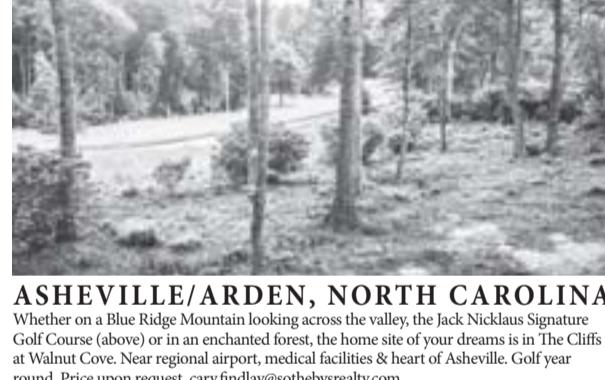
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NEW YORK, NEW YORK

Sun-flooded high floor corner Classic 6, 2 bedroom plus staff/home office with open city views and terrace is in the heart of the Upper East Side. Low maintenance of \$2,439 includes parking and utilities! New to market. \$4,350,000. Cathy Taub:

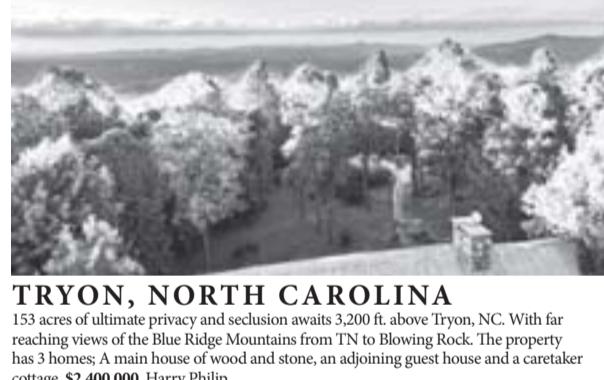
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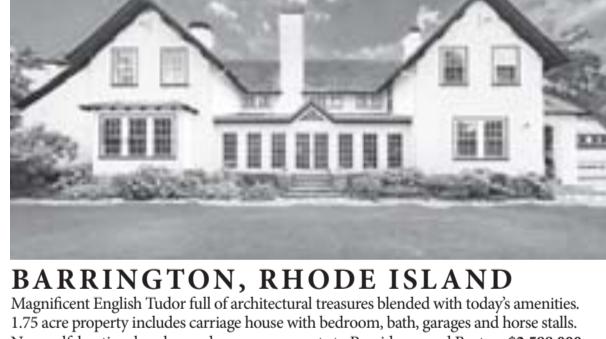
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TRYON, NORTH CAROLINA

153 acres of ultimate privacy and seclusion awaits 3,200 ft. above Tryon, NC. With far reaching views of the Blue Ridge Mountains from TN to Blowing Rock. The property has 3 homes: A main house of wood and stone, an adjoining guest house and a caretaker cottage. \$2,400,000. Harry Philip:

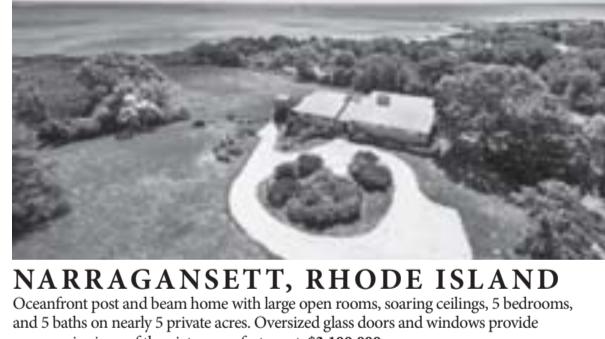
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BARRINGTON, RHODE ISLAND

Magnificent English Tudor full of architectural treasures blended with today's amenities. 1.75 acre property includes carriage house with bedroom, bath, garages and horse stalls. Near golf, boating, beaches and an easy commute to Providence and Boston. \$2,588,000.

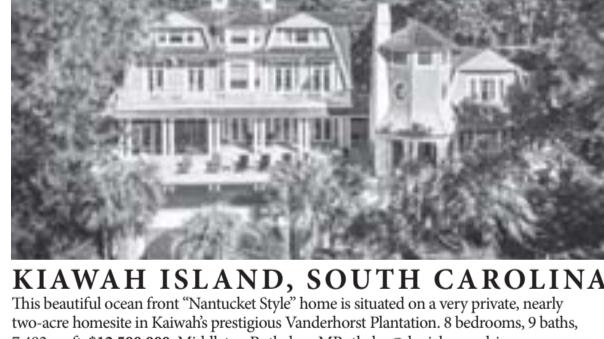
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NARRAGANSETT, RHODE ISLAND

Oceanfront post and beam home with large open rooms, soaring ceilings, 5 bedrooms, and 5 baths on nearly 5 private acres. Oversized glass doors and windows provide panoramic views of the picture-perfect coast. \$3,100,000.

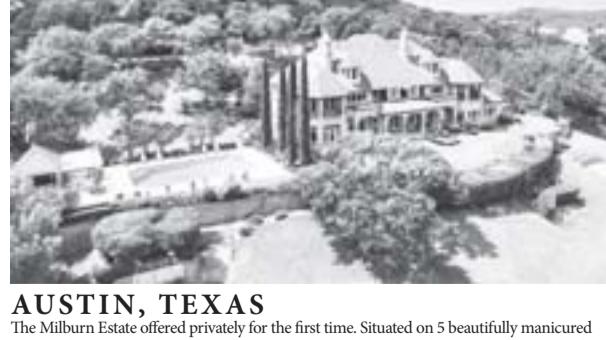
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KIAWAH ISLAND, SOUTH CAROLINA

This beautiful ocean front "Nantucket Style" home is situated on a very private, nearly two-acre homesite in Kiawah's prestigious Vanderhorst Plantation. 8 bedrooms, 9 baths, 7,482 sq. ft. \$12,500,000. Middleton Rutledge. MRutledge@danielravensir.com

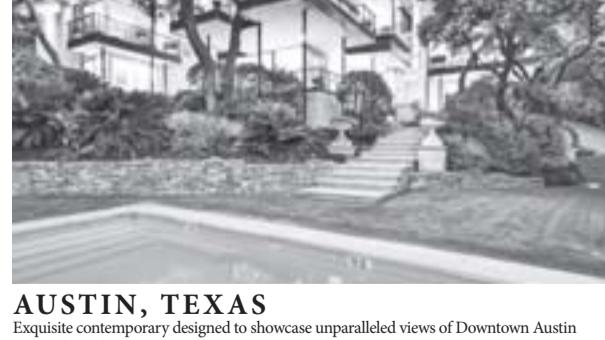
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AUSTIN, TEXAS

The Milburn Estate offered privately for the first time. Situated on 5 beautifully manicured acres with towering oaks and English gardens in the hills of Westlake overlooking Austin's gorgeous skyline. \$10,000,000. Kumara Wilcoxon. kumara@sothebysrealty.com

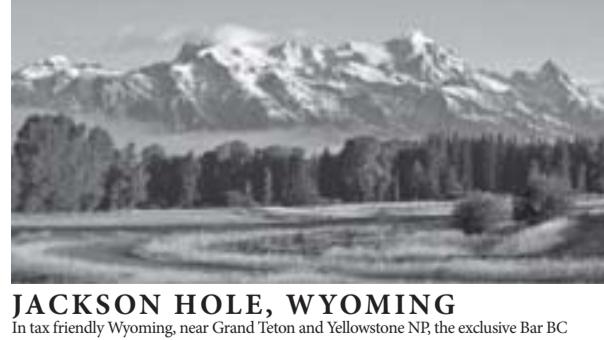
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AUSTIN, TEXAS

Exquisite contemporary designed to showcase unparalleled views of Downtown Austin and Lady Bird Lake and provide gracious space for entertaining. Extremely private with beautifully landscaped grounds. \$6,950,000. Kumara Wilcoxon. kumara@sothebysrealty.com

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JACKSON HOLE, WYOMING

In tax friendly Wyoming, near Grand Teton and Yellowstone NP, the exclusive Bar BC Ranch offers privileged Snake River blue-ribbon fly-fishing and exquisite Teton views. Select elevated or meadow 35+ acre parcels, close to Jackson. Prices from \$7,950,000. TomEvansRE@JHSIR.com

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FOOD & WINE AT HOME

AT THIS CHEF'S HOME, DINNER IS SERVED

Continued from page W9
people out of the pantry,
washing dishes between
courses," recalls Mrs.
Stadtlander, 50.

In 1996, they removed the Jacuzzi from what would become their kitchen, installing a 10-burner Garland stove they purchased at auction from a nearby culinary school for \$2,800, and a Salamander, walk-in refrigerator, cooler and under-counter fridge for \$3,500. They spent another \$20,000 on labor, installing electrical outlets and converting the gas stove to a propane-fueled model. For the rest of the kitchen, "we did a lot of trades," recalls Mr. Stadtlander, including bartering a Texas Red Wattle pig for the installation of wall and floor tile by "an Italian guy who liked to butcher pigs."

Mr. Stadtlander constructed a 16-seat dining table and gazebo out of cedar wood rescued from the dump, and chairs made with remnants of pine wood left over from an earlier project. Though never formally trained in carpentry, he explains, "When you live on a farm, it's kind of like arts and crafts. You can't always hire someone, so you learn by doing and by observing other people."

In 2000, the Stadtlanders embarked on another round of renovations, adding a 275-square-foot log cabin-style



The lakes and rivers of Southern Ontario remind Mr. Stadtlander of his childhood home in Germany.

he nearly had to set up "a pipeline to Creemore [a local beer brewer] because they drank like fish."

Serendipity also played a role in bringing them carpenters for the log-cabin project. A year earlier, Mr. Stadtlander had spotted several itinerant German carpenters at the Hamburg airport, recognizing their signature black hats, black vests and trousers. A medieval throwback, German craft guilds offer free ap-

prenticeships to young people, after which, Mr. Stadtlander explains, "they must travel at least 50 kilometers away from home for three years, three months and three days in search of work."

The carpenters were on

their way to Canada, so Mr.

Stadtlander told them he

needed a barn door fixed.

Three days later

one of the carpenters showed up at the farm and fixed the door. A year later, he

brought another

German carpenter to build Eigensinn Farm's

log cabin break-

fast room in ex-

change for room

and board. "No

money changed

hands," says Mr.

Stadtlander

proudly, though

he nearly had to set up "a

pipeline to Creemore [a local

beer brewer] because they

drank like fish."

Last year, the Stadtlanders

took down a small, poorly in-

sulated family room and con-

structed a new one, cutting

ash floorboards from trees

on the farm that had fallen

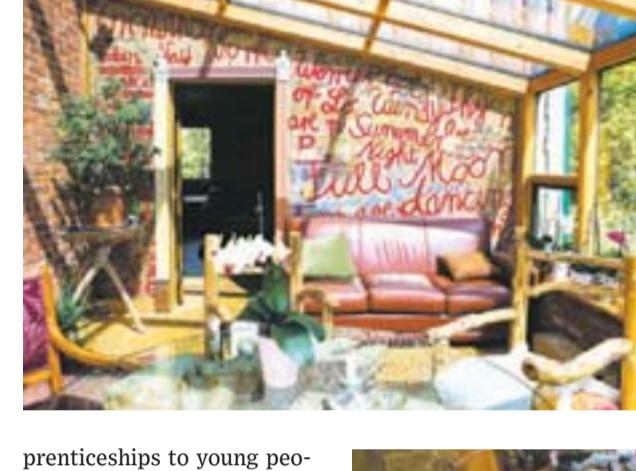
prey to an invasive pest. For

one wall, Mr. Stadtlander

used a jigsaw to cut wavy-

edged panels from elm wood,

also from his forest. The cou-



CREATIVE TOUCHES Michael Stadtlander and his wife, Nobuyo on their 100-acre property in Singhampton, Ontario. Top left, the outside of the farmhouse. Left, in the recently added sunroom, family and friends helped with the graffiti on the walls.



FARM TO TABLE On a wood and stone island, top, the chef and his apprentices prepare the appetizers. Above left, the cheese course features all Quebec cheeses. Above right, another course is garnished with wildflowers from the garden.

ple sprang for a \$4,000 Blaze King wood-burning stove that heats the entire house. The final components were a

breezeway that connects the

room to Mrs. Stadtlander's

small office and a bedroom on the second floor.

Also in 2016, Mr. Stadtlander's dairy supplier connected him with local Amish craftsmen, who handled con-

struction of a new sunroom off the dining room. One wall of the sunroom is covered with graffiti by the Stadtlanders and their friends, ranging from political and philo-

sophical slogans to one line from Mrs. Stadtlander expressing her exasperation with certain unreliable millennial apprentices: "Fly by night—no thanks!"

The Amish craftsmen also built a sturdy treehouse in the forest that the chef incorporates into his 10- to 12-course indoor and roving outdoor feasts.

At a recent dinner for 14, rain kept guests from enjoying aperitifs and canapés in the garden, but they happily dined in on sautéed pickerel with lobster tarragon sauce, Eigensinn Farm barbecue piglet with garden vegetables, and Canadian Black Forest cake with Lübecker marzipan strawberry ice cream.

With cooler weather on the way, the kitchen staff has been making jams out of the last of summer peaches and apricots, pickling green beans and cellaring root vegetables. Down the road, Eigensinn's sister restaurant, Haisai, is planning its fall menu as well.

Renovation, especially in wintertime is disruptive and difficult, says Mr. Stadtlander, but worth it in the end.

"Our farmhouse is old, so we need to look after it like an old body and make it as comfortable as we can," he says. "At some point, we would like to renovate the kitchen. But Eigensinn Farm is and always will be a work in progress."

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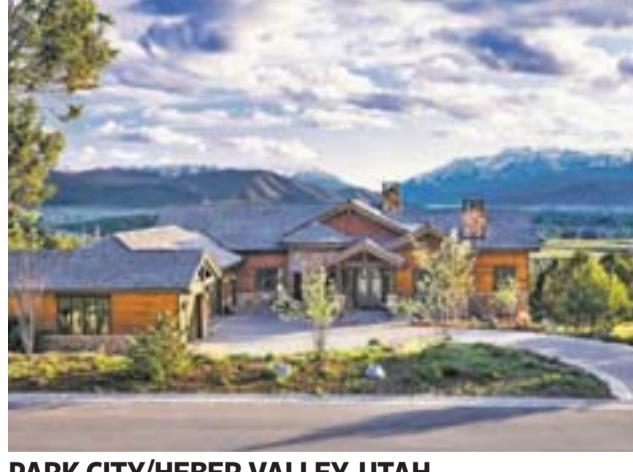
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CAFE CULTURE Al fresco drinks at a bar near the Dijeaux Gate, one of the city's medieval gates.



SCENIC STROLL A woman walks her dog near the docks in the center of the city.



ANTOINE DOYEN FOR THE WALL STREET JOURNAL (3); ILLUSTRATION BY ROBIN DANEY; MAP BY JASON LEE

COBBLESTONE CHARM Place de la Bourse, a popular square in Bordeaux, was built between 1730 and 1775 and is located near the Garonne River.

Continued from page W9

average price of a property in Bordeaux stood at €366, or \$439, per square foot in January. That's a 21% increase from the year before, when the average value was \$361 per square foot.

The most exclusive neighborhood in downtown Bordeaux is known as the Golden Triangle, a network of historic streets bounded by three elegant boulevards (Cours Clemenceau, Cours de l'Intendance, and Allées de Tourny).

Buyers come from all over

the world, said Dorothée Homberg, a broker at Groupe Mercure, but she notes an influx of buyers priced out of Paris. Many are entrepreneurs who can simply shift their businesses to the city.

Mr. Delpech estimates that apartments within the Golden Triangle's historic stone houses cost between \$780 and \$900 per square foot. Just north of the triangle and close to the city's public gardens, an almost equally desirable location, DPP Real Estate is listing a modern, three-bedroom, two-bathroom apartment measuring 1,572 square feet for \$1.127 million—or just under \$718 per square foot.

Kim Poole-Wright, who lives in London's Chelsea neighborhood, bought a two-bedroom apartment in the Golden Triangle for about



\$550,000 last year. "I wanted a foothold in Europe," she explained. "I do not want to live in London when I am older, and France is really convenient."

Ms. Poole-Wright, 53, plans to spend the next few years making regular visits to Bordeaux, learning French, as well as continuing to study for a doctoral degree in psychological medicine. She opted for Bordeaux over the French Riviera, saying that resorts like Nice are simply too "crazy busy" in summer time. She hasn't given up on the beach altogether, however; she will be able to make day trips to France's east coast from Bordeaux.

Just over a mile north of the Golden Triangle is Chartrons. It's close to the city's port, where international wine merchants once based themselves. The area fell into disrepair toward the end of the 20th century, and few buyers were interested in living there.

But over the past decade, Chartrons has enjoyed a quiet renaissance with antiques shops, cafes and restaurants springing up, pushing property values upward. Property costs have risen to about \$558 per square foot, compared with \$336 just four years ago, Mr. Delpech said.

Currently listed with Sotheby's International Realty for \$1.66 mil-

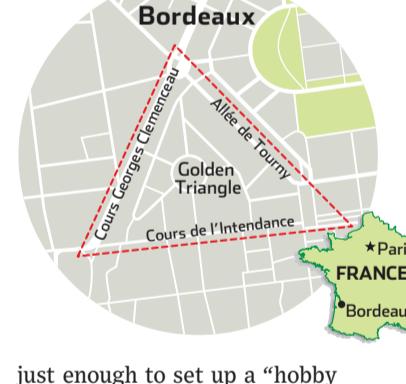
lion is a two-bedroom, two-bathroom apartment in Chartrons, with views of the Garonne River. The 1,786-square-foot property is in a 19th-century building and has been recently renovated.

Mr. Delpech believes the next neighborhood to pop will be Saint-Michel, just north of the Golden Triangle. The area has seen revitalization in recent years. "It is in the old part of Bordeaux, so you have got the old buildings which people love," said Mr. Delpech, estimating that property prices are around \$446 per square foot.

The countryside around Bordeaux draws buyers, too. Jane Vernon, an agent with Leggett, said many gravitate toward the small town of Saint-Emilion, around 30 miles west, where some of the world's finest wines are produced. The surrounding countryside features hills, woodland, and farmland growing everything from sweet corn to sunflowers.

Ms. Vernon's most recent clients have traveled from Switzerland and Sweden, and buyers are a global crew. "We get quite a few from Dubai, Spain, the U.S.A., and a lot from Paris because of the new trains," she said. "We also get quite a lot from England."

These buyers are typically seeking a maison de maître (master's house), a period country home with perhaps 5 to 7 acres of land,



just enough to set up a "hobby vineyard" producing several dozen cases a year.

In southwest France, Rory Ramsden, a property finder with Home Hunts, said his buyers typically have a budget of up to \$3.5 million and want a vacation home located where they might one day retire.

While immaculately presented properties are unusual in this region, they are not impossible to find. Some 30 miles southeast of Bordeaux, near the village of Sauternes, Sotheby's International Realty is listing a former hunting estate on about 277 acres. The main house is 5,381 square feet, with six bedrooms and five bathrooms, and is fully renovated. There is also a guesthouse, stables, a renovated barn and swimming pool. It is listed for offers above \$2.4 million.

While central Bordeaux's property market is booming, its sub-

urbs and surrounding towns and villages are still playing catch-up from the recession. "Prices which have been going down, are just beginning to solidify," said Mr. Ramsden. President Emmanuel Macron "has given the French more confidence to invest for the first time in a long time."

Of course Bordeaux is all about wine, and at the top end, buyers want a vineyard. Most come with a château attached, plus at least 35 acres for grape growing, plus winery, and cost from around \$2.4 million.

"Chinese buyers often want a vineyard," said Ms. Vernon. "They just love their wine and they have got the budget. Sometimes they buy two or three."

Currently listed with Leggett is a large 12-bedroom château dating from the 18th century, which comes with 247 acre, just over half of which are under vine. The 11,840-square-foot property, near the town of Langorain and 18 miles southeast of Bordeaux, is listed for \$4.66 million, recently reduced from \$5.29 million.

These wine enthusiasts tend to be somewhat hands-off after buying a vineyard, usually keeping existing staff and selling their wines through the same suppliers.

"There is not a lot of money in it," said Ms. Vernon. "But what there is, is prestige."



RIVER VIEWS A two-bedroom apartment in the popular Chartrons neighborhood is listed for \$1.66 million. The 1,786-square-foot property has views of the Garonne River.



COUNTRY HOUSE Currently listed for \$2.1 million is a country house that's about 10 miles from the center of Bordeaux. The seven-bedroom, five-bath house measures 6,458 square feet.



MODERN DECOR In central Bordeaux, this three-bedroom, two-bathroom apartment is listed for \$1.13 million. The 1,572-square-foot apartment is located close to the city's public gardens.