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What's News

Business & Finance

China is preparing to shut down bitcoin exchanges, reflecting unease with the virtual currency and its recent surge in value. **A1**

◆ Equifax lobbied for looser regulation of credit-reporting firms in the months before its data breach. **B1**

◆ Fintech firm SoFi said that Chairman and CEO Cagney would step down by the end of the year. **B1**

◆ The S&P 500 hit a fresh record and the Dow rose 259.58 points to 22057.37 as investors' fears about North Korea and Hurricane Irma eased. **B1**

◆ Record demand for private equity is prompting industry executives to sell all or part of their firms. **B10**

◆ Blackstone is readying an IPO or sale of smart-home tech company Vivint. **B4**

◆ Teva named a Danish drug-industry veteran as its CEO after a long search. **B3**

◆ The FCC called the wireless sector competitive for the first time since 2009. **B4**

◆ Google appealed the EU's record \$2.91 billion antitrust fine against the company. **B4**

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CHRIS WATTIE/REUTERS
DEDE SMITH/THE FLORIDA TIMES-UNION/ASSOCIATED PRESS

TAMPA: In the aftermath of the storm Monday, homes were left damaged. Meanwhile, the city's port was cleared to reopen Tuesday.

JACKSONVILLE: Tommy Nevitt carried Miranda Abbott through floodwaters Monday. Much of the city's downtown was under water.

After Storm, Florida Turns To Recovery

PUNTA GORDA, Fla.—Hurricane Irma hammered almost every inch of Florida, knocking out power to millions of people while causing wreckage in

By Cameron McWhirter, Jon Kamp and Scott Calvert

the Keys and record flooding in Jacksonville, though the state's coasts were largely spared from the catastrophe many had feared.

From Miami to Naples to Tampa, many Floridians said they felt lucky to have avoided the epic flooding they feared when authorities ordered some 6.5 million people—nearly a third of Florida's population—to evacuate, and were

relieved to discover their communities weren't wiped out. Few deaths in Florida have been attributed to the storm, which killed at least 38 people in the Caribbean, including U.S. territories there. Estimates of insurance losses declined considerably.

But Florida officials still warned of a long recovery ahead after the massive storm barreled up the entire peninsula, dropping heavy rain and causing surging seas. Recon-

Please see STORM page A6

- ◆ Houston re-evaluates land development..... A2
- ◆ Death toll in Caribbean rises to at least 38..... A6
- ◆ Hurricane Irma spares disaster bonds..... B1



MIAMI: A tree blocked a road on Monday. Elsewhere, residents cleaned up debris and Miami Beach establishments worked to reopen.

JOE RAEDLE/GETTY IMAGES

Westward Track

Hurricane Irma's shift to the west coast of Florida likely spared insurers billions in projected damage claims. **B12**

Property values by county*

\$50 billion 100 200 300 500

*Data include residential, commercial and industrial property. Value is calculated by adding the cost to replace the building and the value of the building's contents.

Source: Karen Clark & Co.

THE WALL STREET JOURNAL.

Some Trump Lawyers Wanted Kushner Out

Some of President Donald Trump's lawyers earlier this summer concluded that Jared Kushner should step down as senior White House adviser be-

By Peter Nicholas, Rebecca Ballhaus and Erica Orden

cause of possible legal complications related to a probe of Russia's involvement in the 2016 presidential election and aired concerns about him to the president, people familiar with the matter said.

Among their concerns was that Mr. Kushner was the adviser closest to the president who had the most dealings with Russian officials and businesspeople during the campaign and transition, some of which are currently being examined by federal investigators and congressional oversight panels. Mr. Kushner, Mr. Trump's son-in-law and confidant, has said he had four such meetings or interactions.

Another issue was Mr. Kushner's initial omission of any contacts with foreign officials from the form required to obtain a security clearance. He later updated the form several times to include what he has said were more than 100 contacts with foreign officials.

The president's lawyers weren't united in the view that Mr. Kushner should step down.

John Dowd, who first joined

Please see PROBE page A4

◆ Politicians in both parties turn to lawyer Lowell..... A4

GOOGLE LEARNS TO SPEAK DETROIT

Alphabet's self-driving car unit hires auto-industry veteran to bridge divide with the Motor City

By TIM HIGGINS

MOUNTAIN VIEW, Calif.—John Krafcik can speak two languages, Motor City and Silicon Valley, and if Google makes progress in developing self-driving cars, it might have his translation skills to thank.

After building his career at Ford Motor Co. and Hyundai Motor Co., Mr. Krafcik, 55 years old, now heads Google's self-driving car effort, called

Waymo. Unlike automotive industry executives, who tend to have plush offices, he has a desk among software engineers. On a recent afternoon, the desk was mostly clear except for a copy of trade journal Automotive News.

The tech and auto industries have been at loggerheads for years. General Motors Co. was so annoyed with Google, a unit of Alphabet Inc., it once tossed one of its software engineers off a test track for plowing through cones.

Fiat Chrysler Automobiles NV's Dodge ran a television ad that took a thinly veiled shot at the tech giant. More than two years of on-and-off talks with Ford were fruitless.

The mutual mistrust has fostered a confusing array of alliances between auto makers, ride-hailing companies, rental-car concerns and tech giants. Sil-

Please see CARS page A10

◆ Google appeals EU antitrust penalty.... B4

After Multiple Invasions, the U.S. Army Is Tired of Liberating Atropia

* * *

Military planners use fake countries for war games, creating real-world problems

By JAMES MARSON AND JULIAN E. BARNES

The U.S. Army always knew defending Atropia would be a slog.

But officers didn't expect allies to abandon the authoritarian regime. And they didn't think war weariness would be set the troops so quickly.

"Candidly," says Lt. Col. Joe Buccino of the 82nd Airborne Division, a veteran of multiple Atropia actions, "having liberated that place four times in 15 months, it is about time we let the Atropians provide security for themselves."

Atropia's problem, it seems,

is reality. It keeps interfering with an elaborately constructed military-training scenario.

The U.S. Army's training command in 2012 developed a rich back story for various ersatz countries in its war games. The fictional country of Atropia, according to the play-

book, is a pro-western dictatorship. The Army ordered its training centers adopt the scenario.

Soldiers, like Col. Buccino, soon tired of rerunning the same old script. Bigger problems with Atropia arose when some European U.S. allies balked at the idea of propping up faux dictators—

Please see DRILLS page A10

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U.S. NEWS

Houston Re-Evaluates Land Development

BY DOUGLAS BELKIN
AND SHIBANI MAHTANI

HOUSTON—For years there hadn't been much debate over how to regulate land use here. Developers in the nation's fourth-largest city mostly built what they wanted, where they wanted.

Now, after Hurricane Harvey killed at least 50 people and caused roughly \$180 billion in damage, a battle is shaping up over how best to oversee real-estate development in Houston.

"If Houston does not change, it will not survive from an economic standpoint," said Jim Blackburn, a professor of environmental law and co-founder of Rice University's Severe Storm Prediction, Education and Evacuation from Disaster Center. "This absolutely should change our policies and our trajectory."

Two men in particular will have a large say in Houston's path forward.

Stephen Costello, whose official title is chief resilience officer, but who is known to many as Houston's flood czar, says the go-go culture of growth is here to stay. "I don't

think you're going to see a dramatic change in the way we are developing," he said.

Regulating development through, say, a stricter zoning code is a nonstarter, he said.

"Zoning is never going to happen here, not in my lifetime," he said.

Instead, he believes the city needs to build its way out of its flooding problem by investing in a better system to more quickly and efficiently move rainwater out of town and into the bayous during heavy rains.

The second man with a large say in this argument is Russell Poppe, executive director of the Harris County Flood Control District. He hopes to leverage a Federal Emergency Management Agency program to buy hundreds, if not thousands, of homes in vulnerable areas.

For that to come to pass, it needs to happen soon, he said.

"We would prefer to buy these homes out now before they start making improvements," Mr. Poppe said. "We're interested in homes we consider hopelessly deep in the floodplain."

Many Houston residents would appear eager for such a plan. Mr. Poppe says his phone



Stephen Costello, Houston's so-called flood czar, says the city's culture of growth isn't going to change in response to Harvey.

has rung in the wake of Harvey with dozens of people asking for the city to buy their homes.

Federal officials and scientists like Mr. Blackburn have long urged Houston, one of the nation's fastest-growing cities, to preserve more of its prairie and regulate development to

mitigate the flooding that has plagued residents for decades. They haven't had the ear of the area's politicians who, by and large, have championed development to push economic growth.

Harris County, where Houston sits, added more people than any other U.S. county during the eight years before

2015, according to Census Bureau data. To make way for that growth, developers have paved over tracts of prairie land that once soaked up the rains that sweep in from the Gulf of Mexico.

The tabletop-flat city is now a sprawling metropolis stitched together by 10-lane elevated highways connecting far-flung subdivisions filled with single-family homes. The unmanaged growth has meant cheap housing relative to other parts of the country, which helps attract even more people.

"Almost all the flooding in Houston is the result of poor development decisions," said John Jacob, a professor of watershed science at Texas A&M University.

To mitigate the loss of prairie land and the increase in homes near rivers, the city has built drainage systems that channel rainwater toward the city's bayous. A half-dozen major floods in recent years show that infrastructure hasn't been equal to the task, and critics say the catastrophic damage caused by Harvey is the last straw.

But developers and city officials say the scale of Harvey

was so massive it is neither fair nor smart to draw conclusions from the storm yet. They note that building code restrictions and other regulations have gradually become more strict since the 1990s.

Fred Caldwell, president and chief executive of Caldwell Cos., a real-estate developer, believes the development community has done an "incredible job in protecting natural areas," adding his company has incorporated green space into its planned residential communities.

He disputed the notion that stronger regulations would have mitigated Harvey's impact. The record amount of rainfall would have devastated an area with stricter zoning, building regulations and more green space, he said.

Mr. Jacob called possible FEMA buyouts a step in the right direction, albeit a costly one. "I'd like to see a sign in every subdivision that shows where the water came up to during each storm," he said. "If you shine a light on things you can make a tremendous difference. Let people make their own choices, and you won't need any regulation."

CORRECTIONS & AMPLIFICATIONS

Billie Jean King beat Bobby Riggs in a tennis match at the Houston Astrodome on Sept. 20, 1973. A Sports article Saturday about Ms. King incorrectly said the match took place in May 1973. The article also misspelled actor Steve Carell's last name as Carrell.

The Cessna Citation M2 was incorrectly referred to as the Cessna Citation C2 in one instance in an Off Duty article Saturday about personal jets.

Martin Brudnizki Design Studio is based in New York and London. An Off Duty article Saturday about carpet as upholstery incorrectly located

it in London only.

The photos with the Rumble Seat column about Volvo's XC60 SUV in Saturday's Off Duty section incorrectly showed the Volvo XC90.

Consumers can apply for free credit reports every 12 months from each of the three major credit-reporting companies, Equifax Inc., Experian PLC and TransUnion, at annuaalcreditreport.com. A sidebar with a Page One article Friday about hackers gaining access to Equifax's systems directed readers to creditreport.com, a website that provides a free credit report from Experian.

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

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TEXAS

Man Kills 8 at Party in Dallas Suburb

A gunman opened fire at a house party in the Dallas suburb of Plano on Sunday night, killing at least eight people before being shot dead by police, authorities said.

Police Chief Gregory Rushin said Monday that a group of people had gathered at a single-family residence to watch the Dallas Cowboys football game when the gunman began shooting.

An officer who happened to be nearby rushed to the area after police received reports of gunfire at the home.

As he entered the back of the house, the officer saw multiple shooting victims before quickly confronting the gunman and killing him, Mr. Rushin said.

Seven victims died at the scene, and another who had been hospitalized was pronounced dead on Monday, the chief said. A ninth victim who was wounded in the shooting is still in the hospital. Mr. Rushin said he is uncertain of that victim's condition. All of those shot were adults, according to authorities. Investigators were still trying to piece together a motive for the shooting, but Mr. Rushin said the gunman, whose identity hasn't yet been released, had ties to the residence.

—Dan Frosch

U.S. WATCH

ARIZONA

Bison Hunt Planned For Grand Canyon

The National Park Service plans to thin a herd of bison in the Grand Canyon through roundups and by seeking volunteers who are physically fit and proficient with a gun to kill the animals that increasingly are damaging park resources.

Some bison would be shipped out of the area and others legally hunted on the adjacent forest. Within the Grand Canyon, shooters would be selected through a lottery to help bring the number of bison roaming the far northern reaches of the park to no more than 200 within three to five years.

Some 600 of the animals are in the region, and biologists say the bison numbers could hit 1,500 within 10 years if left uncontrolled. The Grand Canyon is still working out details of the volunteer effort, but it is taking cues from national parks in Colorado, the Dakotas and Wyoming that have used shooters to cut overabundant or diseased populations of elk.

Sandy Bahr of the Sierra Club says she hopes the focus will be on nonlethal removal.

The bison are descendants of those introduced to northern Arizona in the early 1900s as part of a ranching operation to cross-breed them with cattle.

—Associated Press

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U.S. NEWS

America Remembers 9/11 on 16th Anniversary of Terrorist Attack



JACQUELYN MARTIN/ASSOCIATED PRESS

Americans commemorated 9/11 on Monday with tear-streaked tributes, a presidential warning to terrorists and appeals from victims' relatives for unity 16 years after the deadliest terrorist attack on U.S. soil. Thousands of family members, survivors, rescuers and

others gathered for the hours-long reading of victims' names at the World Trade Center in New York, while President Donald Trump spoke at the Pentagon and Vice President Mike Pence addressed an observance at the Flight 93 National Memorial near Shanksville, Pa.

At the Pentagon Memorial, West Virginia National Guard Staff Sgt. Sean Ruth, above, mourned the loss of his father, Army Chief Warrant Officer 4 William Ruth, who died in the attack.

Nearly 3,000 people were killed when planes hijacked by terrorists hit the Trade Center, the

Pentagon and a field near Shanksville on Sept. 11, 2001.

Mr. Trump issued stern words to extremists. "America cannot be intimidated, and those who try will join a long list of vanquished enemies who dared test our mettle," he said.

—Associated Press

Virginia Ends Touch Voting

BY BYRON TAU

Election administrators in Virginia ordered the state's remaining touch-screen electronic voting machines be taken out of service in advance of the coming statewide election, after hackers demonstrated vulnerabilities in an array of election technology at a recent security convention.

Virginia, one of two states holding statewide elections for governor and state Legislature this year, won't use any touch-screen machines in the Nov. 7 general election after the State Board of Elections voted on Friday to revoke the certifications on all such systems still being used in the state.

Virginia will switch to paper ballots counted and processed by computerized scanners.

James Alcorn, chair of the board, said the move was "necessary to ensure the integrity of Virginia's elections."

The decision by Virginia to end the use of all touch-screen voting technology, known as direct recording electronic voting machines, is part of a renewed focus on election security and integrity after U.S. intelligence agencies publicly

accused Russia of interference in the 2016 U.S. presidential election to boost Donald Trump at the expense of his Democratic rival, Hillary Clinton.

According to a January report from the U.S. intelligence community, the highest levels of the Russian government were involved in directing the electoral interference. Its tactics included hacking state

The state acted after one of its machines was hacked at a July security convention.

election systems, infiltrating and leaking information from party committees and political strategists and disseminating through social media and other outlets negative stories about Mrs. Clinton and positive ones about Mr. Trump, the report said.

Those known hacking efforts were mostly aimed at third-party vendors and penetrating state voter-registration databases. Officials have said

there is no evidence any votes were changed in vote casting or counting systems, but no forensic audits have been conducted of voting technology used in the election to fully assess the scope of Russian efforts.

Russia has denied any interference in the election, and Mr. Trump has dismissed the notion that meddling by Russia or any other foreign entity affected the race.

Virginia's decision came after one of the state's electronic voting machines was hacked in less than two hours at the DEF CON hacking and security convention in Las Vegas in July. As part of a security demonstration on the vulnerabilities of election technology, hackers cracked a machine last used in a 2014 election in Fairfax County, Va., by exploiting a security flaw that has been known to systems administrators for more than a decade, but hadn't been patched on the voting system.

Though the model that was hacked at the conference was already decertified by the state and wasn't used in the 2016 election, the state still allowed use of seven other kinds of electronic voting machines

until this month.

The Virginia Department of Elections cited the conference in a recommendation to the state board as a reason to end the use of electronic voting machines.

The decision by the board gives the state's jurisdictions that still use touch-screen electronic machines just eight weeks to obtain and deploy new technology. Administrators noted just 140 precincts serving roughly 190,000 of Virginia's five million voters will be affected by the decision. Most jurisdictions in the state have already eliminated the technology.

The decision by Virginia to stop using touch-screen electronic voting machines marks a victory for advocates who have criticized paperless electronic-voting systems as insecure and potentially vulnerable to tampering and mischief.

"Paperless voting machines with no paper backups should never have been used in the first place," said Barbara Simons, president of the nonpartisan group Verified Voting that advocates for a paper trail and random audits. She said she hoped other states would follow Virginia's lead.

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U.S. NEWS

Why Trump Is Free to Show Independence



CAPITAL JOURNAL

By Gerald F. Seib

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

Four in 10 Trump voters said a primary reason was that he would change business as usual in Washington. By contrast, only one in 10

said they picked Mr. Trump because they thought he would pursue traditional Republican policies.

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

A large share of Trump voters picked him because they thought he would rattle the status quo—and by that they meant the status quo of both parties. Mr. Trump

wasn't a true ideological conservative, and his supporters knew that.

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

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

Given all that, it's actually surprising it took Mr. Trump this long to really break with his own party and to exercise an option that was always available to him: the option of trying to govern as he ran, which was as an independent in pursuit of working-class Democratic support.

Indeed, one of the great what-ifs of the current political era is this one: What if



KEVIN LAMARQUE/REUTERS

President Trump last week at the White House with, from left, Senate Majority Leader Mitch McConnell, Senate Democratic leader Chuck Schumer and House Democratic leader Nancy Pelosi.

Mr. Trump had decided to adopt this tack at the very beginning of his administration? Bolstered by the support of those populist and working-class Democratic voters, he could have opened his presidency by moving out on three issues where he had the chance to win the support of some lawmakers in both parties: a plan to rebuild America's infrastructure, establishment of a new trade regime and a tax cut focused on the middle class. On the first two, he had at least the tacit backing of Senate Democratic leader Chuck Schumer.

But that isn't what happened. Instead, Mr. Trump opened his presidency with two issues guaranteed to drive away Democrats: a ban on travel to the U.S. by residents of seven Muslim-majority countries he said were terrorist hotbeds, and an attempt to repeal the crown jewel of recent Democratic domestic policies, the Affordable Care Act.

He also accepted Republican congressional leaders' assurances that they would produce a new health plan and a tax cut in short order, opening the way for the bipartisan favorite of infra-

structure spending. The effort failed, Mr. Trump was embarrassed and infuriated, and that helped spur his decision to turn to Democrats to strike a deal on hurricane relief and short-term budget problems.

At this point, if Mr. Trump really wants to operate as a political independent, and attract the support of independent Americans to bolster the effort, picking a fight with Republican leaders probably will only help him. In recent Journal/NBC News polling, the share of independents

who had a negative view of the GOP outstripped those with a positive view by a hefty 31 percentage points.

Still, the limits to bipartisanship are real and significant. Disdain for Mr. Trump among rank-and-file Democrats will put a ceiling on how far Mr. Schumer or any other party leader can go in cooperating with him. Just 8% of Democrats say they approve of the job the president is doing, the latest Journal/NBC poll found. That's half the share of Republicans who approved of Democrat Barack Obama's performance at this stage of his presidency and one-seventh the share of Democrats who approved of Republican George H.W. Bush at this point.

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

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



Jared Kushner, senior White House adviser, shown in July, drew concerns over a probe of Russia's involvement in the 2016 election.

PROBE

Continued from Page One
the legal team in June and now heads it, said in an interview Monday that "to my knowledge" the proposal wasn't taken to Mr. Trump. Mr. Dowd also said he did not side with some of his colleagues who believed Mr. Kushner needed to go.

"I didn't agree with that view at all. I thought it was absurd," Mr. Dowd said. "I made my views known." He called Mr. Kushner "absolutely terrific" and "a great asset, real gentleman, a pleasure to work with."

After some members of the legal team aired their concerns to Mr. Trump in June, including in at least one meeting in the White House, press aides to the legal team began to prepare for the possibility that Mr. Kushner would step down, drafting a statement explaining his departure, said people familiar with the matter.

Mr. Trump wasn't persuaded that Mr. Kushner needed to leave. One person said Mr. Trump's view was that Mr. Kushner hadn't done anything wrong and that there was no need for him to step down.

The legal team has been reshuffled since it was first assembled in late May, after the Justice Department appointed Special Counsel Robert Mueller to oversee the federal probe of Russian interference in the U.S. election. In mid-July, Mr. Dowd took over leadership of the team from Marc Kasowitz, Mr. Trump's longtime attorney.

Mr. Kasowitz in a statement said: "I never discussed with

other lawyers for the President that Jared Kushner should step down from his position at the White House, I never recommended to the President that Mr. Kushner should step down from that position and I am not aware that any other lawyers for the President made any such recommendation either."

According to a January report from the U.S. intelligence agencies, the highest levels of the Russian government directed electoral interference. Its tactics included hacking state election systems; infiltrating and leaking information from political strate-

gists; and disseminating through social media and other outlets negative stories about Democratic nominee Hillary Clinton, the report said.

Mr. Mueller also is investigating whether anyone in the Trump campaign colluded with Russia. Mr. Kushner has denied any collusion, as has Mr. Trump. Russia also has denied interfering in the election.

"I did not collude, nor know of anyone else in the campaign who colluded, with any foreign government," Mr. Kushner wrote in a July statement.

Mr. Kushner played a top role in the campaign and oversees a sweeping policy portfolio that includes Middle East peace, China relations and the workings of the federal government. In a measure of the

president's loyalty, Mr. Kushner has often prevailed in battles with internal rivals, according to people familiar with those dynamics. During his time in the White House, several other senior aides have come and gone.

Some of Mr. Trump's attorneys worried that Mr. Kushner's continued employment carried risks that could possibly involve other White House officials, a person familiar with the matter said.

If, for example, Mr. Kushner mentioned the probe—even casually in a meeting—aides who heard his remarks could face inquiries from Mr. Mueller's agents.

Some lawyers were also concerned that Mr. Kushner might discuss the probe with the president without a lawyer present.

By June, when the lawyers told the president of their concerns, federal investigators had begun examining a meeting during the transition that included Mr. Kushner and the Russian ambassador to the U.S., and another one that he held with the head of a Russian-run bank that has faced U.S. sanctions.

Trump attorneys were also aware of a meeting that hadn't yet been made public: one at Trump Tower in June 2016 that involved a Russian lawyer with ties to the Kremlin. Mr. Kushner and the president's eldest son, Donald Trump Jr., according to people familiar with the matter.

That meeting became public on July 8. It was organized by Donald Trump Jr. In a series of evolving statements, the younger Mr. Trump initially said the meeting had covered foreign adoptions. He later released emails showing that

before agreeing to the meeting, he had been promised damaging information about Mrs. Clinton, collected as part of a Russian effort to boost his father's campaign.

Anticipating that the meeting would become public, members of the legal team in June already had developed talking points to manage the political fallout—including a statement that would explain a potential Kushner resignation.

The statement on behalf of Mr. Kushner expressed regret that the political environment had become so toxic that what he viewed as a standard meeting was becoming a weapon for Mr. Trump's critics, according to two people familiar with the documents.

Those talking points were never used.

Both Mr. Mueller's office and congressional investigators are looking into the Trump Tower meeting. Donald Trump Jr. met with Senate Judiciary Committee staff last week in a private interview that lasted five hours. He also denied collusion with Russia during the campaign in a statement.

Mr. Kasowitz took on a reduced role less than two weeks after reports of the meeting emerged. His spokesman, Mark Corallo, also resigned.

In July, about two weeks after reports of the Trump Tower meeting first emerged, Mr. Kushner held a closed-door interview with Senate Intelligence Committee staff and released an 11-page statement denying collusion.

In the statement, Mr. Kushner detailed four contacts with Russian officials and businesspeople in the two years since Mr. Trump had launched his presidential campaign.

faze him," said Jack Abramoff, a conservative lobbyist whom Mr. Lowell helped obtain a plea deal in 2008.

Mr. Lowell, a trim and balding 65-year-old, declined an interview request.

He is obsessive in his preparation for a negotiating session or a trial. He insists on printing out every piece of evidence and inspecting it before entering a courtroom. In some cases, that can amount to thousands of pages of mind-numbing material.

Such efforts helped him successfully defend Mr. Edwards, according to associates. The former senator was accused by federal prosecutors of accepting more than \$900,000 from campaign donors, in part to help him cover up an extramarital affair and resulting pregnancy. Mr. Lowell argued that donors provided the money out of personal friendship and not to help Mr. Edwards's 2008 presidential campaign.

Mr. Lowell deployed a similar line of attack in his opening statement last week in the trial of Mr. Menendez, who is accused of doling out political favors to a Florida physician in exchange for \$1 million in gifts, lavish trips and campaign contributions.

Mr. Lowell told jurors Mr. Menendez and the doctor were longtime pals, not a politician and influence-seeker trading favors. "Acting out of friendship is not improper," he said.

For Mr. Kushner, Mr. Lowell's work has been behind the scenes, helping him respond to inquiries from investigators looking into alleged Russian meddling in the 2016 election.

Moscow has denied the allegations, and Mr. Trump has denied collusion with Russia.

—Thomas MacMillan contributed to this article.

Both Parties Turn To Lawyer Lowell

BY DEL QUENTIN WILBER

NEWARK, N.J.—Washington lawyer Abbe Lowell has represented high-profile clients on both sides of the political spectrum—a Republican governor, a conservative super-lobbyist and a former Democratic vice-presidential nominee—and even played a key role in defending President Bill Clinton during his impeachment proceedings.

Now, he is representing major players in separate cases that could have big implications for both parties.

Last week, Mr. Lowell launched his courtroom defense of Sen. Bob Menendez, a New Jersey Democrat facing federal charges he sold political favors for luxurious trips and campaign contributions. If Mr. Menendez is convicted and leaves the Senate, it could further tilt the balance in the chamber toward the GOP.

Mr. Lowell is also representing Jared Kushner, the son-in-law and senior adviser to President Donald Trump. Mr. Kushner faces scrutiny from congressional and federal investigators over his dealings with Russians in the 2016 campaign.

Mr. Lowell's decades of representing major Washington figures in trouble, including 2004 Democratic vice-presidential candidate John Edwards, led to his unusual situation juggling arguably the two biggest political cases unfolding today.

"He is brilliant and organized, so taking on several wars at once doesn't seem to

Washington Clients Of Super-Attorney

John Edwards, Democratic vice-presidential candidate

Mr. Edwards was charged with campaign-finance violations related to an extramarital affair. After a 2012 trial, he was acquitted on one count and a mistrial was declared on others.

John Ensign, Nevada Republican senator

Mr. Edwards was charged with campaign-finance violations related to an extramarital affair. After a 2012 trial, he was acquitted on one count and a mistrial was declared on others.

Robert Torricelli, New Jersey Democratic senator

Mr. Edwards withdrew from

a 2002 re-election campaign after allegations related to improper gifts. Mr. Edwards was "severely admonished" by the Senate Ethics Committee but not charged criminally.

Republican lobbyist Jack Abramoff

Mr. Abramoff pleaded guilty in 2006 to fraud, tax evasion and conspiracy and was sentenced to prison.

President Bill Clinton

Mr. Edwards served as chief counsel to the minority Democrats on the House Judiciary Committee in 1998, arguing that then-President Clinton's behavior didn't amount to impeachable offenses. Mr. Clinton was impeached by the House but acquitted by the Senate.

—Naftali Bendavid

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IRMA'S AFTERMATH

Storm's Caribbean Death Toll Rises to 38

By MATTHEW DALTON
AND DUDLEY ALTHAUS

ST. MARTIN—Joseph Richardson and his wife Sheila rode out plenty of hurricanes over the decades in their house next to this island's aquamarine waters. None of those storms prepared him for the force of Hurricane Irma.

The sea rammed through his wall, pulling him and his wife into the water. Mr. Richardson reached for Sheila.

Neighbors found her body hours later washed ashore.

"I was trying to pull her out, but I couldn't get her," he said. "The sea took everything."

The death toll from Hurricane Irma's sweep through the Caribbean rose to 38 on Monday, even as some islands remained largely cut off or struggled to maintain order as essential supplies ran low.

Irma's unprecedented force has convinced many residents of St. Martin that the death toll will rise sharply in the days to come.

Bernard Chance, an electrician and onetime local politician on St. Martin, said he knows at least three people who tried to ride out the storm on houseboats and then disappeared or drowned. Mr. Chance said that the last major hurricane to hit St. Martin—Luis in 1995—left the island complacent.

"I myself was saying, ah, we can handle whatever comes," he said, "but this hurricane was beyond anything."

Cuban officials said at least



Cleanup efforts in Havana, above, after the Cuban capital was hit by Hurricane Irma. The country said at least 10 people have died.

10 people were killed on the island-nation after the storm scraped across its north coast over the weekend. Most of those killed were hit by falling debris from crumbling homes pummeled by Irma's Category 5, 155-mile-per-hour winds.

Many islands remained without power and eyewitnesses said some were also running

low on food and water. Tens of thousands of tourists remained stranded in different locations, and the widespread damage to hotels and homes will likely batter the region's tourism trade—the economic lifeblood of the Caribbean.

Virgin Group founder Richard Branson, whose home on Necker Island was damaged in

the storm, urged governments to send money and aid to help with disaster relief and rebuild the region. "What makes the Virgin Islands unique is its isolated location—every island has been devastated, so there is no support to come from nearby," Mr. Branson said.

Jeff McNutt, the co-owner of Dive BVI, a scuba-diving busi-

ness on Virgin Gorda, one of the smaller of the British Virgin Islands, traveled by boat from Puerto Rico to the port of Spanish Town on Friday to deliver ready-made meals, water and other supplies organized by the private sector.

Mr. McNutt said virtually all electrical and telephone poles on the island have been

Why Irma's Florida Strike Wasn't as Bad as Feared

By VALERIE BAUERLEIN

Irma evacuee Frank Rizzo woke up in his hotel in South Carolina on Monday bracing for the seemingly likely news that his 3,600-square-foot waterfront home in Cape Coral, Fla., was a total loss.

Instead, he learned from a neighbor that he didn't lose a shingle. What happened?

Hurricane Irma was a powerful, sprawling storm that decimated parts of the Caribbean and as weaker tropical storm, it continues to inundate northern Florida and the South Carolina coast. But the storm didn't obliterate Miami, inundate the Gulf Coast with excessive storm surge or destroy thousands of homes on the west coast of Florida as feared.

Meteorologists say there are three main reasons why.

First, Irma ran low on fuel. The storm had grown ferociously for more than a week, forming off the west coast of

Africa and fueled by the evaporation of unusually warm waters. It traveled unimpeded by land, building intensity and forming a massive and symmetrical Category 5 storm.

But after nicking the coast of Cuba Friday, the hurricane winds slowed and Irma was downgraded to Category 4. Even a comparatively brief brush with land can cause speed to diminish rapidly and destabilize a storm's internal dynamics, said Gary Lackmann, a climatology professor at North Carolina State University.

"Hurricanes don't survive very long when they're over land," he said. They need warm water, he said.

If Irma had taken a track just 10 to 15 miles north, the storm would have likely missed Cuba and continued to intensify, Mr. Lackmann said. Instead, the storm never regained its previous ferocity of winds of 160 miles an hour.

Then, the winds changed.

A hurricane is influenced by thousands of variables, from other storms faraway to changes in water temperature to wind patterns.

The winds had been relatively calm and consistent around the storm until Irma approached the Florida Keys, when it encountered a different weather system. The winds at the upper level of the atmosphere where planes fly were blowing much stronger south to north than the winds at the surface of the Earth, said Brian Tang, a hurricane expert at the State University of New York at Albany. The upper-level winds sheared off part of the top of the storm.

Those factors contributed to a shift in Irma's path from first aiming at Miami to then turning to Tampa Bay. Ultimately, on Sunday, after making landfall on Marco Island, Irma went right up the center of the state on a new path altogether and lost power.

Predicting Irma's Storm Surge

As forecasts for Hurricane Irma's path changed, so did predictions of the threat of storm surges to Florida and other states.

Predicted storm surge

A 1 in 10 chance of exceeding ground level by:

3 ft. 5 ft. 7 ft. 10 ft.



Source: National Oceanic and Atmospheric Administration

A third reason was the weakening of the eyewall, the whirling vortex of intense wind and heavy rain at the center of a hurricane. The rainstorms encircling the eye moved less quickly and evenly—in part be-

cause of the loss of fuel and the storm getting knocked off-kilter by wind shear. By late Sunday, satellite images of Irma looked like a wheel with its bottom broken, meteorologists said. A hurricane "is like a per-

fect engine," Mr. Tang said. "Even if you mix just a little bit of water in your gasoline, it's probably going to start knocking, because you're disturbing the machinery of the hurricane itself."

were needed to rescue people from flooding that sometimes left only rooftops peeking above newfound lakes.

"I thought we would be underwater or my roof would be gone," said Debra Rommel, a 65-year-old in Punta Gorda, a small west-coast city devastated by Hurricane Charley 13 years ago. Irma's floodwaters and wind left a mark, but Ms. Rommel's home came through unscathed.

In Miami-Dade County, where authorities ordered massive evacuations amid fears of a direct Irma hit, cities were cleaning up debris under a warm sun. Floodwaters from Biscayne Bay receded from Miami's Brickell financial district, leaving pavement caked with mud and small pools of water.

Downed lampposts, trees and street signs carpeted nearby South Beach, but there was little evidence of damage to the hotels, condo towers and bars filling the chic tourist haven at the tip of Miami Beach. At the News Café on Ocean Drive, managing partner Tony Magaldi and some employees worked to get the bar ready to open on Tuesday.

Beyond the sand and dirt coating the sidewalk and a ripped awning, the establishment, already a veteran of Hurricanes Andrew, Katrina and Wilma, appeared little worse for wear.

"We have a nice clean-up to do, and we're back in business," said Mr. Magaldi.

—Arian Campo-Flores, Valerie Bauerlein, Leslie Scism and Melanie Evans contributed to this article.

STORM

Continued from Page One
necting power to most of the state's 20.6 million people may be a mammoth, weeks-long undertaking.

Irma wasn't done after crossing out of Florida. The storm knocked at least a million power customers offline in Georgia and the Carolinas, according to local utilities, while flooding downtown Charleston, S.C.

The Keys, where Irma made landfall with Category 4 strength early Sunday, appeared to bear the worst of the storm, with water, power and sewer services knocked out amid scenes of overturned mobile homes and boats

thrown on top of each other.

Residents who evacuated there may not be able to return for weeks, President Donald Trump's homeland security adviser warned. And the 10,000 people who stayed behind may need to be evacuated, according to the U.S. Defense Department.

"For our entire state but especially for the Keys, it's going to be a long road," Florida Gov. Rick Scott said Monday after an aerial tour on a Coast Guard plane. "There's a lot of damage."

With phone lines down and the only road to the Keys inaccessible, displaced residents turned to a Facebook page called "Evacuees of the Keys," which had more than 7,000 members and hundreds of pleading posts.

Paul Keever, a 56-year-old

evacuee from Key Largo, said that the storm battered his 27-slip sailboat marina. "Boats are setting on top of pilings, boats on top of boats," he said by phone from Orlando, where he had evacuated with his 21-year-old daughter.

Jacksonville, the state's most populous city, was dealing with "record and historical flooding along the St. Johns River," which meanders through downtown, the governor said. Much of the sprawling city's downtown was under water, and city officials said they expected dangerous conditions to continue for days due to heavy rain, high tides and the overtopping of the river.

Irma devastated Florida's power grid, leaving untold numbers in the subtropical state to sweat it out without air condi-

tioning for a repair effort the state's largest investor-owned utility said could take weeks, even with a record mobilization of utility crews on hand.

More than 6.5 million power customers—62% of the state—were without power late Monday, according to a state tally. The massive scale of the outages left some two dozen nursing homes and 54 hospitals relying on backup generators, according to trade groups for the sectors.

Gov. Scott talked about the importance of getting fuel back into Florida's ports to keep those generators running. Two Lee Health hospitals in Fort Myers were without power for a second day Monday with five days of backup diesel, Chief Executive Lawrence Antonucci said. "We'll have to have power

by then or we'll have to get re-fueled," Dr. Antonucci said.

Tampa's sprawling port, which mainly handles bulk cargo like cars and fuel, was cleared to reopen Tuesday afternoon.

While estimates for insured losses dropped, Irma still could be among the costliest storms. AIR Worldwide estimated private-sector insured losses in the U.S. of \$20 billion to \$40 billion from Hurricane Irma, which could rival Katrina's record-setting \$50 billion in inflation-adjusted dollars. Still, that was below the more than \$100 billion forecast by some firms on Friday.

Many Floridians felt relieved to have dodged the kind of widespread loss that Hurricane Harvey wrought on Texas, where massive evacuations

Millions Lose Power In Florida, Georgia

Nearly 65% of utility customers in Florida, or 6.7 million, were without power Monday evening as Irma passed over the northern part of the state and into Georgia as a tropical storm, the state's disaster agency said.

As the storm moved to Atlanta Monday, it caused outages for more than a million customers across Georgia.

Customers of Florida Power & Light Co., a unit of NextEra Energy Inc. and the state's largest investor-owned utility, were the most affected by outages. As of Monday morning, nearly

4.5 million of the company's nearly 5 million customers were without power, according to a company outage map.

Eric Silagy, chief executive of FPL, said that many could be without power for weeks.

"You need to understand, particularly if there's structural damage, it absolutely could be weeks," said Mr. Silagy, who estimated that the FPL outages affected about 9 million people.

In the parts of Florida where the weather had started to clear, utilities had crews out to assess the damage wrought by the storm, which hit the state as a hurricane. In advance of Irma, the utilities had called on thousands of repair workers from across the U.S. and had

been staging them in areas where the storm was expected to do its worst.

Ana Gibbs, a spokeswoman with Duke Energy Corp., the state's second-largest investor-owned utility, said the company had been given the all clear to start work in the Tampa and Orlando areas. As of Monday evening, about 1.2 million Duke customers were still affected by outages.

Georgia Power, a Southern Co. unit, said it expected "widespread, extensive damage due to high winds, heavy rain and fallen trees" and was prepared to mobilize about 3,400 repair workers. A company outage map showed more than 748,000 customers were with-

out power shortly after 5 p.m. Monday. It serves 2.5 million customers.

Meanwhile, an outage map kept by Georgia EMC, a trade association representing the state's 41 electric cooperatives, showed more than 471,000 affected by power outages. Those cooperatives serve 4.4 million people.

—Erin Ailworth

Note: As of Monday at 2:56 p.m. EST

Source: Florida Division of Emergency Management

Percentage of customers affected, by county

20% 40% 60% 80%

Map showing the percentage of customers affected by power outages across Florida and Georgia counties. The map uses a color scale from light yellow (20%) to dark blue (80+%).

Note: As of Monday at 2:56 p.m. EST

Source: Florida Division of Emergency Management

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WORLD NEWS

U.N. Tightens Sanctions on North Korea

Security Council adopts penalties after U.S. eases demands to appease China, Russia

By FARNAZ FASSIHI

UNITED NATIONS—The United Nations Security Council unanimously adopted new sanctions against North Korea on Monday after U.S. officials eased their demands to convince China and Russia to approve the measure.

The U.S., which drafted the initial resolution while pledging the harshest possible sanctions yet, rolled back its initial insistence on a complete oil embargo and asset and travel freezes targeting North Korean leader Kim Jong Un, diplomats said.

Despite the compromises, U.S. Ambassador Nikki Haley said of the adopted resolution: "This will cut deep."

"Today we are saying the world will never accept a nuclear-armed North Korea," she said, crediting the accord to the "strong relationship" between President Donald Trump and China's President Xi Jinping.

"We are not looking for war. North Korea has not yet passed the point of no return," Ms. Haley said.

Diplomats and North Korea



ANDREW GOMBERT/SHUTTERSTOCK

Members of the U.N. Security Council adopted a resolution on Monday that they said would reduce North Korea's oil imports by 30%.

watchers say while the new measures will add economic pressure, they won't force the regime to abandon its nuclear and missile programs.

The resolution targets North Korea's export economy, sanctioning 90% of its annual revenue, diplomats said.

It will reduce oil imports by North Korea by 30%, placing an annual cap of 2 million barrels on refined petroleum products

such as gasoline and diesel and capping crude oil at about 4 million barrels, U.S. officials said. The U.N. measure also completely bans natural gas imports.

North Korea now imports a total of 8.5 million barrels of oil a year, mostly from China, said a U.S. official.

The resolution also imposes an embargo on all textile trade and requires inspections and

monitoring of North Korea's sea vessels by member states. But it stops short of providing for the use of military force to gain access to the ships. The textile industry, the last big economic sector that hadn't yet been targeted in North Korea, accounted for \$760 million in 2016 revenue, U.S. officials said.

A proposed ban on North Korean foreign workers, a source of hundreds of millions

of dollars in annual revenue to the regime, was reworded to allow countries to employ North Korean nationals if deemed vital for humanitarian reasons. Current contracts on the workers, estimated to number around 93,000 from Russia to Africa, will be phased out and not renewed, diplomats said.

China and Russia, economic and political allies of North Korea who both hold U.N. Security

Council veto power, said they endorsed the new sanctions because of Pyongyang's repeated violations of council resolutions banning it from conducting nuclear and ballistic missile tests. But they both also criticized the U.S. and allies for not having a clear path toward diplomatic negotiations with North Korea and the ratcheting up rhetoric on military action.

"We hope that the U.S. will not seek regime change in North Korea" or the "collapse of North Korea," or send its army into North Korea, said China's Ambassador Liu Jieyi.

China is reluctant to pressure the North Korean regime to the brink of collapse, fearing instability at its border, a flow of refugees and a possible American military presence. Russia and China have both said they favor direct talks and not sanctions.

North Korea this month conducted its sixth nuclear-weapons test and asserted that it had acquired the capacity to mount a hydrogen bomb on an intercontinental ballistic missile.

North Korea issued a statement on its official KCNA news agency on Monday warning that if the "illegal and unlawful" sanctions resolution passed, Pyongyang would inflict "the greatest pain and suffering" on the U.S.

Taiwan Rights Activist Pleads Guilty in China Court

By CHUN HAN WONG

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

Lee Ming-che stood trial Monday alongside an alleged Chinese accomplice, Peng Yuhua. Both faced charges of "subverting state power" through activities conducted

mainly on social media, a municipal court in the Chinese city of Yueyang said on its official microblog.

Subversion of state power is a broadly defined crime that Chinese authorities have used to jail critics and quash dissent. Taiwanese media reported that the case against Mr. Lee, 42 years old, marked the first time China brought such charges against someone from Taiwan.

Mr. Lee disappeared in March after traveling to China, Ing-wen for not endorsing a po-

litical principle holding that the island is part of "one China."

Chinese officials confirmed Mr. Lee's detention 10 days after he disappeared, saying he had been detained for "endangering national security." Authorities in Taipei have called on Beijing to ensure Mr. Lee's well-being.

Beijing's Taiwan Affairs Office has said Mr. Lee's legal rights are protected, and denounced efforts to characterize his detention as a human-rights case as attempts to interfere in

China's judicial system. At Monday's trial, Messrs. Lee and Peng both acknowledged guilt and expressed remorse to the court, according to videos of the proceedings published by the Yueyang Intermediate People's Court.

A verdict will be announced at a later date, the official Xinhua News Agency reported.

Messrs. Lee and Peng couldn't be reached. A lawyer representing Mr. Lee didn't respond to a request for comment, while a lawyer for Mr.

Peng declined to comment.

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

In court-published videos, Mr. Lee said he oversaw "education" work on Mr. Peng's behalf, writing and distributing essays that criticized China's Communist Party and political system.

U.S. to Deploy Drone to Assist Philippine War on Militants

By JAKE MAXWELL WATTS

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

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

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

The ill-equipped military, inexperienced in modern urban warfare, is fearful of inflaming religious tensions if it levels the mosques where the militants have holed up. The



The MQ-1C Gray Eagle Unmanned Aircraft System

military also said it is trying to free an unknown number of hostages. After vowing to launch a final battle two weeks ago, the army was stymied by improvised explosive devices scattered throughout the crumbling neighborhoods once occupied by militants.

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

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

The prolonged fighting has concerned other countries that Islamic State could gain a new foothold in Southeast Asia after losing its Middle East strongholds, said Richard Heydarian, assistant professor of political science at De La Salle University. If other nations don't come to Manila's aid, he said, "the situation is going to get out of control."

Islamic State Attacks Police in Sinai

By DAHLIA KHALIFA

CAIRO—Islamic State militants armed with guns and a vehicle bomb attacked Egyptian police forces in the Sinai Peninsula, killing at least 18 civilians and policemen, the interior ministry said, the deadliest assault in months in the restive region.

The roadside bomb blew up after intercepting a group of police vehicles west of the city of Al Arish, an interior ministry statement said, and an ensuing gunbattle erupted between security forces and the militants. The hourslong clash left three militants dead, state newspaper Al-Ahram reported, adding that ambulances had difficulty reaching the injured

as the clash wore on.

Five people were wounded, an interior ministry spokesperson said. He didn't say how many of the dead were police.

Islamic State claimed Monday's assault through its official Amad news agency, saying its fighters had carried out an ambush on the outskirts of Al Arish, a hotbed of activity for Egypt's growing insurgency.

It marks the bloodiest day in Sinai—home of a militancy led by Islamic State's powerful Egyptian affiliate—since July 7, when 23 soldiers were killed and wounded in attacks orchestrated by the group.

The resurgent violence came the same day as Egypt's Coptic Christian minority.



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WORLD NEWS

Theresa May Wins Vote on Brexit Bill

Legislation is designed to move EU laws to U.K. books; debate rages on over how to leave bloc

BY JENNY GROSS

LONDON—British Prime Minister Theresa May won a key vote on Brexit legislation early Tuesday, but she faces tough battles ahead in getting Parliament to support her vision for how the U.K. should exit the European Union after more than four decades.

Lawmakers voted 326-290 in favor of a bill designed to transpose more than 10,000 EU laws onto the U.K. statute book. The bill would come into effect on March 29, 2019, the day the U.K. is scheduled to leave the bloc, and aims to prevent a legal vacuum once Britain departs the EU.

However, critics argue the bill hands too much power to the prime minister and her cabinet because it allows them to alter laws without parliamentary approval.

The bill's difficult journey through the early stages of parliamentary scrutiny—nor-



TOLGA AKMEN/AGENCE FRANCE PRESSE/GETTY IMAGES

Demonstrators opposed to Brexit protested outside the Houses of Parliament on Monday.

mally a formality—signals further hurdles along the line for Mrs. May, who lost her party's majority in an election gamble earlier this summer. While negotiations with the EU over Britain's departure have reached an impasse over issues such as how much the U.K. owes the bloc as part of its divorce, a bigger issue for Mrs. May could be getting a

divided Parliament and country behind her negotiating aims.

Mrs. May said the bill gives "certainty and clarity" ahead of Brexit. "Although there is more to do, this decision means we can move on with negotiations with solid foundations and we continue to encourage MPs from all parts of the U.K. to work together in

support of this vital piece of legislation," she said.

The vote on the bill is just one step in a longer legislative process. While some lawmakers who supported staying in the EU said they would vote in favor of the bill, they said they would seek to attach amendments at a later stage that restrict the government's authority to make substantial

changes to U.K. law without parliamentary approval, such as watering down laws protecting workers' rights or environmental standards.

Keir Starmer, the opposition Labour Party's Brexit spokesman, said in an interview with The Wall Street Journal that the government's attempt to weaken the role of lawmakers in the Brexit process had set the stage for a lengthy standoff between Mrs. May's cabinet and the rest of Parliament.

"This is only the beginning of quite a turbulent two years," Mr. Starmer said ahead of the vote. "There are a number of shared concerns across the house about the nature of this bill."

He said after the vote that Labour would seek to remove the worst aspects of the bill as it passes through Parliament, but said its flaws are so fundamental that it was hard to see how the bill could be made fit for purpose.

Brexit Secretary David Davis warned the U.K. would descend into chaos if the bill weren't approved.

"The British people did not vote for confusion and neither

should Parliament," Mr. Davis said ahead of the vote.

Mr. Starmer said Labour isn't voting against Brexit, but against the principle that ministers should have the power to modify elements of EU law once they are incorporated into U.K. law. These powers are known as Henry VIII clauses, after a 16th-century statute that gave the king power to legislate by proclamation.

"Even if you're a Labour MP that campaigned and voted for leaving the EU, you still think it's right that Parliament has a say over what the withdrawal looks like," Mr. Starmer said. "Whether we're leaving is a closed question, but how we're leaving isn't."

The Labour Party has increased pressure on the Conservatives to pursue a closer relationship with the EU than Mrs. May has outlined. Mr. Starmer said the U.K. shouldn't rule out staying in the EU's customs union indefinitely if trade deals forged outside it won't make Britain better off.

The bill's scope highlights the complexity of leaving the EU, a process that has absorbed most of Parliament's time.

Catalans Rally as Polls Show Support for Secession Ebbs

BY JEANNETTE NEUMANN

TARRAGONA, Spain—Hundreds of thousands of Catalans raised pro-independence flags and chanted during the region's annual celebration of its history on Monday in Barcelona, but their leaders face waning support for Catalonia's secession from Spain.

Concerns about derailing Spain's robust economic recovery, fatigue over the years-long independence campaign and the messiness of Britain's exit from the European Union have taken some wind out of the sails of the secession movement, polls suggest.

Last week, Catalonia's parliament decreed a referendum to secede from Spain to be held on Oct. 1. The government of Prime Minister Mariano Rajoy has branded the vote illegal, saying it violates Spain's constitution and vowed to block it. In the case of a "yes" vote, Catalonia would declare independence 48 hours later, under the bill, and the region's political leaders promise to persist with the vote.

With that date looming, this year's celebration of Catalonia's history and culture was billed by organizers and au-



People in Barcelona Monday hold an 'Independence now!' banner.

thorities as a show of strength for the referendum. Supporters on Monday showcased the regional tradition of building human towers, or castells, and chanted "We will vote."

But it isn't clear the fervor on show was a true reflection of sentiment in the region. As in previous years, there were widely disparate estimates of

turnout on the day. Barcelona's municipal police said around one million people took part in Monday's rally, about a 10% increase from last year. Local representatives of the central government in Madrid, on the other hand, said there were around 350,000 participants, a decline from 2016.

Next month's planned ballot

is the fruit of a fervor for independence that peaked during Spain's deep economic crisis, the severity of which aggravated many Catalans' historic frustrations with Madrid.

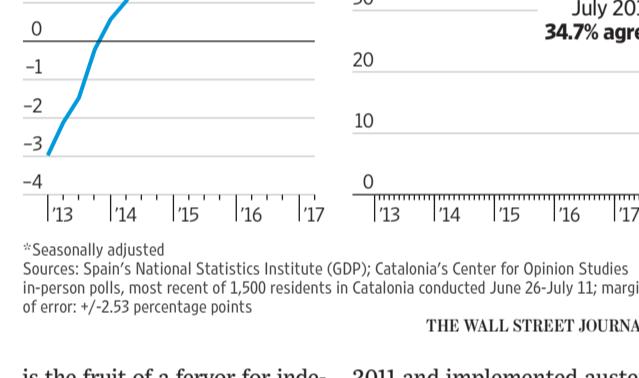
Tensions also grew after the conservative Popular Party—avowed opponents of Catalan independence—won a majority in parliamentary elections in

A Split from Spain?

Support for an independent Catalonia has fallen as Spain's economy has improved.

Gross domestic product

Change from previous year*



*Seasonally adjusted
Sources: Spain's National Statistics Institute (GDP); Catalonia's Center for Opinion Studies in-person polls, most recent of 1,500 residents in Catalonia conducted June 26-July 11; margin of error: +/-2.53 percentage points

THE WALL STREET JOURNAL.

2011 and implemented austerity measures unpopular with many in Catalonia.

Now Spain is on track to record its third year of 3%-plus growth. Catalonia, which accounts for one-fifth of Spain's economic output and is powered by construction, tourism and chemical and pharmaceutical manufacturing, is growing

even faster. Unemployment among the region's 7.5 million inhabitants is below the national rate of 17%.

"When things begin to improve a bit, people begin to think, 'I'm a bit better. I've got more to lose, so I'm not going to take as many risks,'" said Jordi Argelaguet, head of Catalonia's polling agency. Its surveys show support for an independent Catalonia has fallen to 35% in July from a peak of 49% in autumn 2013.

Pro-EU feeling in Catalonia and confusion over Brexit have also damped enthusiasm for secession. Catalonia's leaders say the region would seek EU membership as an independent state, but opposition from Madrid and other member states would make such a move unlikely.

Pro-independence sentiment could surge again if Madrid prevents the vote. If the October referendum is held in defiance of Madrid, the results are likely to tilt in favor of independence.

Catalan officials have set no minimum participation for the vote to be considered legitimate, and parties and voters opposed to the ballot have pledged to boycott it.

Turkish Trial Targets Dissident Newspaper

BY NOUR MALAS
AND ERDEM AYDIN

ISTANBUL—A Turkish court ruled on Monday that five journalists and executives from one of the country's last dissident newspapers have to remain in jail awaiting the outcome of their high-profile trial on charges of aiding terrorism.

The five are among 18 defendants from Cumhuriyet, Turkey's oldest running newspaper and a consistent critic of Turkish governments over decades. Their trial has become a barometer of the government's resolve to prosecute its critics despite international condemnation.

Critics of President Recep Tayyip Erdogan see the case as an example that a government sweep of the military, judiciary, civil service and media in re-

sponse to an attempted military coup last year has been overly severe.

After hearing testimony late into the night, a prosecutor recommended that the imprisoned defendants remain in detention until more complete evidence is secured. After deliberating for two hours, a panel of judges concurred and set the next hearing for Sept. 25. The defendants, charged with aiding or abetting terrorist groups, face between 7½ and 43 years of imprisonment if convicted.

The U.S. and some European governments have criticized as disproportionate Mr. Erdogan's response to the 2016 coup attempt, which he blames on Islamist cleric Fethullah Gulen and his followers. Under a state of emergency since then,

thousands of public officials and activists have been jailed, and dozens of media organiza-

tions have been shut down.

The Cumhuriyet journalists are accused of being members of or supporting Mr. Gulen's organization through their work, or of links to other militant groups, including Kurdish separatists battling the government. Mr. Gulen has denied any involvement in the attempted coup.

At home, Mr. Erdogan's critics say the long pretrial detention of some of the country's best-known columnists and reporters was a way to further intimidate the media.

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

International monitors observing the trial have called the charges baseless.

The end of commercial trading in virtual currencies in China is likely to further diminish bitcoin use in a large and once-promising market. It also offers a guide to other countries' regulators seeking to bring order to what can be a chaotic market for these instruments, analysts said.

The ban was surprising for some, given that Chinese authorities have allowed bitcoin exchanges to operate within the mainland for years.

Beijing's crackdown on bitcoin is part of a broader effort to root out risks to the country's financial system. Officials earlier this year circulated a draft of anti-money-laundering rules for bitcoin exchanges, a powerful warning, even though the regulations were never formalized, according to

people familiar with the matter. The People's Bank of China didn't respond to a request for comment.

Now, regulators told at least one of the exchanges that the decision to shut them has been made, one of the people said. Another said the order may take several months to implement.

More virtual-currency activity in China is moving off exchanges, where individuals can trade with each other privately, analysts say.

The stakes for Beijing grew as prices of virtual currencies like bitcoin soared, adding to the risk that Chinese investors would continue to speculate and expose themselves to big losses. Analysts and investors attribute the sharp rise in bitcoin last year to Chinese in-

vestors, who began buying it up while at the same time selling the yuan amid worries that the Chinese currency would weaken.

In recent days, bitcoin prices in China dipped lower

than they did in other markets, reflecting uncertainty over the ban, said Charles Hayter, chief executive of research site CryptoCompare.

While China in the past accounted for a bulk of global

Saudi Clerics Detained

BY MARGHERITA STANCATI

Saudi authorities have detained two prominent clerics who came under fire for failing to publicly declare their support for the monarchy's hard-line stance toward Qatar in the Gulf crisis.

Security officers took one of the clerics, Salman al-Odah, into custody over the weekend and cited his failure to come out in support of the Saudi stance on Qatar as the reason for his detention, according to human-rights activists.

Mr. Odah, a former radical Islamist who in the past at times opposed the Saudi government, is popular in Saudi Arabia.

He has more than 14 million Twitter followers, and many of them are speaking out on the social-media plat-

form against his detention.

Saudi officials didn't immediately respond to requests to comment on Monday.

Saudi Arabia, the United Arab Emirates, Bahrain and Egypt broke diplomatic ties with Qatar in June over its ties with Islamist groups such as the Muslim Brotherhood and its alleged links to terrorist groups such as al Qaeda—a claim Doha rejects.

Unlike other clerics who have spoken out in support of the Saudi government's split with Qatar, Mr. Odah had kept silent on the subject, drawing criticism on social media.

Authorities also detained cleric Awad al-Qarni in the southern city of Abha over the weekend after he tweeted in support of better relations with Qatar, rights activists said on Monday.

Regulators overseeing cyberspace administration, banking and securities trading—as well as central-bank officials—considered various options for months but ultimately came to a consensus to shut down the exchanges, said the people familiar with the matter.

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

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

This person said that regulators expect exchanges to report back on how they plan to unwind their businesses.

BITCOIN

Continued from Page One

created by an anonymous programmer during the depths of the 2008 financial crisis as an alternative to official currencies. Much of the world's bitcoin is mined—created through powerful algorithms—in China. As recently as this past January, before new rules damped trading in the country, more than 80% of global bitcoin activity took place in yuan.

In the latest move, China's central bank together with other regulators has drafted instructions banning Chinese platforms from providing virtual-currency trading services, according to people familiar with the matter.

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While China in the past accounted for a bulk of global

WORLD WATCH

AFGHANISTAN

Spaniard Shot Dead At Red Cross Clinic

A man in a wheelchair opened fire with a pistol Monday in an orthopedic clinic operated by the Red Cross in northern Afghanistan, killing a physiotherapist from Spain, local officials and the aid group said.

The shooting occurred after the gunman and a man accompanying him were admitted to the clinic in the city of Mazar-e-Sharif, said Sheer Jan Durrani, a spokesman for the provincial police department. The two men were immediately taken into custody, he said.

The motive for the attack wasn't immediately known. The Taliban, the country's largest insurgency, denied any involvement in the attack. However, the group has been blamed for attacking humanitarian workers in the past.

The International Committee of the Red Cross released a statement confirming the death of a Spanish national, Lorena Enebral Perez, 38 years old, in the ICRC's center in the northern city.

Earlier this year, the ICRC suspended its operation in Afghanistan after an attack on a convoy delivering relief to a remote area of the country.

—Habib Khan Totakhil and Ehsanullah Amiri

EUROZONE

Exchange-Rate Role Morphs, Coeuré Says

A top European Central Bank official said Monday that the exchange rate doesn't weigh on growth the way it once did, offering some comfort to those worried about whether a strong currency would undermine the eurozone's growth outlook.

Benoit Coeuré also said monetary policy in the currency bloc would remain loose for longer.

"Compared with past demand shocks, policy will remain more accommodative for longer, thereby likely muting further the pass-through of any growth-driven exchange-rate appreciation," said Mr. Coeuré, who sits on the ECB's executive board.

—Todd Buell

WORLD NEWS

India's Vigilante Cow Protectors

Court urges crackdown on Hindus who confront suspected Muslim bovine smugglers

By NIHARIKA MANDHANA

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

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

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

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

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

Hindu groups that form the backbone of support for Mr. Modi say their ire is directed against Muslims who kill cows, either unlawfully or by supplying them to the handful of states where



VIVEK SINGH FOR THE WALL STREET JOURNAL; NIHARIKA MANDHANA/THE WALL STREET JOURNAL (BELOW)

Cows are revered by India's Hindus while Islam, practiced by 14% of Indians, doesn't prohibit eating beef. Below, members of the Cow Protection Group gathered for patrol and checks recently, accompanied by a police officer from the special cow-protection unit.



slaughter is permitted. They cast cow slaughter as a symbol of Muslims' longstanding hostility toward Hindus. Islam, practiced by 14% of Indians, doesn't prohibit beef-eating.

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

Cow-vigilante outfits say they help enforce the law, not break it.

On a poorly lit highway one recent night, as vehicles slowed down at toll booths, a dozen members of the Gau Raksha Dal, or Cow Protection Group, leapt noisily onto trucks. They peered in, banged the sides to unearth hidden animals and searched

for leaks of cow urine. Vehicles that aroused their suspicion were encircled and pulled over for questioning.

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

Such "joint operations" are

reverential term "cow mother" when referring to the animal. Other groups act on information about alleged beef-eating.

Seasoned cow smugglers fire pistols and hurl rocks when confronted, police and vigilantes said. Five men from the cow-protection group have died in the past decade, the first Mr. Arya said. Mr. Arya said he and his associates use weapons, including guns, for self-defense. Other vigilantes said they sometimes thrash their foes to send a message.

The group relies on a vast network of informants: watchmen, storekeepers, villagers and tollbooth operators.

When Mr. Arya receives a tip—men spotted feeding drug-laced food to stray cows or animal horns seen bobbing atop vehicles—he mobilizes his men using phone calls and WhatsApp. "We have boys who are available 24 hours a day," he said.



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IN DEPTH

CARS

Continued from Page One
icon Valley looked down its nose at the mundane work of manufacturing. Detroit feared being turned into a commodity producer making a shell for others to fill, like cellphone handset makers, a problem Mr. Krafcik wants to solve.

"We're not a disruptive element, we're an enabling element," he said in an interview.

Whether Mr. Krafcik can knit the two industries together will go a long way in determining the future shape of the robot-car market and who stands to profit from it.

At Waymo, Mr. Krafcik is leading efforts to apply driverless technology to a range of uses—whether for ride-hailing, freight delivery or public transportation—and possibly license it to car makers. He has forged partnerships with Fiat Chrysler and is in talks with Honda to build self-driving cars. That's helped Waymo deploy the largest fleet of self-driving cars, racking up more than 3 million miles of testing on public roads and leaving GM, Ford and dozens of other auto makers rushing to develop their own technology.

There have also been setbacks. GM, the largest U.S. auto maker by sales, explored partnerships with Waymo but shifted tactics after talks stalled and instead acquired an autonomous-car tech startup called Cruise Automation in a deal that could be worth more than \$1 billion. It also invested \$500 million in ride-sharing startup Lyft Inc. Talks also unraveled with Ford, which earlier this year pledged to invest \$1 billion in artificial intelligence startup Argo AI.

Lost in Translation

Some question whether Mr. Krafcik has figured out how to maneuver the levers of power within the large tech company.

"He needs to be a futurist, a technologist, a salesman, a counter-regulator, a hacker, a financier," said one Google car alumnus.

Misunderstandings between Detroit and Silicon Valley were commonplace after Google began teasing details about its car efforts in 2010. Automotive executives were dismissive of the engineers Google recruited from self-driving car competitions held by the Department of Defense. Google's engineers, meanwhile, turned their noses up at Detroit in their pursuit to quickly put the technology on the road.

One of the earliest flirtations with an auto maker, Fiat Chrysler's Dodge brand, didn't go far. Google gave a test ride to a senior executive, according to people familiar with the matter. Soon after, Dodge began running commercials mocking the idea of self-driving vehicles made by "a search engine company." In the TV spots, the baritone voice of actor Michael C. Hall says, "We've seen that movie...it ends with robots harvesting our bodies," followed by footage of the 2011 Dodge Charger that he introduced as the "leader of the human resis-



CAYCE CLIFFORD FOR THE WALL STREET JOURNAL (PHOTOS)



John Krafcik is Waymo's CEO. Below, he poses with some of the company's autonomous vehicles

tance."

Around the same time, members of the Google team were invited to an event by GM as it began selling in late 2010 the plug-in hybrid Chevrolet Volt, Detroit's high-profile effort to counter Toyota's Prius. During a driving session on a closed course, one of the Google employees began showing off his drifting skills—where the driver intentionally oversteers through a turn. The stunt knocked over safety cones. A furious GM manager threw the team out, said a person at the event.

The incident became lore among some GM managers. "We had to restrict them a bit. They weren't very good drivers," said a former senior GM executive involved with the Volt introduction. "At least not as good as the car guys from Detroit," Google declined to comment.

Google's so-called Chauffeur team, which in its earliest days was a ragtag bunch, tried to polish its pitch to charm Ford. The Dearborn, Mich., company was interested in replacing its vehicles' software with Google products such as maps and music but the Google team only wanted to talk about ro-

bot cars, a person familiar with the effort said. "We came across as arrogant Valley punks—and we were," a former Google employee said.

Ford executives were put off by the fact that Google was testing vehicles on the roadways, a practice Ford considered premature. "They were looking at our vehicles and thinking of them like science-fair projects," the former Google employee said.

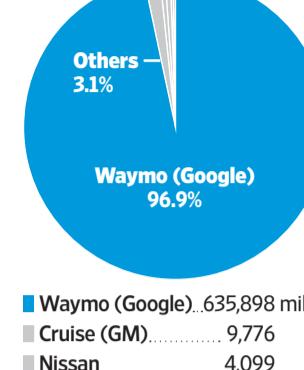
Driving a 'Larry'

Google didn't have luck with Japanese auto makers, either. Discussions with Honda Motor Co. before 2014 didn't progress, said Nick Sugimoto, the head of Honda's Silicon Valley office. "They were inflexible. They weren't clear about what they wanted, and they really didn't listen to me," he said.

Google couldn't decide whether it should develop its own car or leave that to an auto maker. At one point they debated the merits of acquiring electric-car company Tesla Inc. Google co-founder Larry Page told the group, according to a person in attendance, that "he didn't want to drive a Tesla, he wanted to drive a

Miles Apart

Alphabet Inc.'s self-driving car unit, Waymo, drove more miles in California last year than its competitors.



	Miles Driven
Waymo (Google)	635,898 miles
Cruise (GM)	9,776
Nissan	4,099
Delphi	3,090
Bosch	983
Mercedes-Benz	673
BMW	638
Ford	590
Tesla	550

Note: Annual reporting period covers Dec. 1, 2015 through Nov. 30, 2016.

Source: Company disclosures to the California Department of Motor Vehicles

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plans to acquire Cruise Automation.

Mr. Page and Google's other founder, Sergey Brin, realized they needed someone from the automotive industry with relationships, according to a person familiar with their thinking.

In September 2015, they hired Mr. Krafcik. He had begun his automotive career more than 30 years ago at a car factory about a half-hour drive from Waymo's offices.

As a young engineer-turned business student at the Massachusetts Institute of Technology, he visited 90 car factories in 15 countries to study why the Japanese companies were better at making cars than U.S. companies. His studies contributed to a seminal book, "The Machine That Changed the World," on "lean production" techniques that inspired a generation of car makers.

As chief executive of Hyundai Motor America, he helped make sales gains in the wake of the 2008 financial crisis when other auto makers were failing. His name had been floated as a potential Ford chief when Alan Mulally retired in 2014 and as a candidate to run GM after it emerged from bankruptcy. He also had experience in the tech sector as president of online car-buying website TrueCar.

"Being able to speak the language of the automotive ecosystem is very important to us," said Astro Teller, head of Alphabet's Google X, an R&D division that was home for the self-driving project until being spun out as Waymo last year.

Mr. Krafcik joined Google when the company was months into talks with Ford about investing in an electric car program in exchange for thousands of cars. The sides were so close to a deal that a news release had been drafted, according to people familiar with the matter. Mr. Krafcik told Messrs. Page and Brin he thought the project was too costly and time consuming, the people said. Google ended the talks.

Several of the program's top engineers have left under Mr. Krafcik's watch, including the program's former leaders, Chris Urmson and Anthony Levandowski, who both set up competing companies.

Mr. Levandowski is at the center of a legal battle between Waymo and Uber Technologies Inc. Waymo alleges Mr. Levandowski stole trade

ers begin paying for rides rather than sheet metal.

In a conference room named after a robot, Mr. Krafcik scribbled numbers on a whiteboard: 3 trillion and 17 million. The bigger number was the total miles driven in the U.S. last year, while the smaller one was roughly the number of new car sales across the country. The challenge was to get consumers spending on the distances they travel in cars rather than on the cars themselves.

If the average large automotive company turns a profit of about \$1,400 per vehicle sold, he said, a vehicle that lasts 150,000 miles only garners about a penny per mile.

Turning the corner

"The thing that the industry is struggling with right now is that for the 100 years it's been in existence it's been focused on the number of units built," he said. "We are moving to a world where...it has to be miles driven."

Mr. Krafcik said he began talks with Sergio Marchionne, the chief executive of Fiat Chrysler, which lacked the resources to develop its own self-driving software. Months later the two executives announced a deal for Waymo to integrate its hardware into 100 minivans, a partnership that was expanded to 500 more minivans this year.

Mr. Krafcik liked that the new Chrysler Pacifica minivan had two things: rear doors that open and close with the push of a button and plenty of electrical power to run onboard computers needed to drive the car. The trial program marked a turning point for Google. For the first time it was working with an auto maker to install its own software and hardware. That allowed it to retire the Firefly. Mr. Krafcik then developed a deal with Avis Budget Group to maintain the growing fleet.

Waymo is also working on a user experience that allows passengers to feel comfortable in a vehicle without a human driver. It includes a display system that tells riders why the vehicle is making decisions, such as stopping, people familiar with the effort said.

In December, Mr. Krafcik announced that Waymo and Honda had rekindled talks over a possible partnership. This time around, Google's attitude was sharply different, said Honda's Mr. Sugimoto. "John was very clear about his intention is not to invade the auto industry or destroy the existing supply chain," he said.

During a tour that he often gives to curious automotive executives, Mr. Krafcik rushed through a garage with rows of decommissioned robot cars, now being prepared for exhibits. Then he opened a door to the employee parking lot and pointed to his ride, a white 1990 Porsche 964 Targa.

"People worry that with the work we're doing...that we're going to take all of the joy out of driving," he said. "I don't believe that's true. There's always going to be stuff like this."

—Mike Colias and Christina Rogers contributed to this article.

DRILLS

Continued from Page One
even if the blood on their hands was only stage paint.

The U.S., its NATO allies, Russia and other militaries around the world use fictional scenarios to make their military drills more sophisticated. They require soldiers to understand the political environment and motivations of the people they are trying to protect, and defeat.

In North Carolina, where war games often involve the People's Republic of Pineland, locals who live near Fort Bragg sometimes serve as amateur actors in military drills. Some play good guys to be protected. Others play bad guys.

"I mock-assassinated the mayor of this bad-guy-held town," says an Army Green Beret who was struck by how war games can intersect with local life. "It was actually the real mayor."

The flag of Pineland, a nation spun from whole cloth, can be purchased online for \$22 (U.S. dollars only).

Because the role playing can disrupt North Carolina communities, after the military exercise is complete, Army Special Forces sweep through the

countryside, doing community service, repainting firehouses, rebuilding fences and tending to animals.

In Belarus, a war-game country created by Russia is being brought to life by none other than Belarus's beleaguered political opposition.

Russian and Belarusian military planners invented the country of "Veishnoriya" for their Zapad war game, which starts Thursday. On maps of the exercise, the fictional country lies in the northwestern part of Belarus. Locals are embracing it.

Internet users created the virtual accoutrements of a real country: a foreign ministry, passports, a national anthem, a currency and a flag. And they're ready to defend their made-up turf.

"Veishnoriya will stand firm!" the unreal ministry wrote on its Twitter account, before offering "enemy soldiers" stew, honey, bread and lard to lay down their weapons.

In some cases, war games spark anxiety and conspiracy theories. Russia in 2008 used military exercises to obscure its invasion of Georgia. Russia repeated the feint in 2014 to intervene in eastern Ukraine. Moscow then helped carve out new autonomous regions in



Slovenian soldiers during an exercise at the Hohenfels Training Area in Germany in 2016.

side Georgia and Ukraine—regions that most of the rest of the world views as fakes.

Russia said it acted in 2008 to protect civilians and denies sending its army into eastern Ukraine.

In Texas two years ago, fears of something similar proved exaggerated. Jade Helm, a U.S. special operations forces exercise, drew national attention when the governor of Texas ordered the State Guard, a volunteer group, to observe the drills. Some Texans had voiced concern the drill was practice for a federal takeover.

In Atropia, the problem was

maps. The fictional country exists so that Western allies can learn to cooperate. But imaginary national boundaries superimposed onto actual geography stirred friction.

Atropia's borders roughly coincide with Azerbaijan. Neighboring Limaria, a made-up country, coincides with Armenia. The fake country of Kelmalia is roughly equivalent to Turkey. In 2014, Turkey's top general wrote to the head of U.S. European Command complaining that a historically Turkish town was inside the boundary of Limaria, not Kelmalia.

"They weren't fooled by the fake names," says a U.S. official. "It caused a diplomatic kerfuffle."

Turkish officials did not comment on the episode.

The U.S. training center in Hohenfels, Germany, now bases its war games on a country called "Germany." The alternate reality includes a fictional "Great Fatherland Party" that resembles France's National Front and the like-minded Alternative for Germany.

"We don't make stuff up," says James Derleth, the senior interagency training adviser at the Joint Multinational Readiness Center in Hohenfels. "We take the stuff and change the name so it doesn't create umbrage to real politicians or political parties."

The new scenario also doesn't give soldiers a real-world adversary. Instead, North Atlantic Treaty Organization troops face off against the thinly veiled "Skolkat Alliance," which was originally created by NATO in 2012. It has a fearsome propaganda television network, "The Voice of Reason."

"They are dangerous, devilish," Mr. Derleth says of the Skolkat forces. "It replicates a threat from the east."

NATO allows its partners and members to take the Skol-

kan scenario and adapt it, but says it's not responsible for any alterations. "We sell it as a boiled egg," says German Lt. Col Michael Derksen of NATO's Joint Warfare Centre. "You get it and we cannot unboil it for you."

Russia's fictional adversary Veishnoriya replicates an aspiration of sorts for some Belarusians. Its portion of the former Soviet republic is the region most opposed to Belarusian strongman leader, Alexander Lukashenko, once dubbed "Europe's last dictator" by the U.S. State Department.

"Veishnoriya is a country without Lukashenko, without Russian troops, a country that is friendly with its Western neighbors," the not-quite-country's "foreign ministry" tweeted last month.

Alexander Feduta, an opposition political analyst, composed an irony-laden national anthem for the fake country that riffs on themes including Belarus's struggle to find foreign loans.

Aliaksandr Arsiouau, a 28-year-old journalist who created Veishnoriya's blue-and-white flag, says the fictional land is like a dream come almost true.

"People want to imagine being in a different country," he says. "Then the government came up with one for us."

GREATER NEW YORK

City Grieves for Victims of Sept. 11, 2001

Respects are paid to the nearly 3,000 killed 16 years ago in attacks on World Trade Center

BY THOMAS MACMILLAN
AND ZOLAN KANNO-YOUNGS

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

The annual event, organized by the National September 11 Memorial and Museum, began at 8:40 a.m. with the singing of the national anthem and the reading of the names of the nearly 3,000 people killed in the 2001 and the 1993 attacks on the World Trade Center. The ceremony also called for six moments of silence, marking significant events of the tragic morning.

A crowd of mourners gathered around a stage near the memorial reflecting pools that sit in the footprints of the towers, many holding photographs of their relatives and American flags. Outside the ceremony on Greenwich Street, four firefighters stood in formation, saluting an American flag.

Margie Miller, 67 years old, of Baldwin, N.Y., said her husband, Joel, worked at Marsh & McLennan Cos. on the 97th floor of North Tower. In the 16 years since he died, she has kept in contact with other families who lost loved ones, often going out to dinner and attending others' memorials.

"This is my community," Ms.



A New York City Police Department at the edge of the south reflecting pool during ceremonies on Monday at the National September 11 Memorial and Museum.

Miller said. "This is where he worked, this is what he loved to do. These are the people I've gotten to know."

She said she married Joel Miller later in life and would often stare at him and say, "I cannot believe that this worked and how happy we were."

"I always say I want people to know the life that he lived," she said. "And not just the famous way that he died."

At 8:40 a.m., police officers

in formation carried a large American flag to the stage as dozens more stood and saluted. At 8:46 a.m., a police officer rang a bell to mark the first moment of silence, signaling when the first plane hit the North Tower.

Other moments of silence marked the plane striking the South Tower, the instant when Flight 77 hit the Pentagon, the moment when the South Tower fell, the crash of Flight 93 near

Shanksville, Pa., and finally, at 10:28 a.m., the collapse of the North Tower.

Eleni Kousoulis, 47, of New Jersey, said she was planning a surprise birthday party for her 29-year-old sister Danielle when she was killed on the 104th floor of the North Tower.

"We're one of the families that never got anything back from Danielle," Ms. Kousoulis said of her sister's remains. "To us, ground zero is like a final resting place."

Patrick Winn said his mother, Virginia Fox, went to work at Marsh & McLennan at the World Trade Center 16 years ago on Sept. 11, despite being on vacation.

"It took me a long time to learn how to love again," Mr. Winn said, as he looked at his baby daughter with tears in his eyes.

Rob Fazio, 43, lost his father, Ronald Carl Fazio, who

worked on 99th floor of the South Tower. He said he later received phone calls from the people his father had saved. While some in Tower 2 were telling people to wait for help, his father urged everyone to escape the building, Mr. Fazio said.

"They were calling the house afterward and asking, 'Where is your dad?'" Mr. Fazio said. "He was holding the door for us."

For Ill First Responders, 9/11 Is Still Taking a Toll

BY MARA GAY

In the 16 years since the Sept. 11, 2001, terrorist attacks, Sal Turturici has watched as friends he worked with at the World Trade Center site fell ill. Now Mr. Turturici is sick too, battling stage 4 neuroendocrine cancer that doctors believe could be linked to his service on an FDNY medical team at the site.

Though researchers say it could take decades to prove a clear link between time spent at Ground Zero and illnesses, they say it appears that toxins at the site heightened the occurrence of certain diseases.

Mr. Turturici, 52 years old, is one of thousands of firefighters, police officers, EMTs, journalists and others who worked and lived near the World Trade Center who say they are becoming sick after breathing in toxic air in the days and months after the attacks.

In recent years, some doctors working with 9/11 first responders and other survivors say they believe the rate of cancer among those who were at Ground Zero is rising.

Michael Crane, who runs a treatment and monitoring center financed by the federally funded World Trade Center Health Program at Mount Sinai Health System, said the rate of 9/11-related cancers he sees has risen in recent years, to more than 15 new cases a week, up from about 10 a week two years ago. "It's been building steadily," Dr. Crane said in an interview. "I am very concerned."

Dr. Crane said more research was needed to determine whether the increase was caused by exposure to 9/11 toxins and not simply age.

Several studies have shown a possible link between exposure to the World Trade Center site and cancer. One 2011 study by the head doctor for the Fire Department of the City of New York found that firefighters who worked at Ground Zero are 19% more likely to have cancer than their peers.

Of the nearly 80,000 people enrolled in the World Trade Center Health Program, the federal initiative, about 7,000 have cancers that could be linked to 9/11, Dr. Crane said.

City officials have estimated that up to 400,000 people breathed in the toxic air that hovered over lower Manhattan in the months after the Sept. 11 attacks. Anyone who lived, worked or went to school in the area at the time should be regularly screened for illnesses, Dr. Crane said.

Owen Ortiz, 41, a first responder on 9/11, was diagnosed with carcinoma in 2012. Mr. Ortiz said that while he sometimes talks with his young daughter about his experience on Sept. 11, cancer has brought



Owen Ortiz, a 9/11 first responder diagnosed with carcinoma in 2012, shown with his cancer medications.

the trauma home.

"I tell her about 9/11, about the buildings falling," he said. "But with the cancer, she saw me diminish little by little up close."

The deaths and illnesses have hit the city's fire and police departments especially hard. At the FDNY, 159 people

have died of diseases, mostly cancers, that could be tied to 9/11, according to city officials.

At the New York Police Department, 132 people had died as of December 2016, according to the most recent available data. That figure doesn't include Kelly Korchak, 38, a police officer who died of

cancer thought to be linked to her 9/11 exposure in June, six months after giving birth.

"She never got to be a mother. She couldn't hold him, she couldn't bathe him, she won't be around for his first birthday," said Steven Attarian, Ms. Korchak's widower. "You live with the pain constantly."

New Yorker Makes Rescue in St. Martin

BY KATE KING

When New York restaurateur Jim Goldman heard friends and their families were trapped in St. Martin in the wake of Hurricane Irma, he knew he had to do something.

So Mr. Goldman, founder of the Brother Jimmy's restaurant chain, flew to San Juan, Puerto Rico, and then took a helicopter to St. Martin and rescued them.

He returned to New York on Sunday after 30 hours on St. Martin. He was still feeling the effects Monday afternoon as he stood in Little Bamboo, his Harlem sushi restaurant.

"I'm shaking," he said. "I'm jittery. I feel like I've had too much caffeine, and I haven't had any."

It was an unlikely scenario for Mr. Goldman, who describes himself as "a middle-aged, bald, bit overweight Jewish guy." Riding in the helicopter, which had its own fuel onboard for the return trip, he saw the full scope of the devastation and asked himself what he was doing.

"I'm not exactly trained for combat," he said.

Within two days of the hurricane hitting St. Martin, loot-



A destroyed nightclub in St. Martin owned by Manny Almirakis, who was rescued by New York restaurateur Jim Goldman.

ing and lawlessness were spreading and many people were anxious to escape. At one point, Mr. Goldman said he was walking around looking for cell service when he saw a pregnant woman being robbed.

"These guys came up on a scooter," he said. "They put the gun towards her belly and they grabbed the chain off her neck and ran away."

The helicopter was rented by Puerto Rican businessman Alberto de la Cruz, president and chief executive of two beverage and food distributors on St. Martin. Mr. de la Cruz said

he got the helicopter to bring security guards to St. Martin to protect his plants from looters and agreed to drop Mr. Goldman off on the way.

"We didn't deal with the authorities," Mr. de la Cruz said, referring to government officials on the island. "At that point, there's no authorities to talk to. And there's complete chaos, so we felt that we just needed to get in there."

A spokeswoman for Puerto

Puerto Rican government evacuations have so far removed 1,627 people from the island, she said. An additional 1,000 people may be evacuated, she added.

One of the people Mr. Goldman got off St. Martin was his longtime business associate, Manny Almirakis. Mr. Almirakis said he had planned to stay on the island with his wife and young son but decided to leave after seeing men with machetes break into a restaurant.

"The looting and no electricity and no power—it became dangerous," he said.

St. Martin is jointly controlled by France and the Netherlands. Over the weekend, French authorities said they were sending 2,000 additional police officers and soldiers to the island to restore order.

Mr. Almirakis, an American, had only enough time to retrieve his family's passports before boarding the helicopter. His 3-year-old son was hospitalized for several hours in San Juan after suffering from dehydration and carbon monoxide poisoning from an undetermined source, but the entire family is now with Mr. Almirakis's parents in Norwalk, Conn.

New Standards Will Replace Common Core

BY LESLIE BRODY

New York education officials voted Monday to replace the politically charged Common Core with a new set of academic standards and a new name.

Dubbed the "Next Generation Learning Standards for English Language Arts and Math," they spell out skills and concepts that children should learn in each grade.

State Education Commissioner MaryEllen Elia said the new standards would maintain rigor while clarifying expectations and cutting redundancy.

She emphasized the rollout would be slow enough to let schools train teachers and adjust courses before students are tested. "That's the fair and smart thing to do," she said.

Full implementation is expected in September 2020, with tests tied to the new standards in spring 2021.

Both critics and supporters of the Common Core, a voluntary set of standards adopted by most states around 2010, said its New York rollout was too rushed. After its first

round of tougher testing in 2013, scores dropped on the state's standardized tests, and the next year a surge of families opted out.

A Board of Regents committee voted unanimously for the new standards on Monday, and the full board—made of the same members—expects to vote again Tuesday in a final step.

The new standards, which don't dictate books or specific lessons, resulted from a nearly two-year process with teachers poring over the drafts. The new ones emphasize reading a balance of nonfiction and literature after some teachers complained the Common Core put too much stress on informational texts, such as manuals.

Teachers said that in math, the new standards clarified expectations that were vague and changed the timing of some units.

The Regents highlighted their effort to ensure that expectations for prekindergarten through grade 2 emphasized the value of "play," after some critics argued the academic standards were inappropriate for young children.

GREATER NEW YORK

Off-Broadway Golden Age Faces Hurdles

BY CHARLES PASSY

Producers and theatrical artists who try to make their living off-Broadway in New York City say this is a golden age for their small-scale brand of theater. But that doesn't mean they are reaping financial rewards.

Off-Broadway is home to nearly 40 theaters, which, by definition, must have 100 to 499 seats, according to the Off-Broadway Alliance, an industry group. In recent years, the off-Broadway theaters have welcomed a plethora of new shows—as many as 130 a season, says Peter Breger, the alliance's chairman.

"Is there another city in the world where you have 130 shows in small theaters?" he asks.

Moreover, Mr. Breger and others in the industry note the sheer variety of productions, from cutting-edge plays to spoof-filled musical revues, as proof of off-Broadway's vitality.

And yet, all that activity has been overshadowed by the challenging economics of off-Broadway, industry insiders say. They point to the demise of several off-Broadway theaters and groups, including the Pearl Theatre Company, a nonprofit off-Broadway institution with a three-decade history that closed this year.

Even if the theaters survive, commercial off-Broadway producers say it is harder than ever to turn a profit on a show.

Consider the case of one recent production, "The Crusade of Connor Stephens," a drama examining faith, family and antigay views that opened at Midtown Manhattan's Jerry Orbach Theater in late June. Despite garnering some positive reviews online and having

financial backing from actor Bryan Cranston, the show, which had startup costs of \$700,000, closed in less than two months.

Dewey Moss, the playwright and director of "Connor Stephens," wouldn't specify how much money the production lost, except to say it was "quite a bit."

He also says the experience taught him the daunting math behind off-Broadway. "You look at the numbers, and you just realize it's not a smart investment," he adds.

The key problem facing off-Broadway, some insiders say, is rising costs for everything from theater rentals, which easily can reach five figures a week, to advertising.

Talent costs also are increasing, with actors benefiting from a new contract negotiated last year by the Actors' Equity Association. The union said salaries, which went as high as \$1,008 a week in the previous contract, are set to increase by as much as 81% during the coming five-year period.

Broadway also faces higher costs, but it has the benefit of much greater capacity—up to nearly 2,000 seats in some cases.

Off-Broadway producers say they can't offset expenses by raising ticket prices beyond a certain point because part of off-Broadway's appeal is that it is more affordable. Off-Broadway prices average \$45 a ticket, according to industry sources, compared with Broadway's \$109 average price.

Despite off-Broadway's difficulties, producers continue to be drawn to it, saying the small size of the theaters allows for an intimacy that can't be realized on Broadway.

Yoruba Faithful Worship in Rockaways in Annual Celebration



SEASIDE SERVICE: Hundreds of followers of the Yoruba religion—which comes from West Africa and was brought to the Americas by slaves—paid homage to one of their most important deities, the female spirit of the oceans, at a Queens beach over the weekend.



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INDOCHINO
MADE TO MEASURE

Retailer Hopes New Store Will Spur Sales in U.S.

BY MICHAEL ROVNER

Preppy clothing retailer J. Press said it is trying to ignite U.S. sales by opening a store in the Midtown Manhattan building that houses the Yale Club this October.

The 112-year-old haberdashery said it closed its 4,100-square-foot flagship store on Madison Avenue in 2014 after it couldn't renew its lease because of a building renovation. J. Press now will be opening a new 2,800-square-foot store on Vanderbilt Avenue, near Grand Central Terminal.

The move near the Yale Club is one of the biggest investments for the brand in a long time, according to Jun Murakami, chief executive officer of Japanese company Onward USA, whose parent owns J. Press. He added the Midtown space is expected to generate 25% of total U.S. sales.

Mr. Murakami also said he forecasts 30% of J. Press's sales will be generated online in the near future, and the company hopes to increase that number to 50% by relaunching its website and boosting its presence on social

media.

The proximity to the Yale Club represents a homecoming of sorts for J. Press, which began by selling ties, belts and odd trousers near the school's New Haven, Conn., campus in 1905. The brand is known in preppy circles for its embroidered collegiate logos and cocktail-themed accessories such as needlepoint martini-themed cuff links.

The retailer is betting that these clothes will still resonate with today's buyers. Richard Press, former CEO of J.

'When you're a small company, your e-commerce is expensive.'

Press and grandson of its founder, said: "Finding the appropriate audience became a challenge starting in the '70s because 70% of the sales at J. Press were dress clothing, sport jackets and ties. If this is gone with the wind, the key is identifying the replacements

that don't denote slobdom."

Some point to challenges for the brand in today's tough retail environment, which has many companies cutting back their brick-and-mortar presence.

Paulette Garafalo, CEO of Paul Stuart, a 79-year-old upscale men's retailer, also with a Japanese parent company, said: "Nothing's ever a slam dunk. When you're a small company, your e-commerce is expensive, advertising is expensive, and operations for e-commerce is expensive, too. They also need to keep their eye on clienteling, which may be different here" than in Japan.

In 1986, the brand was acquired by Onward Holdings Co., which operates a portfolio of fashion and hospitality companies in Japan. Onward now runs 131 J. Press shops inside department stores across Japan. It also has small stores in New Haven, near the Yale campus; Cambridge, Mass.; Washington; and downtown New York City. The latter will close when the Midtown store opens in the fall. The brand has 35 employees in the U.S., compared with 365 in Japan.

GREATER NEW YORK WATCH

UPSTATE NEW YORK

Woman Who Aided Escape Denied Parole

Parole has been denied to prison tailor Joyce Mitchell, who was sweet-talked into providing hacksaw blades, chisels and other tools that two killers used in a prison break.

Ms. Mitchell will remain behind bars for at least two more years for helping killers Richard Matt and David Sweat escape through a manhole outside the walls of the maximum-security Clinton Correctional Facility in Dannemora in June 2015, according to a parole board decision released Monday.

The panel said it was likely the 53-year-old Ms. Mitchell would again violate the law if

freed.

The escape prompted a three-week manhunt that ended with Mr. Matt fatally shot and Mr. Sweat captured near the Canadian border.

—Associated Press

QUEENS

Boy Is Killed in Fall From Condo Window

A 5-year-old boy has died after falling out of a third-floor bathroom window in Queens, authorities said.

The boy, who was being watched by his grandparents, went to the bathroom in the apartment on Sunday afternoon and managed to get out of the window, police said.

—Associated Press

NEW JERSEY

Hindering Charges Against Judge Stand

An appellate court has ruled that a suspended New Jersey judge who allegedly hindered the search for a wanted man she was dating and living with won't have to face an official misconduct count. But Carla Brady will still face two hindering counts.

The ruling, made public Monday, upheld a lower-court decision. Ms. Brady's lawyer has argued she was acting as a private citizen and had no legal obligation to tell police that the man was headed to and later in her home.

Ms. Brady was a Superior Court judge in Middlesex County when she was arrested in 2013.

—Associated Press

LIFE & ARTS



BY JILLIAN BERMAN

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

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

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

Wrigley's recent marketing campaigns for Extra gum revolve around the idea that sharing something as small as a mint or piece of gum can help facilitate a connection, Mr. Wurtzel said. This year, the company plans to launch

Wrigley's recent marketing campaigns for Extra gum revolve around the idea that sharing something as small as a mint or piece of gum can help facilitate a connection, Mr. Wurtzel said. This year, the company plans to launch

STYLE

Thanks for Sharing, It Helps Sell Mints

Clear boxes, individual wrappers and lids that click actually prompt us to take one and offer up one, boosting sales of candies and gum



'You connect with someone else by offering something small,' says a marketing executive for Mars Wrigley.

But the container turned out to have unexpected sociable benefits. "It's literally in your hand and it's an extension of you when you open it," Mr. Wurtzel said of the Altoids tin.

Mints can play a communal role in offices and restaurants.

At the Minneapolis location of Industrial Office, a co-working space, the community manager, Marie Adrian, keeps a bowl of individually wrapped mint Life Sav-

ers on her desk. The mints have become a post-lunch routine for many people, creating a natural "touchpoint" with the space's members, Ms. Adrian said.

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

Simply Gum, a small confectionery company in Manhattan which promises to use all natural ingredients, launched Mints by Simply Gum this year in part through marketing on social media. The company asked fans to tag friends with the hashtag #compliment and awarded some free mints.

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

A few years ago, a Tic Tac ad campaign portrayed offering the mints as a "social spark," according to Todd Midura, the vice president of marketing of Tic Tac North America. The clear package lets anyone nearby see them and the opening at the top makes it easy to shake a few into someone's palm.

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

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

YOUR CHILD IS AT COLLEGE: A PARENT'S SURVIVAL GUIDE

A family therapist offers advice on navigating the range of emotions parents of college freshmen can feel that first fall; 'Create some new routines'

IT'S THE BEST OF TIMES and the worst of times: You just became an empty nester.

When a child leaves for college, parents have the happiness of seeing their son or daughter mature and start off on an independent life. They also miss constant connection, fret about their child's well-being, and worry about the way the relationship may change.

Esther Boykin, a licensed marriage and family therapist in Washington, D.C., says that empty nesters may experience a type of grief—for the loss of the relationship as it was. In some cases, some see a therapist. In an interview, she talked about the mixed feelings empty nesters often have and what they can do. Here are edited excerpts.

WSJ: What are some of the emotions that empty nesters typically feel?

Ms. Boykin: The empty nest kicks

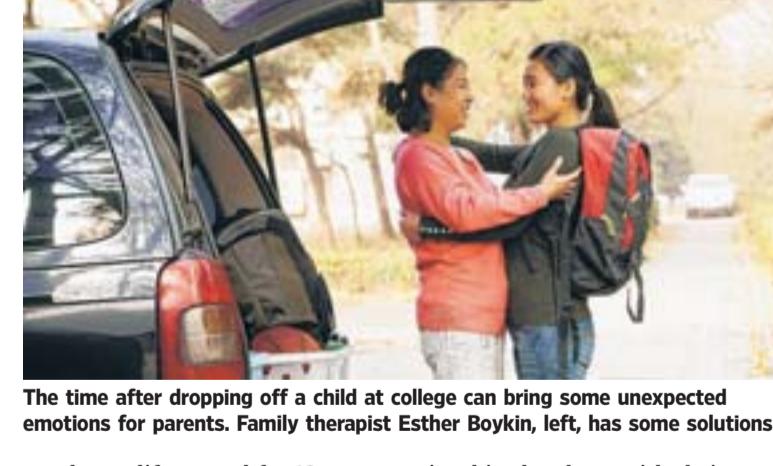


up much more than just sadness or loneliness. For many parents, there is also guilt about what they wish they had, or hadn't, done

while raising their child. This can range from specific negative interactions along the way to a broad sense of not having done enough to prepare them for the "real world." And they can feel a great deal of anxiety and worry about how their child will fare in a new environment.

Parents can also feel excitement, pride, joy, and relief as they get a glimpse of a life that doesn't center around kids and their goals all the time.

Why is this such a complicated issue? Parents experience an ambiguous loss, or a loss that doesn't really look like loss. Their child is typically just a few hours or a short plane ride away, so they haven't lost them. Yet the emotional experience of their absence can feel incredibly profound and permanent. This person whom you have cen-



The time after dropping off a child at college can bring some unexpected emotions for parents. Family therapist Esther Boykin, left, has some solutions.

tered your life around for 18 years is no longer around on a daily basis and is loosening the connection that had been all-encompassing.

The greatest challenge for parents is that they know that the goal of good parenting is to raise a self-sufficient, independent adult. But the realization of that goal creates a deep sense of loss that can be confusing. It's like realizing that you did an awesome job and the reward is that the person you love most is leaving you for good.

Do both fathers and mothers experience the emotions of empty nesting the same way?

The truth is that a parent's emotions are more related to the rela-

tionship they have with their child and their role as a caregiver than they are with gender. Often the parent who has the more emotionally intimate relationship will have an easier time processing empty-nest emotions. They may find it easier to trust their child is ready for the challenges of adulthood and to establish regular communication.

Are empty nesters ever envious of their children?

Sometimes. If you see this as a sign that you are old and your life is winding down, then it is easy to be envious of your children and all of the new experi-

Please see PARENTS page A13

LIFE & ARTS

ART REVIEW

Lusting After Beauty

An aesthetic journey through the life and times of that most famous Lothario, Casanova

Fort Worth, Texas

WHO KNEW the American Modernist architect Louis Kahn had Rococo tendencies? How else do you explain the seamless integration of "Casanova: The Seduction of Europe"—a lavish romp through the Rococo—with the monumental minimalism of Kahn's Kimbell Art Museum? This exhibition's nearly 200 mostly 18th-century European artworks—boasting an abundance of shimmering surfaces, flushed bare flesh and roiling curves—feel right at home (if not dutifully tamed) among the broad arcs and neutral planes of the Kimbell's spare, concrete-vaulted galleries.

The opulent show was inspired by the life and times of that most famous Lothario, Casanova, whom we know from his 3,500-page memoirs as the man who seduced more than 100 partners, including virgins, married women, men, family members and at least one nun—an act that landed him in prison. But Giacomo Casanova (1725-1798) was much more than a Casanova.

The self-professed hedonist traveled 40,000 miles throughout Europe in search of fame, fortune and, certainly, sex. "Despite an excellent moral foundation, the inevitable fruit of the divine principles which were rooted in my heart," Casanova wrote in his memoirs, "I was all my life the victim of my senses."

Yet, he was also a man of letters and a true actor on the world stage. Casanova met or knew seemingly everyone: Voltaire, Rousseau, Samuel Johnson, Benjamin Franklin, King George III, Pope Clement XIII, Catherine the Great, King Louis XV and his paramour Madame de Pompadour—all represented here in portraits by Joshua Reynolds, Jean-Antoine Houdon and Anton Raphael Mengs, among others. Casanova was a lawyer, priest, medic, diplomat, violinist, gambler, gourmand, con man and spy. He wrote numerous works of fiction and non-fiction. He translated Homer's "Iliad" into its earliest version of modern Italian and may have contributed to the libretto for Mozart's "Don Giovanni." In France, he created the world's first national lottery.

A grand European tour, "Casanova" comprises paintings, sculptures, drawings, prints, furnishings, books and decorative arts, and chronologically and geographically follows Casanova's exploits in Venice (his birthplace), France and London. The show combines history, games, silver, Sèvres porcelain, animal-headed tureens and a luxurious sedan chair, as well as life-size tableaux with mannequins dressed in glamorous period costumes. As much about the era and



FROM TOP: KIMBELL ART MUSEUM, FORT WORTH; FINE ART IMAGES/HERITAGE IMAGES/GETTY IMAGES

circles of Casanova as it is about the man, the exhibition explores the tastes, mores and philosophy of the Rococo period.

"Casanova" begins vividly with an intimate gallery devoted to Canaletto's crystalline Venetian panoramas of the Grand Canal, the Rialto Bridge, the Ducal Palace, the bay of San Marco. The canvases share the same palette of rose, turquoise and greenish-cream, yet each conveys unique qualities of twinkling light and water.

Next, we move indoors. Here are lovely interiors by Pietro Longhi and mythological and religious paintings featuring tumbling,



bare-breasted nymphs and chubby, nude putti by Giovanni Battista Tiepolo. These hang above flamboyant tables and are flanked by jaunty gilded sconces and luxurious Venetian armchairs. No sooner have we begun, however, than we are thrust into the section "Amorous Pursuits."

Casanova, we learn, was "perpetually torn between chivalry and lust." No wonder that the French painters François Boucher, Jean-Honoré Fragonard and Jean-Baptiste Greuze dominate these galleries. Little is subtle. In Fragonard's "Two Girls Playing on a Bed With Their Dogs" (c. 1770), their night-

François Boucher's 'Juno Asking Aeolus to Release the Winds' (1769), left, and a portrait of Giacomo Casanova (c. 1750), by Francesco Giuseppe Casanova, below

shirts are provocatively raised. And in his "The Desired Moment" (c. 1770), two women make love as if on a bed of fire. Want more? A sexually explicit side gallery with magnifying glasses displays 12 tiny, erotic watercolor-and-gouache gems by Claude-Louis Desrais, which illustrate in encyclopedic scope various forms of sexual relations.

Following are galleries devoted to Casanova's dalliances with mysticism, numerology and the occult; his visits to Venetian convents (holding pens that were supposed to protect wealthy girls' chastity, but which were actually "sexual playgrounds"); and his imprisonment and escape from the Doge's Palace, fleshed out here with Giovanni Battista Piranesi's fantastical etchings of prisons.

Casanova fled to France, the next focus of the show, whose centerpiece is a large gallery that reunites six monumental mythologies Boucher painted for a Parisian residence in 1769. After encountering the heated, nuanced intimacy of Fragonard, I found Boucher's big pictures of gods and flesh at once overstuffed and rote. And, frankly, by then I felt I had overdosed on nude maidens and pink-cheeked putti. A little Rococo goes a long way. And this sprawling show, which travels on to the Legion of Honor in San Francisco and the Museum of Fine Arts, Boston, also includes sections devoted to London, "The Theater of Identity," "In the Company of Great Minds," "Casanova as Author" and "The Delights of the Table."

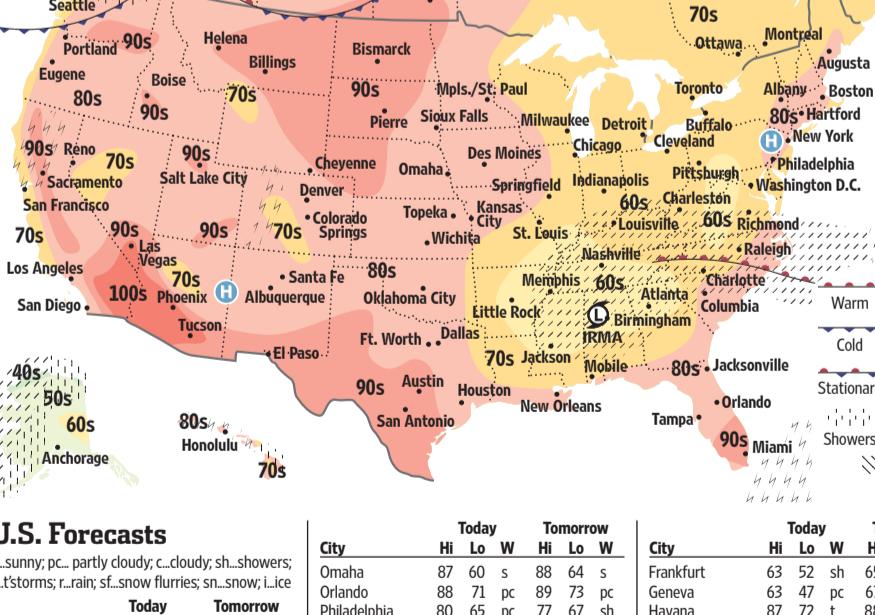
This exhibition was a bit of a gamble for its organizers, all former or current curators at the three museums presenting "Casanova." They include C.D. Dickerson, George T.M. Shackelford, Esther Bell, Virginia Brilliant, Kirk Nickel, Martin Chapman, Frederick Ilchman, Thomas Michie and Pamela Parmal. How do you sell Rococo extravagance to a contemporary audience brought up on the no-frills decor of Ikea and the design minimalism of the smartphone? Why, with sex, of course, but also the cult of the personality: Enter Casanova. This informative, seductive show has it all and then some. Just pace yourself.

Casanova: The Seduction of Europe

Kimbell Art Museum, through Dec. 31

Mr. Esplund writes about art for the Journal.

Weather



U.S. Forecasts

S...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Tomorrow Hi Lo W

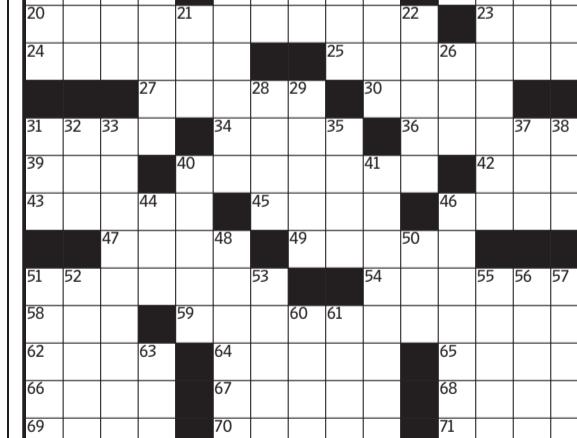
City	Hi	Lo	W	Hi	Lo	W
Anchorage	57	51	c	54	50	r
Atlanta	68	59	r	76	64	pc
Austin	93	62	s	94	68	s
Baltimore	74	62	pc	78	64	pc
Boise	90	62	pc	84	52	pc
Boston	85	62	s	81	65	s
Burlington	78	55	s	80	59	s
Charlotte	79	60	r	79	62	pc
Chicago	76	60	pc	73	59	c
Cleveland	79	62	pc	78	63	pc
Dallas	86	65	s	93	69	s
Denver	87	60	pc	89	58	pc
Detroit	78	59	pc	75	60	sh
Honolulu	87	74	r	87	74	sh
Houston	88	67	s	91	71	pc
Indianapolis	73	61	r	70	59	r
Kansas City	82	56	s	83	59	pc
Las Vegas	100	77	pc	97	70	pc
Little Rock	68	61	r	81	60	pc
Los Angeles	84	66	pc	78	63	pc
Miami	92	77	s	91	71	pc
Milwaukee	74	59	s	73	61	pc
Minneapolis	83	61	s	84	62	s
Nashville	68	58	r	64	59	r
New Orleans	82	65	s	86	68	s
New York City	82	66	pc	78	66	s
Oklahoma City	82	59	s	88	64	s

International

Today Hi Lo W Tomorrow Hi Lo W

City	Hi	Lo	W	Hi	Lo	W
Amsterdam	62	54	sh	62	51	sh
Athens	87	74	s	89	73	pc
Baghdad	115	79	s	113	77	s
Bangkok	94	76	t	93	79	t
Beijing	86	64	s	86	66	pc
Berlin	65	50	sh	64	52	sh
Brussels	63	54	sh	62	51	sh
Buenos Aires	64	46	s	63	49	pc
Dubai	106	89	s	105	88	s
Dublin	60	46	r	57	45	sh
Edinburgh	60	46	sh	57	43	sh

The WSJ Daily Crossword | Edited by Mike Shenk



SUPER DUPERS | By David Poole

Across

- 1 Flexible blackjack cards
5 Gala
10 Bonkers
14 "C U L8R," e.g.
15 Extra charge
16 Way off
17 Lion's place
18 Lion's warnings
19 "McMillan & Wife" org.
20 Superhero whose power is putting together IKEA furniture?
23 Furious feeling
24 Parlor piece
25 Miniature racer
27 Pacifies
30 Spooky-sounding lake
- 31 Brandenburg Concertos composer
34 Refrain syllables
36 Frederic's love in "The Pirates of Penzance"
39 Bachelor's last words
18 Lion's warnings
40 Latvia's northern neighbor
41 McDonald & Wife org.
42 Encouraging cheer
43 Pesto herb
45 Abbrev. on a business letter
46 Song for the masses
47 Hotel employee
49 What tapping on the table might mean
- 51 Some busts
54 Sniggler's activity
58 Sleazy newspaper
59 Superhero whose power is keeping ships from drifting?
62 Budget's sister company
64 Modern Persian
65 facto
66 Gown designer Wang
67 San (Silicon Valley city)
68 Baseball feature
69 Single
70 Dirty campaign tactic
71 Fanning of "The Beguiled"

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

Down

- 1 Bearer of the heavens
2 Stop
3 Live and breathe
4 Pre-race ritual
5 Pressing needs?
6 Revered figure
7 Brisbane greeting
8 Baylor buildings
9 Reduced
10 Cruces, New Mexico
11 Superhero whose power is getting a Microsoft suite to run?
12 "It's a Wonderful Life" director
13 General delivery?
21 culpa
22 Bellini opera
26 Alicante aunt
28 Hari
29 Laziness
31 Red Lobster freebie
32 Sooner State city
33 Superhero whose power is mixing vodka cocktails?
35 Against
- 37 Wood that's resistant to splitting
38 "Dancing With the Stars" judge Goodman
40 "My Fair Lady" lady
41 Cabinet department that oversees the National Park Service
44 McShane of "American Gods"
46 Household hints columnist
48 Stonewashed pants
50 Kitten comment
51 Encouraging cheer
52 Letter carrier in "Game of Thrones"
53 "Get lost!"
55 Spur
56 Like Bob Dylan's singing
57 Oft-stolen garden figurine
60 More than dislike
61 Top draft classification
63 "Here's a thought..."

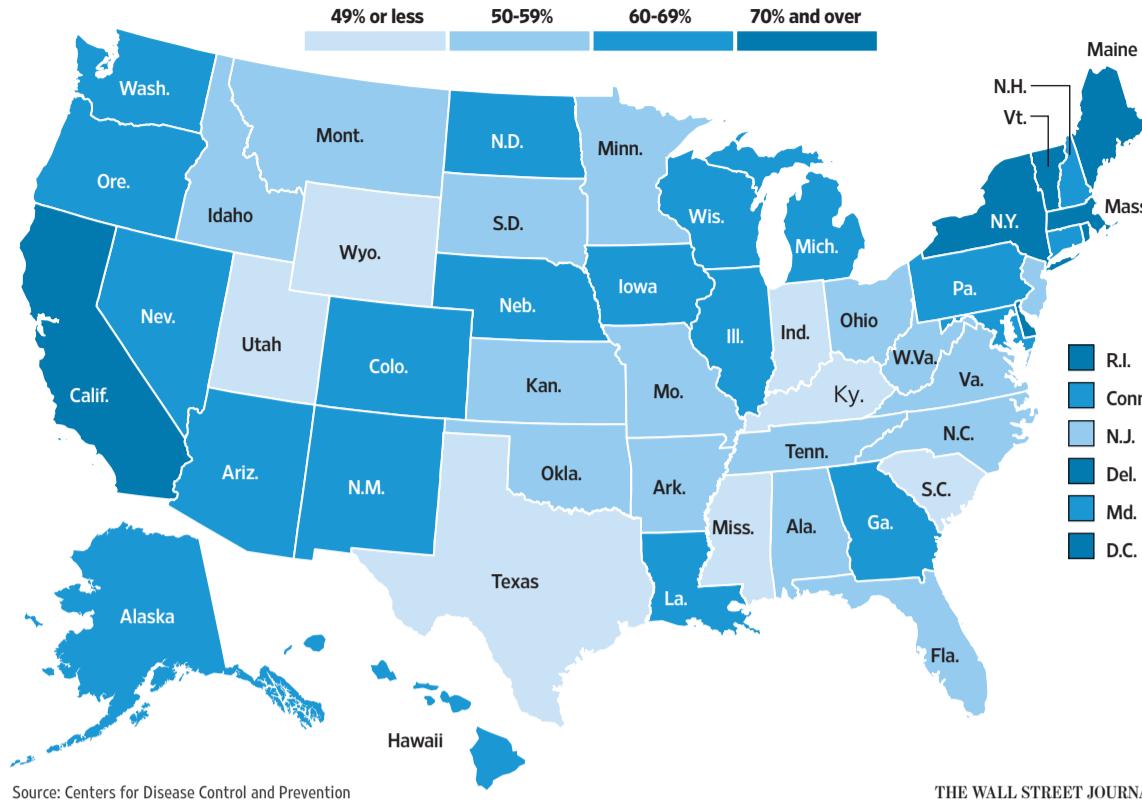
Previous Puzzle's Solution

E	D	A	M	A	R	I	N	G	M	A	L	E
L	U	X	E	N	P	A	L	I	M	A	X	
S	I	M	E	N	P	A	L	I	M	A	X	
E	P	S	O	M	I	D	E	H	A	N	D	
D	I	B	T	S	F	A	C	T	A	T	E	
M	I	L	I	E	U	B	U	S	L	O	A	
I	C	E	R	Y	U	S	T	A	T	E	T	
N	A	G	H	A	M	T	H	O	E	P	P	
O	M	A	R	A	G	A	R	E	B	A	N	
R	E	A	T	E	D	U	N	I	T	E	S	
E	D	I	E	T	B	E	N	D	S	S	S	
E	D	I	E	T	B	E	N	D	S	S	S	

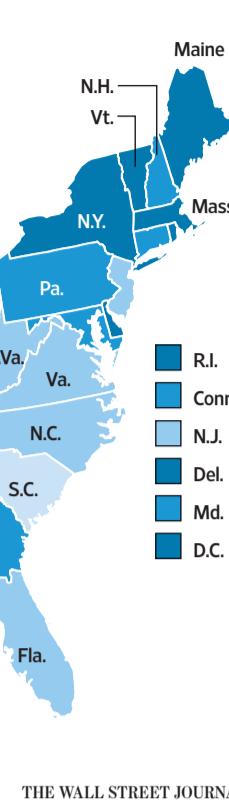
LIFE & ARTS

Wide Range of Vaccines for Teens

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



Source: Centers for Disease Control and Prevention



Despite efforts to get more doctors and parents on board with vaccinating children against HPV, experts say more work is needed, particularly in rural areas where vaccination rates are lower.

cases of cancer every year. The HPV vaccine protects against about 90% of those cancers. More than 70% of the U.S. population will experience at least one HPV infection at some point.

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

The annual survey, administered by the Centers for Disease Control and Prevention, was published in August in its Morbidity and Mortality Weekly report. The telephone survey included the parents of 20,000 teens across the country. They were interviewed and their children's vaccination data was confirmed with health-care providers.

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

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

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

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

Dr. Stokley says researchers were pleased to see that the percentage of teenagers receiving the first dose of the HPV vaccine

went up 4 percentage points last year, to 60%.

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

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

More than 70% of the U.S. population will experience at least one HPV infection.

"The thing that was most worrisome to us is actually a decline in the percentage of women who completed the vaccination," she says. "I think that speaks to the difficulty getting kids back into the office."

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

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

A Tough Sell for the HPV Vaccine

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

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

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

Getting the full series is "an

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

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

HPV vaccine usage has likely been hurt by antivaccine sentiments that have spread in recent years. It also carries a stigma from being associated with a sexually transmitted infection, causing some critics to say it might encourage sexual behavior in

teens or isn't a worry for children who aren't yet sexually active.

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

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

HPV causes more than 30,000

Think about this long before the kids leave home. Don't assume that once your schedules are your own you will magically rekindle the spark of passion or find it easy to connect. It is also important to talk openly about what's going on—not only about your individual experiences but what you want and need from each other as partners.

I see lots of couples where one partner is excited about all the free time and ready to go on adventures while the other one is sad, lonely, and just wants to grieve. This difference isn't bad, but it usually sets the stage for some resentment and judgment on both sides.

Should you talk to your child about your feelings? Part of cultivating a new relationship with your child is having more grown-up conversations. The goal is to share appropriately without making your child feel responsible for your emo-

tional state. One way to check yourself before sharing is to ask yourself what you hope to get from the conversation. If the answer is comfort and caretaking, then it is probably best for you to talk to a friend, family member or your significant other first.

How can you renegotiate your relationship with your child? Create some new routines. Some things will happen organically, like a phone call on Thursdays as you head to work and they head into their early class. Be intentional about establishing some simple ways to con-

nect regularly. This could include anything from emails, texts and phone calls, to social media check-ins or setting a schedule for visits.

And remember that being emotionally supportive to an adult is much more about being available than it is about fixing problems.

Practice being a good listener and ask before giving advice. Not only will you respect your child's desire for autonomy but you send the message that you believe in their ability to manage their life without your input even when you want to give it.

PARENTS

Continued from page A11
ences that lay ahead of them. Envy can also be a problem for parents who felt they didn't get the same opportunities. Unfortunately this is often wrapped up in guilt as well. Parents who find themselves feeling jealous of their child's opportunities often feel guilty or ashamed of that feeling.

How does empty nesting affect a couple?

It can be easy to neglect your relationship while the kids are home and life is centered around family rather than romance, but once the kids leave you have to figure out how to reconnect. At a time when you both may need comfort and companionship, you are faced with the realization that you don't know how to do that with each other very well anymore.

Steps for the First Fall

Some advice from Esther Boykin on weathering empty nesting:

- Feel the feelings. Cry, write in a journal, vent to a friend, family member or therapist. Do whatever you can to let those emotions out.
- Take care of yourself. Eat healthy, go outside, listen to music, get adequate sleep. It's easy for sadness to overwhelm us and that can put us in a cycle of poor self-care, which only amplifies difficult emotions.
- Develop a check-in ritual. Tell your child you miss him or her and establish a routine for phone calls,

text messages or FaceTime. Respect your child's need for independence but also honor your need for connection.

- Let go of the guilt. There is so much time now to question all the parenting decisions made over the previous 18 years. Don't waste time looking back. Focus your energy on remembering the fun and joy of parenting at each stage of your child's life.
- Build a support circle. Reach out to other parents who have gone through this life stage. Many universities have parent groups in various cities and on social media.

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SPORTS

MLB

Stanton Stokes a Home-Run Debate

The Marlins slugger recently called Barry Bonds's 73 home-run record 'tainted,' and pointed to Roger Maris's mark of 61

BY JARED DIAMOND

AS MIAMI Marlins slugger Giancarlo Stanton continues his march toward 60 home runs, his power surge has reignited one of baseball's fiercest debates: What makes a player the "true home run king?"

From a strictly numerical standpoint, this isn't a complicated question. Regardless of one's opinion about performance-enhancing drugs and their legacy in the game, Barry Bonds holds the single-season home run record with 73, a total he reached in 2001. As Major League Baseball's official historian John Thorn puts it, "There's no getting around the arithmetic."

If only it were that simple. Bonds's connection to PEDs has cast a shadow of illegitimacy over his achievements in the eyes of many. The same goes for Mark McGwire and Sammy Sosa, two other steroid-era mashers who surpassed Roger Maris's hallowed mark of 61. Stanton himself has stoked these flames, telling local reporters last month that "considering some things" he views 73 as tainted and that 61 had "always been that printed number."

"But at the same time, it doesn't matter," Stanton said. "The record is the record."

There is perhaps no record in all of sports that inspires as much passion and scrutiny as home runs. They are "linked to male potency," Thorn said, while singles and doubles "are described as 'artistry.'"

You might think Maris's record is the one that should count. Well, Maris needed 162 games to do what Babe Ruth did in 154. Plus, 1961 was an expansion year, with two teams added to the American League, thinning the quality of pitching. So that should make Ruth's 60 homers the "real" record, right? Well, Ruth played before MLB was integrated and therefore faced subpar competition.

Go back nearly a full century, and people were already arguing about this topic. Thorn said that in 1919, the baseball community initially celebrated a new record when Ruth hit No. 26, surpassing the 25 hit by Buck Freeman for the 1899 Washington Senators. But not long after, researchers uncovered that a player named Ned Williamson had actually hit 27 home runs for the Chicago White Stockings in 1884. The New York Times referred to Freeman's as the "modern home run record," with Williamson's mark "discovered in the dusty archives of the game."

Naturally, this sparked a whole new controversy: The fence in

some areas at Williamson's home park was less than 200 feet away from home plate, so balls hit over it were ruled doubles. Except in 1884, that is, when the White Stockings changed the ground rules to make those balls home runs. Williamson's homer total jumped from two to 27, with 25 of them coming at home.



CLOCKWISE FROM TOP: JAESEN VINLOVE/REUTERS; WILLIAM SMITH/ASSOCIATED PRESS; JOHN G. MABANGLO/AFP/GETTY IMAGES

Miami Marlins slugger Giancarlo Stanton, top, has 54 home runs this season. Barry Bonds, bottom left, hit 73 home runs in 2001. Roger Maris, bottom right, wears the Sultan of Swat crown after hitting 61 home runs in 1961.

run hitter in a season marked by a home-run bump," Thorn said.

Indeed, home runs are flying out of ballparks this season like never before seen. Teams across the league are on pace to smash more than 6,000 homers, shattering the all-time record of 5,693 set in 2000, the heart of the steroid era.

Plenty of theories have abounded as to why this is happening. Some pitchers, like Houston's Justin Verlander and Boston's David Price have pointed to the physical properties of the baseballs themselves, suggesting that they are flying farther. MLB

commissioner Rob Manfred has denied that any changes have been made and insisted that the balls fall within the league's specifications, though independent studies have uncovered some evidence that balls are behaving differently.

Hitters, meanwhile, attribute the homer barrage to pitchers going away from sinkers and sliders and toward high fastballs, as well as batters moving to an offensive approach that emphasizes hitting the ball in the air. Arizona outfielder J.D. Martinez, who resurrected his career by overhauling his swing to incorporate a slight

uppercut, said in a recent interview that, "10 years ago, nobody knew what a good swing was."

"There's just more work being done and more study being done about the swing now," Diamondbacks hitting coach Dave Magadan said. "For a lot of years it was, 'Swing down, swing down.'"

Whatever explains the massive home-run spike, Stanton's power stands alone. He has 54 home runs, 13 ahead of his closest competitor, New York Yankees outfielder Aaron Judge, entering Monday's action. There hasn't been a larger gap between the home-run leader and No. 2 over a full season since 1933, when Jimmie Foxx hit 48 to Ruth's 34.

That's a testament to Stanton, a 6-foot-6, 245-pound specimen consisting almost entirely of muscle. Eleven of his home runs this season have traveled more than 450 feet. Injuries had limited him to an average of about 115 games a year from 2012 through 2016. This season, he's showing the extent of his capabilities.

"Guys like Stanton are extremes," Martinez said. "How the heck are you going to find a guy like him? The guy is built like a freaking freight train. Stanton's going to hit homers if he's hitting lefty or is holding the bat upside-down."

Then there's the issue of steroids, and the possibility that the use of illegal substances have returned in force. Lloyd Smith, the director of the sports science laboratory at Washington State University, said, "The last time we had a big controversy in the game and people were wondering about juiced balls, it turned out to be juiced players."

But while the total number of homers are surpassing the steroid era, the distribution of those homers is dramatically different. Outside of Stanton, it appears nobody else will even hit 50 home runs, let alone 60. Instead, nearly 125 players are on pace to hit at least 20 homers; in 2000, the year with the most home runs ever, 102 players reached the 20-homer mark, but 16 had at least 40.

All of this is the context in which Stanton is chasing 60 homers. Lots of homers are being hit, but nobody is hitting them like Stanton. He is on track to become the first player to hit 60 since MLB started testing for PEDs.

What Stanton won't have, however, is the single-season home-run record. Neither will Maris or Ruth. The record belongs to Bonds.

"This sudden nostalgia for Maris or Ruth has something to do with our need to have heroes and villains in this game," Thorn said. "This is a game of mythology, baseball."

SOCER

REAL MADRID LOOKS LIKE A REAL DYNASTY

BY JOSHUA ROBINSON

NO SPORTS DYNASTY has ever been made by winning a title just twice in a row. But on the field of Cardiff's Principality Stadium last spring, with the Champions League trophy back in its hands, Real Madrid offered a compelling case to the contrary.

Their argument was simple: in the tournament's modern era, no other club had ever won Europe's most prestigious tournament back-to-back. "I didn't think it was possible to defend this title," midfielder Toni Kroos said on the field that night. "It is so difficult to win it once."

Four months later, Real's case for dynasty status hasn't just grown, it has reached a ridiculous new high. As the Champions League kicks off on Tuesday, it not only seems possible that Real Madrid will defend this title again—it's difficult to imagine any other outcome.

Until Real did it last season, repeating as champions was considered an almost impossible task in the modern game. In the European championship tournament that preceded the Champions League, AC Milan won back-to-back titles in 1989 to 1990; the last three-time winner was Bayern Munich in the mid-1970s.

But those triumphs came long before the billionaire-driven Champions League was born in 1992. The current tournament features a long group stage before proceeding to a knockout round.

When Milan won the 1990 title, for instance, it played just nine games. The modern slog through the final takes nine months and 13 games—more time for things to go wrong, more time for Barcelona or Bayern or Juventus to throw a wrench in the Real works.

And yet, Los Blancos still manage historic levels of consistency. They have reached the semifinals in each of the past seven seasons.

Their secret is tricky to pin down. They spend huge amounts on player salaries, but their payroll isn't that much more absurd than any other superclub's. They haven't built a particularly distinctive style of play. And they replace managers like Cristiano Ronaldo changes hairstyles.

But there is one thing about the club that no one else in Europe can match. Over the years, Real Madrid has convinced itself that it isn't just a worthy winner of the Champions League. Rather, it believes it is the only worthy winner of the Champions League. In the 2014 final, it found a stoppage-time equalizer to topple Atletico Madrid. In the 2016 final, it survived a penalty shootout to beat Atletico again. And in 2017, Real trailed in five of its six knockout games before the final and won the tournament anyway.

"We're Real Madrid and we always fight until the very end," defender Marcelo said after clinching a spot in last season's final.

That Real's string of semifinal appearances coincides with the Cristiano Ronaldo era at the club



Real Madrid's Cristiano Ronaldo, right, celebrates after scoring during the Champions League final in June.

is no coincidence. The team has been built around him since his arrival from Manchester United in 2009 and has molded itself to his evolving game.

Now 32 years old, Ronaldo is no longer the full-time playmaker he was earlier in the career. He has simplified things to focus on scoring goals while Real manager Zinedine Zidane makes sure he has the legs to do so by managing his minutes more carefully.

Ronaldo repaid the team's flexibility last season by saving his best performances for the Hollywood occasions. He scored hat tricks against Bayern Munich and Atletico Madrid in the quarters and semis, respectively, before banging in two more goals in the final against Juventus.

This season, Ronaldo has barely featured for Real, due to a five-

game domestic suspension for shoving a referee. (Possibly the one thing in soccer that even Ronaldo can't get away with.) Without him, the club has drawn its past two games, fallen four points behind Barcelona already and sparked talk of an attacking crisis. But Ronaldo's ban doesn't apply to European competition. So when he returns for Real's opener against Cypriot club APOEL on Wednesday, all will seem right in the Real universe again.

"He can't wait," Zidane said of his biggest star. "He's fed up of not playing for us."

As for the rest of Europe, Real's biggest opponents will be the same cast of usual suspects it has wiped the floor with in the past two years. The likes of Bayern Munich, Atletico Madrid, and Juventus are not significantly improved

since last season. Barcelona, under new coach Ernesto Valverde, could easily go backwards without Neymar and Paris Saint-Germain has yet to prove it can move forward with Neymar. (The scars of PSG's collapse at Barcelona last season have yet to heal, too.)

Then there are the five English clubs in the competition this year. Their greatest enemy, as ever, is each other and the grueling Premier League schedule, which softens them up in the Champions League.

While Real's opponents scrambled to re-arm this summer, the Spanish champions tried something new: stability. Over the past two summers, Zidane has spent a total of \$76 million on new players.

Then again, Zidane knows there is no stamp of approval for a squad like winning the Champions League twice.

OPINION

The Cruelty of Barack Obama



MAIN
STREET
By William
McGurn

Throughout his political life, Barack Obama has been hustling America on immigration, pretending to be one thing while doing another.

Now he's at it again. Mr. Obama calls it "cruel" of Donald Trump both to end the Deferred Action for Childhood Arrivals program that protected hundreds of thousands of people who came to the U.S. as children illegally—and to ask Congress to fix it. The former president further moans that the immigration bill he asked Congress to send him "never came," with the result that 800,000 young people now find themselves in limbo.

Certainly there are conservatives and Republicans who oppose and fight efforts by Congress to open this country's doors, as well as to legalize the many millions who crossed into the U.S. unlawfully but have been working peacefully and productively. These immigration opponents get plenty of attention.

What gets almost zero press attention is the sneakier folks, Mr. Obama included. Truth is, no man has done more to poison the possibilities for fixing America's broken immigration system than our 44th president.

Mr. Obama's double-dealing begins with his time as junior senator from Illinois,

when he helped sabotage a bipartisan immigration package supported by George W. Bush and Ted Kennedy. Mr. Obama's dissembling continued during the first two years of his own presidency, when he had the votes to pass an immigration bill if he had chosen to push one. It was all topped off by his decision, late in his first term, to institute the policy on DACA that he himself had previously admitted was beyond his constitutional powers.

Let this columnist state at the outset that he favors a generous system of legal immigration because he believes it is good for America. Let him stipulate too that a fair and reasonable solution to 800,000 children who are here through no fault of their own should not be a sticking point for a nation as large as America. But once again, here's the point about Mr. Obama: For all his big talk about how much he's wanted an immigration bill, whenever he's had the opportunity to back one, he's either declined or actively worked to scuttle it.

Start with 2007, when a coalition of Republican and Democratic senators came up with a bill that also enjoyed the support of the Bush White House. It wasn't perfect, but it extracted compromises from each side—e.g., enhancements for border security, a guest-worker program, and the inclusion of the entire Dream Act, the legislation for children who'd been brought here illegally that

Mr. Obama claims he has always wanted.

Sen. Obama opted to back 11-hour amendments that Kennedy rightly complained were really intended as deal-breakers. At a critical point, Kennedy urged that President Bush ask then-Senate Majority Leader Harry Reid to keep the Senate in session to get the

last few votes the bill needed. Mr. Reid opted for the Obama approach: Concluding he'd rather have the political issue than actual reform, he adjourned the Senate for the July 4 recess.

A year later Mr. Obama was running for president. Before the National Council of La Raza, he vowed: "I will make [comprehensive immigration reform] a top priority in my first year as president." Yet notwithstanding the lopsided Democratic majorities he enjoyed in Congress his first two years, he didn't push for immigration legislation, which makes his promise to La Raza rank right up there with "if you like your health care plan you can keep it."

Mr. Obama frequently noted the limits on his powers. "I know some here wish that I could just bypass Congress and change the law myself.

Write to mcgurn@wsj.com.

On immigration reform, the former president isn't what he says he is.

last few votes the bill needed. Mr. Reid opted for the Obama approach: Concluding he'd rather have the political issue than actual reform, he adjourned the Senate for the July 4 recess.

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Today Carl Cannon, executive editor and Washington bureau chief for RealClearPolitics, is almost alone in the national press in pointing to this history, in a piece pegged to the Democratic response to President Trump's pitch to codify DACA into law. "Instead of responding to this overture in a spirit of compromise," Mr. Cannon writes, "Democrats chose vitriol and name-calling, their default position in the Trump era."

Perhaps, suggests Mr. Cannon, a "certain ex-president" is accusing Mr. Trump of cruelty "to help us forget" that when he and other Democrats "had the chance to grant 11 million immigrants access to the American dream, they instead chose, for partisan purposes, to keep them in the shadows." Fair enough to criticize Mr. Trump and Congress for whatever they do going forward to clean up this mess. But let's remember the Obama duplicity that created it.

Write to mcgurn@wsj.com.

How Do Palestinians Define 'Terrorism'?

By Jonathan Schanzer
And Grant Rumley

The Taylor Force Act is gathering momentum in Congress. Named for a West Point graduate who was stabbed to death by a Palestinian during a 2016 trip to Israel, the bill would cut American aid to the Palestinian Authority until it takes "credible steps to end acts of violence" and stops paying stipends to convicted terrorists. The legislation recently passed the Senate Foreign Relations Committee with rare bipartisan support, and last week Sen. Lindsey Graham attached it to the 2018 Foreign Operations budget, all but guaranteeing it will go into effect next year.

That means the clock is now ticking for the Palestinian Authority, which receives around \$350 million from the U.S. each year. The Taylor Force Act wouldn't block humanitarian or security aid, meaning U.S. funds wouldn't be zeroed out, but our sources say the total could fall as low as \$120 million, depending on how far Congress and the Trump administration want to go. At the same time the PA's support from other donors is dropping, putting further strain already on the government in Ramallah.

Palestinian Authority President Mahmoud Abbas and his coterie say they cannot roll back the practice of paying convicted terrorists, which dates to 1964. They say failing to pay the salaries—estimated at around \$350 million a year—

would create an opening for the terror group Hamas or even Iran. They further argue that pulling the funding would deprive thousands of families of their livelihoods, which could spark protests and threaten the Palestinian Authority's rule.

Congress will rightly reject these arguments. The PA's obstinacy is the reason the Taylor Force Act is so close to becoming law. Lawmakers and the White House signaled for months that a cutoff was coming, yet Mr. Abbas refused to take action.

As the U.S. moves to cut aid, setting out a clear legal meaning would be a good step.

There is one step Mr. Abbas could take to demonstrate that he is taking Congress seriously: He could issue a definition of terrorism to his own people. Remarkably, the Palestinian Authority's "Basic Law" does not mention terrorism. The State Department says that although the PA has criminalized acts of terror, it lacks legislation "specifically tailored to counterterrorism."

The PA's security forces do regularly raid terror cells and detain operatives across the West Bank. In late July, for example, they nabbed Hamas members in four major cities. But the PA typically justifies such actions under presiden-

tial decrees, such as one that prohibits "harming public security."

In the past, PA forces also had claimed jurisdiction under a combination of legal parameters, including the Palestine Liberation Organization's Revolutionary Penal Code of 1979 and a set of Jordanian military codes. But since Mr. Abbas's election in 2005, and especially after the 2006 elections and the devastating 2007 civil war with Hamas, he has governed almost exclusively by executive decree.

A law passed by the PA's parliament that defines and criminalizes terrorism would carry greater weight and almost certainly garner more respect from the Palestinian people. But internecine conflict has rendered the parliament defunct, making a new law all but impossible to pass.

Mr. Abbas's decrees provide the Palestinian security forces with a broad mandate for arresting terror operatives who plot attacks against Israel or the PA. Mr. Abbas issued an order in 2007 that states "all armed militias and military formations . . . are banned in all their forms." At times, he has condemned acts of terror, such as last month after three Arab-Israelis killed two police officers in Jerusalem. The PA's news agency reported that Mr. Abbas called Israeli Prime Minister Benjamin Netanyahu and "expressed his strong rejection and condemnation of the incident."

Yet the PA continues to pay

stipends to people convicted of such attacks. The Palestinians could buy considerable goodwill merely by defining what the PA considers terrorism. Setting out such a definition would not change Congress's demands or prevent the Taylor Force Act from passing. But it would signal the PA is taking steps to address the problem. From there, the PA's next step would be to cut off money to convicted terrorists, pursuant to its new definition.

The Taylor Force Act's current language demands that the State Department certify every 180 days that the Palestinian Authority is "taking credible and verifiable steps to end acts of violence against Israeli citizens and United States citizens." Defining terrorism would be a credible and verifiable step, even if a limited one.

If Mr. Abbas were to do this, the world would closely watch his next move. If Palestinian leaders continued to condemn American lawmakers for considering cuts to aid, and if the PA kept paying prisoners convicted of terrorism, then the exercise would mean little. Congress would have every right to withhold funds, and the Taylor Force Act could be the beginning. But if Mr. Abbas truly wants to take an alternative path, defining terrorism would be a start.

Mr. Schanzer is a senior vice president at the Foundation for Defense of Democracies, where Mr. Rumley is a research fellow.

Canada's Tax on Being American

By Yvonne Morris
McCallum

My husband and I were living in California when, in 2002, we used retirement funds to buy a picturesqure condominium in Vancouver, British Columbia. Over the next 15 years, we paid our property taxes, tried to be good neighbors, and supported the local economy. Then last year the welcome mat was pulled from under our feet.

For decades the U.S. and Canada have been tangling over trade issues, like rules on dairy products and softwood lumber. But Canada's latest creative attack is on the retirement savings of Americans like me. President Trump may have a point when he says that "people don't realize Canada's been very rough on the United States."

In August 2016, Vancouver introduced a 15% tax on real-estate purchases by foreigners.

Within eight months, the levy had scooped up 102 million Canadian dollars. The tax was implemented so abruptly—going into effect six days after it was passed—that buyers in escrow either had to lose their down payments or cough up an additional 15% of the purchase price.

Vancouver, where I have a condo, is trying to soak outsiders.

A few months later, Vancouver introduced an annual "empty home tax" equal to 1% of the property's assessed value. Since the levy is inapplicable if your Vancouver home is your principal residence, it's obviously aimed at foreigners like us. At our condo's current valuation, the tax will cost us almost US\$33,000 a year.

According to the Vancouver Sun, the city will ensure

compliance by relying on "snitch-and-audit enforcement." Neighbors will be "leaned on" to help uncover homes claimed as principal residences that actually aren't. When the public objected to the tax, the Vancouver City Council's response was simple: pay up, rent out your property, or sell.

Renting our place out for at least six months a year would circumvent the tax. Except that our condo rules require a minimum lease of six months. This is impractical given that we want to be there during the summer and allow friends and family to stay periodically throughout the year. Even worse, if we did decide to rent, we'd be liable for "deemed disposition" taxation and would have to file a Canadian return, even though we're Americans.

Nationality-based taxes are among the worst kinds of protectionism. The North American Free Trade Agreement expressly covers real estate

owned by Americans in Canada. For that matter, Nafta covers real estate owned by Canadians in the U.S., of which there is plenty.

When America's neighbors buy U.S. property, they aren't targeted for extra taxation. Canadians are quick to criticize Americans for protectionism, but if Phoenix and Palm Springs were to pull the same stunt as Vancouver, the squawking of the "snow birds" from up north would be deafening.

With Prime Minister Justin Trudeau at the helm, Canadians are reveling in international adoration, which stokes their national self-identity of kindness, politeness and fairness, supposedly in contrast to their brusht southern neighbors. Perhaps it's time Canada practiced what it preaches.

Ms. McCallum is a retired professor of psychiatry and behavior sciences at Stanford Medical School.

BOOKSHELF | By Edward Kosner

The Gotham Growth Spurt

Greater Than Ever

By Daniel L. Doctoroff
(PublicAffairs, 371 pages, \$28)

In a certain way, Michael Bloomberg was the ideal mayor for 21st-century New York: He was an out-of-towner with no sentimental notions about fabled Gotham; an entrepreneurial businessman used to getting his way and to success; a multibillionaire who financed his own campaigns and owed no favors to greedy donors. And he was a very smart man who managed to keep his big ego and non-P.C. sense of humor snugly under wraps.

He also had a tough-minded fix on the city's place in the economic pecking order. New York is a luxury good, he liked to say, and people—Fortune 500 corporations, investors, tourists—are willing to pay for it. He then spent 12 years polishing what has become a golden age for New York out of the smoky nightmare of 9/11 and the Great

Recession that began six years later. Critics carped that he and his fellow one-percenters intensified economic inequality in the city, but the argument never really slowed down development, and the city flourished.

Now, with many New Yorkers complaining that life in New York is raveling under Mr. Bloomberg's progressive successor, Bill de Blasio, a top Bloomberg lieutenant is telling his version of how the city was revitalized. Daniel L. Doctoroff, a recovering investment banker, was the city's economic czar as a deputy mayor for much of the Bloomberg era. "Greater Than Ever: New York's Big Comeback" is an exhaustive reconstruction of the city's revival from 2002 to 2014.

Mr. Doctoroff's book is actually a memoir disguised as an account of metropolitan renewal. It can be tedious going for all but urban-affairs buffs, but it does offer a valuable lesson in how much money, brainpower and relentless application it takes to achieve real progress in a big city beset by old-school politics, racial and ethnic conflict, and crumbling infrastructure.

As the author tells it, the redemption of New York had its origin in Mr. Doctoroff's quixotic 1996 brainstorm to have the city host the 2008 Olympics. Preparing the bid, he scouted the boroughs for existing and prospective sites for Olympic events, eventually identifying the railyards on the far West Side of Midtown Manhattan and the Queens and Brooklyn waterfronts as prime locations for a stadium, the athletes' village and other venues. Days before he was sworn in on New Year's Day 2002, the new mayor hired Mr. Doctoroff to direct the city's economic development and rebuilding. The Olympic bid ultimately slid to the 2012 Games, but the Doctoroff template for regenerating the city was in place.

As deputy to Mayor Michael Bloomberg, Daniel Doctoroff oversaw the renewal of the Brooklyn waterfront and West Side railyards.

Mr. Doctoroff is so transfixed by his Olympic dream that it nearly overwhelms his story of the Bloomberg renaissance. Page after page is devoted to numbing accounts of his world travels to court shifty Olympic committee voters who determine the winner of the host competition. "Waiting around in a lobby until I spied someone to grab, often a person with whom I had nothing in common and who didn't speak English well, brought out my biggest anxieties," he confides, unnecessarily. Perpetually jet-lagged, he exhausted himself and strained his marriage. Early on, a sympathetic Olympic insider tipped him that New York stood no chance, but he pressed on anyway. He made building a football stadium for the Jets on a choice parcel of the railyards the heart of the Olympic bid—a misguided idea if ever there was one—and saw it scuttled by the sensible opposition of the New York Times editorial page and the opaque State Assembly Speaker Sheldon Silver.

The stadium founded in part because the city's focus at the time was the resurrection of the World Trade Center site ravaged on 9/11. Mr. Doctoroff paints an unflattering picture of New York Gov. George Pataki, who, he claims, viewed decisions about the nascent Freedom Tower through the prism of his own outlandish quest for the Republican presidential nomination.

Still, impressive progress was made. During Mr. Doctoroff's time in City Hall, the rescue of Ground Zero was one of many accomplishments. There was the transformation of abandoned elevated rail tracks on the Lower West Side of Manhattan into the tourist-magnet High Line; new stadiums for the Mets and Yankees; spanking-new waterfront parks in Brooklyn, plus rehabilitation of the Brooklyn Navy Yard and Coney Island and a new arena, the Barclays Center, and other development in downtown Brooklyn; the conversion of Governors Island into a park just 800 yards from lower Manhattan; and the transformation of those old West Side railyards into a new Manhattan neighborhood with its own subway station, though no ugly football stadium.

The key to much of this was an early decision to rezone 140 neighborhoods from outdated manufacturing areas to mixed-use—a laborious process involving endless meetings with neighborhood groups and landlords, painstaking analyses, and more carrot-and-stick politicking than you want to know about. Some of the projects were public, some private, most a combination of the two. The Wall Street savvy of Mr. Doctoroff and the people he recruited conjured innovative financial solutions that often saved the day.

Mr. Doctoroff's reconstruction of how he and the mayor broke the impasse that was stalling the resurrection of Ground Zero is a depiction of political sausage-making at its most pungent. After six exhausting years at the mayor's side, Mr. Doctoroff left to run the Bloomberg media empire and now works with Google on the digital future of cities.

As Mr. Doctoroff points out, nearly all the projects that he and the mayor outlined at the start have now been completed. Intractable problems—homelessness and the public schools, among others—endure. But no one can fairly argue that Bloomberg and Co. didn't leave New York far, far stronger than they found it.

Mr. Kosner is the former editor of Newsweek, New York, Esquire and the New York Daily News.

OPINION

REVIEW & OUTLOOK

Trump, Taxes and the Democrats

President Trump is elated with the media applause for his new political condominium with Democrats Chuck Schumer and Nancy Pelosi, and it is amusing to see sudden praise from the same circles that claim he's unfit for the Presidency. If Mr. Trump endorses Medicare for all, maybe they'll put him on Mount Rushmore.

But anyone who thinks this really heralds a brave new world underestimates the current polarization in American politics. Democrats might be able to deal with Mr. Trump if the President embraces their agenda. But then he's going to have a heck of a time getting anything through this Republican Congress. On tax reform in particular, there's little potential common ground.

Recall that Mr. Trump didn't negotiate with Democrats last week. Like a first-time home buyer, he accepted their first offer. His concession was mainly on process, delaying for three months a fight over government spending and the debt ceiling—as part of a \$15.25 billion hurricane relief bill. Yet even that split the GOP, passing the House 316-90 and the Senate 80-17. All the nays were Republicans, who think Mr. Trump handed Democrats greater leverage for showdowns in December.

Mr. Trump seems to be warning Mitch McConnell and Paul Ryan that he can turn to Democrats if they can't get things done. But turn to them for what? Infrastructure spending is a possibility, except that Mr. Schumer wants all of it to be public money, not a private-public bond issuance. An immigration deal might have a chance, assuming Mr. Trump abandons his wall on the Mexican border. What else?

The December showdown will tee up another fight over the size of government. Does Mr. Trump think Mr. Schumer and Mrs. Pelosi will sign off on his spending increase for the Pentagon? Or steep cuts for the EPA? Even if Mr. Schumer were willing, the antipathy that grassroots progressives feel for Mr. Trump won't let Democrats compromise on much.

The same holds for tax reform, which Mr. Trump says is his top priority. Mr. Schumer and 44 Senate Democrats stipulated their conditions for tax cooperation in a letter this summer: No tax cut for the wealthy, no increase in the deficit, and no use of the 50-vote budget reconciliation process. Only three Democrats didn't sign that letter: Heidi Heitkamp (N.D.),

Joe Manchin (W.Va.) and Joe Donnelly (Ind.).

Yet Mr. Trump says he wants a large tax cut, including a corporate tax rate of 15% from the current 35%, and big tax cuts for "the middle class" and small "pass-through" businesses that pay at the individual tax rate. Democrats might go along with the middle-class tax cuts, but those won't help

the economy.

The lowest corporate tax rate that Barack Obama would consider is 28%, which isn't nearly low enough to cause corporations to change investment plans. With Ireland at 12.5% and Britain headed for 17%, the U.S. needs to get to 20% to lift investment enough to spur growth to raise incomes. Will Mr. Schumer go along with that?

As for not adding to the deficit, that requires eliminating tax loopholes and using "dynamic" revenue scoring that assumes faster growth from the tax cut. Democrats aren't likely to go along with either one. They want to raise tax rates on investment income, but that is also a growth killer.

The best chance to win Democratic support is if the GOP and Mr. Trump move to eliminate the state-and-local tax deduction. Then Democrats from high-tax states might want to deal on the corporate rate in a trade for retaining the deduction. But after routing Republicans on health care, Democrats for now seem to believe they can defeat tax reform simply by claiming it's a tax cut for the wealthy.

Which means that if the President really wants Democratic votes on tax reform, he'll have to prove first that he has 50 Republican votes to pass it in the Senate. Only then will Ms. Heitkamp or Mr. Manchin come along to pad the victory margin and neutralize a 2018 campaign issue. They'll never agree to be the 50th vote to pass a bill because that would mean courting the wrath of anti-Trump voters on the left. They'd have to switch parties.

Mr. Trump has few policy convictions, and if Democrats win the 2018 elections we can see him cutting deals in the next Congress to blow out spending, impose price controls on drugs, raise tariffs on China, and maybe even Medicare for all. But if Mr. Trump wants tax reform in this Congress, he'll need Republican votes. Chuck and Nancy won't help him unless he surrenders to their vision of tax reform—which means a tax increase.

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The Ninth Circuit 'Resistance'

Some federal judges have joined the "resistance" to President Trump, but the Supreme Court doesn't seem happy about it. See the Court's pithy rebuke Monday to the Ninth Circuit Court of Appeals, which last week defied a Supreme Court decision on the Trump travel ban.

In June the High Court allowed most of Mr. Trump's executive order temporarily suspending refugee admissions and visas for travelers from six countries pending legal challenges. The Court carved out an exception for foreigners with a "credible claim of a bona fide relationship with a person or entity in the United States." For instance, those with children or parents in the U.S. or who have been admitted to American universities.

Federal Judge Derrick Watson in July effectively enjoined the Trump travel ban in toto—and overruled the Supreme Court's order—by extending the "bona fide" exemption to grandparents, aunts, uncles, nieces, cousins, brothers-in-law as well as refugees with no claim on

the U.S. The judge held that refugee resettlement agreements between nonprofits and the federal government could constitute a formal relationship. But if the Supreme Court had intended an exception for refugees, it would have said so.

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The Better IRS Reform

The long saga of Lois Lerner is coming to a close. Ms. Lerner was the infamous Obama Administration cat's paw at the Internal Revenue Service, which harassed conservative political groups in the Tea Party era. Now the Trump Justice Department has decided there is no cause to pursue criminal charges against Ms. Lerner, and Congressional Republicans are howling.

They're upset over a letter Assistant Attorney General Stephen Boyd sent Friday to House Ways and Means Chairman Kevin Brady and tax subcommittee head Peter Roskam laying out DOJ's reasons. The letter notes that the initial Obama DOJ investigation found "substantial evidence of mismanagement" at the IRS but no "evidence of criminal intent by any IRS official"—the necessary hurdle for prosecution.

Mr. Boyd assured the House that the offices of both Attorney General Jeff Sessions and Deputy Attorney General Rod Rosenstein met with Justice's Criminal Division to review that earlier investigation and to consider additional details provided by House investigators. They found no basis to reopen a criminal probe.

Republicans are furious. But this mess happened because the Obama Administration used federal bureaucracies for raw political purposes. If Mr. Sessions's Justice Department has found no way to prove criminal intent beyond a reasonable doubt, Republicans could begin the road back to accountability by respecting that decision.

What House Republicans should do now is create a structure that will stop assaults by bureaucrats on political activity. They've been

Sessions decides not to prosecute Lois Lerner. The GOP has options.

putting riders in spending bills to bar the IRS from imposing restrictions on nonprofit speech. But this thumbs-in-the-dike approach does nothing about powers that IRS functionaries already have over political activity.

The solution is to get the IRS out of the political arena by limiting its role to the most basic administrative task of giving initial approval to nonprofits. Transfer to the Federal Election Commission the job of deciding whether a nonprofit is abiding by the existing rules governing political spending. The FEC's commissioners would decide if complaints against the political activities of nonprofits had merit.

Democrats will rebel because the design of the FEC makes it difficult to sic the commission on political enemies. That's why they made the IRS their political enforcer. Legislators designed the FEC to prevent partisans from turning it into a political weapon.

It takes a majority vote among its six bipartisan FEC commissioners to proceed with a judgment. Commissioners are confirmed by the Senate and operate in the open. The status quo gives this job—and power—to the IRS's unconcerned, unseen federal bureaucrats.

Campaign-finance fights make Republicans nervous, but they've got a political self-interest in permanently transferring this job to the FEC. Once back in power, Democrats will mobilize a crackdown against their single biggest obsession—"dark money." Meaning the conservatives who fund their opposition.

Lois Lerner's IRS operation was the swamp at its worst. The GOP would do the country's politics a favor by draining these bureaucrats of partisan political power.

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The Better IRS Reform

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OPINION

Straight Talk for College Women

By Jennifer C. Braceras

Dear female members of the class of 2021:

Now that you've set up your rooms and purchased your course materials, it's time for some straight talk about sexual assault. If you follow the news, you've probably heard that 1 in 4 of you will be sexually assaulted on campus before graduation. Don't panic. Your parents did not just drop you and your belongings in a crime zone. Claims of a "campus rape crisis" are wildly inflated, and a little common sense will go a long way toward keeping you safe.

Be prudent about alcohol, and know that school administrators don't have your interests at heart.

The assertion that nearly a quarter of all college women are sexually assaulted is based on surveys that ask vaguely worded questions about behavior ranging from an unexpected kiss to rape. In analyzing the responses, those who lump all such conduct into a catchall category of "sexual assault" deliberately create a false impression in order to promote their view of the campus as a "rape culture." The truth is, you are far less likely to be raped than women

your age who are not in college. The Justice Department estimates approximately 1 in 53 college women will be victims of rape or sexual assault—an unacceptable number, but hardly an epidemic.

So what are campuses doing about it? Many have instituted mandatory training sessions aimed at changing cultural attitudes about sex and rape and making sure students are aware of college resources for addressing misconduct. Schools have built large administrative bureaucracies to investigate and respond to charges of campus assault. But while such responses may placate gender activists and insulate colleges from legal liability, they do little to keep you safe or punish criminal offenders.

Why? To begin with, the resources colleges offer are institutionally biased. The first job of any college administrator is to protect the college. College victim advocates and Title IX coordinators may have an interest in appearing "tough on assault," but they also have an interest in avoiding bad publicity, which means limiting your options and discouraging police involvement.

Workshops and training sessions will also do nothing to keep students safe if those sessions ignore the elephant in the room: the hookup culture. Academics and college administrators today operate under the assumption that alcohol-infused sex between virtual strangers is a matter of "private choice." They fear that any warnings to avoid such



ISTOCK/GETTY IMAGES

risk-fraught encounters will be lambasted as old-fashioned or, worse, judgmental. They live in fear that if they tell the truth about alcohol and hookup culture, they will be accused of "blaming the victim." So they refuse to give you tips that might actually keep you safe:

• *Do not get drunk and go home with someone you don't know.* Anyone who has followed the recent turmoil knows that binge drinking is the common denominator in reported incidents of campus assault. A drunken stupor never justifies criminal behavior, but staying sober can help avoid dangerous or compromising situations.

• *There's safety in numbers.* If you are out for a night of revelry, stay with friends. Don't leave the group

to go home with that cute guy you just met. If he is really interested (and worth your time), he will contact you tomorrow—when you're both sober.

• *Reject the hookup culture.* Sex without trust and commitment often ends poorly. It may sound old-fashioned, but it's really common sense: If you don't know someone well, and you are unsure whether you can trust him, it is really a smart idea to be alone with him in a state of partial undress?

• *Be self-confident.* It's OK to meet a guy around the keg or at the pong table, but hold out for a real date. You deserve it.

• *Buyer beware.* If you do decide to participate in the "hookup" culture, go in with your eyes open.

Promises made in the heat of passion are meaningless. Suitors will promise the moon to get you into bed. Many of them will want nothing to do with you the next day, which will (understandably) leave you feeling humiliated and exploited. That doesn't make you a rape victim. It makes you naive.

• *Be clear about your wishes.* If you do not want to do something, say so clearly. You are an adult, and you have free will and moral agency. You have a right to say no at any stage. But do not expect your partner to infer reluctance from your demeanor. Only you know what makes you uncomfortable, and it is up to you to articulate it.

• *If you are assaulted, seek immediate help from someone you trust who is not affiliated with the college.* Remember, the college's interests are not your own. Call your parents or another trusted adult, call 911, seek medical attention, or call a rape hotline. Do it as soon as possible.

Although you won't hear any of the above common-sense advice on campus, the best way to protect yourself is to follow it. College should be four of the greatest years of your life. Enjoy it, but be careful. And if, God forbid, you are assaulted, remember that the best way to punish offenders is through the criminal justice system. Don't let college administrators or ideologically motivated activists scare you into thinking otherwise.

Ms. Braceras is a lawyer and writer in Boston.

The Air Force Needs a Budget That Aims Higher

By Heather Wilson
And David Goldfein

We recently stood on the tarmac at Bagram Air Base in Afghanistan and watched as the brothers-in-arms of a young Green Beret carried a flag-draped transfer case containing his remains toward the aircraft that would bring him home. He was killed fighting Islamic State.

We visited Afghanistan and Iraq to meet with airmen and assess Air Force operations. We met B-52 crews in Qatar who had launched 573 sorties without once being canceled for maintenance, as well as Air Force surgical teams deployed in a bombed-out bunker to provide trauma care for Iraqi soldiers. We heard stories from heavy-construction crews keeping wells operating and runways open in 120-degree heat. We watched as combat air controllers choreographed layers of air support over Tal Afar, Iraq, and Raqqa, Syria.

Americans should be proud of U.S. airmen and their brethren in all of the services. They are competent citizens of character. But lingering in our minds at every stop was a question: Will these men and women get the support they need to remain ready when called?

The American military has surged to the fight in Iraq and Afghanistan, but surges aren't sustainable. The Air Force as currently constituted is too small to do what the nation expects of it. In 1991, when the U.S. went to war to drive Saddam Hussein out of Kuwait, the Air Force had 134 fighter squadrons, which typically have 18 to 24 aircraft each. Today, the Air Force has only 55 fighter squadrons, and 1,500 fewer pilots than it needs. We have been doing too much, with too little, for too long.

On an average sortie protecting ground forces in Syria and Iraq, an American fighter aircraft refuels eight times. It takes about 60 tanker sorties a day to support U.S. operations in Iraq, Syria and Afghanistan.

As a result, tanker pilots today have six months in a combat theater and six months at home. And when they are home, they are not really home. They have to cram in the training they were not able to accomplish while "in the desert."

A return to sequester-level funding would inhibit our ability to fly, fight and win America's wars.

U.S.-based remotely piloted aircraft crews work 12-hour shifts—six days on with one day off. And the cycle doesn't end. Despite their dedication and that of their families, going six, seven or eight years at this rate leaves people exhausted. They become increasingly likely to try a different career that will afford them a more normal life. As a result, we lose the skilled

people we need to continue the fight.

The readiness of those who stay is also compromised by an operating tempo too high for a force of our size. Those B-52 crews that have done 573 straight missions against ISIS will return home soon. Ten days after arriving at home base, they will undergo inspection to make sure they are ready for their mission carrying nuclear weapons, for which they will not have practiced in at least four months.

In addition to the risk posed by the enemy, the lack of a defense budget puts U.S. forces at risk. The Air Force has requested \$132.4 billion for fiscal 2018. We cannot continue on last year's funding level of \$123.8 billion indefinitely.

Much worse would be a return to sequester. A budget this year at sequester levels—while we take the fight to ISIS, deter aggression in the Pacific, and support emergency responders at home—would almost certainly result in significant cuts in

flying hours. Squadrons deployed or preparing to deploy would get to fly, but we would likely be forced to ground entire squadrons at home. During sequestration in 2013, the Air Force grounded 13 squadrons of combat aircraft, rendering them ineffective. No training and no flying today would worsen the exodus of pilots and other skilled airmen. Airlines are eager to hire them.

The effects of a sequester-level budget on weapons purchases and munitions would also reduce readiness and lethality. We worry most about the effect on our airmen. Their skills are vital to our success, and, once gone, they cannot be quickly replaced.

On the ramp at Bagram, hundreds of airmen saluted a fallen soldier. They are the best our nation has and are committed to its defense. The nation must commit to them.

Ms. Wilson is secretary of the Air Force. Gen. Goldfein is Air Force chief of staff.

By Carol M. Swain

Richard Cohen, president of the Southern Poverty Law Center, was to testify before the House Homeland Security Committee about threats posed by domestic extremist groups. The hearing, scheduled for Tuesday, has been postponed because of Hurricane Irma. As a black conservative who has been smeared by the SPLC, I recommend against reinviting Mr. Cohen.

When Morris Dees and Joseph J. Levin Jr. started the SPLC in 1971, it was needed and it had noble goals. In recent years, however, it has become a tool of the radical left. Domestically, it uses its influence to paint with a broad brush that smears immigration restrictionists, orthodox Christian churches and pro-family organizations as "hate groups."

What landed me in the SPLC's crosshairs was a Sept. 10, 2009, Huffington Post blog entry titled "Mission Creep and the Southern Poverty Law Center's Misguided Focus." I pointed out the SPLC's silence about video footage released after the 2008 elections showing members of the New Black Panther Party, decked out in full paramilitary regalia, patrolling a

polling precinct in Philadelphia where they were clearly intimidating white voters.

Although several news organizations covered the story, the SPLC ignored the incident. At the time, the law center was spending an inordinate amount of time attacking then-CNN host Lou Dobbs for his relentless focus on illegal immigration. It demanded that CNN fire the anchor. After CNN and Mr. Dobbs parted ways, the SPLC took credit for getting him off the air. I ended my post with a one-liner that raised the ire of the organization and had a devastating effect on my life. I wrote: "Rather than monitoring hate groups, the Southern Poverty Law Center has become one."

The SPLC's retaliation was vicious and effective. On Oct. 17, 2009, my photo appeared on the front page of my local newspaper, the Tennessean, with the headline "Carol Swain is an apologist for white supremacists." That was a quote from Mark Potok, at the time the SPLC's national spokesman. The context for Mr. Potok's attack was a review I gave for a film titled "A Conversation About Race." I endorsed it for classroom use because it offered a perspective on race rarely encountered on university campuses.

Mr. Potok argued that the filmmaker was a bigot. I felt then and now that the perspective needed to be heard.

This negative article was featured on the front pages of several newspapers and it went viral, especially in black media outlets. The attacks did not subside until this newspaper's website published a lengthy article titled "In Defense of Carol Swain."

Being targeted by the SPLC has had a lasting impact on my life and career. Offers from other universities ended and speaking opportunities declined. Once you've been smeared in this way, mainstream news outlets are less likely to cite you as an expert of any kind.

Yet today I wear the SPLC's mud as a badge of honor because I know I am in the company of many good men and women who have been similarly vilified for standing for righteousness and truth. Other SPLC targets have included Ben Carson (who eventually

received an apology and retraction), Somali refugee Ayaan Hirsi Ali, terrorism expert Steve Emerson, political scientist Guenter Lewy (who successfully sued the SPLC), attorney

I paid a professional price when the group attacked me in 2009. Now I wear its mud as a badge of honor.

Robert Muise, Frank Gaffney of the Center for Security Policy, and Princeton professor Robert P. George. The SPLC has tagged Mr. George, a devout Catholic intellectual, as "anti-LGBT."

Whatever label the SPLC assigns, such smears are harmful and designed to destroy the individual's credibility and ability to have influence in the public square.

Some of those vilified by the SPLC have been subjected to even worse treatment. The Family Research Council and House Majority Whip Steve Scalise have been violently attacked by individuals inspired by the propaganda the SPLC regularly dishes out—which is often accepted without criticism and passed on by media, law-enforcement agencies and universities.

The SPLC should not be dignified with invitations to provide congressional testimony about domestic extremism as long as it continues to advance a transparently partisan agenda—one Mr. Potok has publicly acknowledged is designed to "destroy" groups it opposes.

Ms. Swain, a former professor of political science and law at Vanderbilt University, is author of "The New White Nationalism in America: Its Challenge to Integration."

The Immigrant Who Became My Poppa

By Bob Brody

Harry Brody grew up during the early 1900s in an Austrian village that denied Jewish children like him admission to school. His father, a tavern owner, had no choice but to hire a tutor. Even so, the boy could barely read and write.

When the Russians took over the town around 1910, they would have conscripted Harry into the army. Instead the 16-year-old fled the village, alone and virtually penniless, never to return. He landed on Ellis Island.

Harry went to Newark, N.J., and moved in with an uncle and aunt, Louis and Gussie, whom he had never met. He neither had skills nor spoke much English, but he worked at any job he could get. Harry lost a finger in an accident at a paper-box factory. But he saved almost every penny he earned.

Within 10 years, Harry had scraped together enough to bring over 14 members of his family: his father and mother, his six brothers

and sisters, a sister-in-law, a brother-in-law and four young children. He rented and furnished an apartment where they all lived, supporting the adults until they found jobs.

That enterprising young man became my father's father and, eventually, my grandfather.

During Prohibition, Harry took a job tending bar in a tavern in Newark, catering to workers from nearby factories. He put in 18 hours a day to support his wife and three children, coming home only to sleep. By 1920, he was able to put down \$200 to buy a saloon of his own.

Soon my Poppa, as we grandchildren called Harry, saw an opportunity to invest in property. He and a wealthy friend went 50-50 on a residential apartment building in Newark, which he managed until he worked off the borrowed half and owned it outright.

Then Harry bought another building with a brother of his. He borrowed still more money, picking up houses cheap and selling them at a profit, only to buy others. So went

the pattern: Borrow, buy and sell, then, with the capital accrued, borrow, buy and sell some more. By 1941, still a bar owner, Harry had brought other partners into his real estate ventures. As a minor investor, he managed and maintained the properties, collecting the rents and paying taxes.

Within the span of a generation, my Poppa graduated from factory worker to bartender to saloonkeeper to landlord. In later years, he sent his three children to college, lived in a luxury high-rise, drove a Cadillac, joined a country club, traveled to Europe and Asia, and retired to Florida. He lived to see seven grandchildren. Ultimately he referred to all of his offspring as his "dividends."

My Poppa is every immigrant who ever came to America to get down to business. He started with nothing but created everything.

Mr. Brody is author of the memoir "Playing Catch With Strangers: A Family Guy (Reluctantly) Comes of Age" (Heliotrope, 2017).

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THE WALL STREET JOURNAL.

Tuesday, September 12, 2017 | B1

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Stocks Jump as Dark Clouds Recede

Bouncing Back

The Dow Jones Industrial Average rallied on Monday to its highest level since early August.



Dow tops 22000 as concerns over Irma and North Korea ebb; Treasury yields rise

By CORRIE DRIEBUSCH AND MARINA FORCE

The S&P 500 hit a record and the Dow Jones Industrial Average closed above 22000 for the first time in nearly a month, as investors' fears about North Korea and Hurricane Irma eased.

Stocks rose broadly and haven assets retreated Monday, a reversal from last week when major U.S. stock indexes, the

dollar and Treasury yields fell as investors worried about worst-case scenarios from summer storms and threats from North Korea.

The gains sent the Dow up 259.58 points, or 1.2%, to 22057.37, its biggest one-day gain in six months. The last time the Dow closed above 22000 was Aug. 16, and before Monday it hadn't posted a 1% gain since April.

The S&P 500 rose 26.68 points, or 1.1%, to 2488.11—its 31st record close of 2017—and the Nasdaq Composite jumped 72.07, or 1.1%, to 6432.26.

Some analysts had expected North Korea to conduct a weapons test on Saturday, co-

inciding with the country's founding day, as it did last year to mark the celebration. The absence of news from Pyongyang supported stocks and the dollar, while weighing on haven assets, analysts say.

"That North Korea didn't do anything, on a weekend they knew our country was going to be in flux because of hurricanes, is the primary reason we're seeing this big rally," said JJ Kinnan, chief market strategist at TD Ameritrade. "The market has gone back up to where we were in early August before these North Korea fears."

Government-bond prices declined, pushing up yields. The yield on the 10-year U.S.

Treasury note rose to 2.125% from 2.058% Friday, its largest one-day yield rise in more than a month.

Meanwhile, concerns about Hurricane Irma's impact on the U.S. economy decreased. A reduction in the storm's strength and a shift in its expected course—there was no direct hit on Miami—meant insured damage estimates were likely to be less than originally anticipated by some analysts.

Reinsurance companies, which tumbled last week, jumped on Monday. The KBW Nasdaq Insurance index rose 1.8%, nearly wiping out last week's 1.9% drop.

The WSJ Dollar Index, which

measures the U.S. dollar against a basket of other currencies, rose 0.7%, after sinking to its lowest level in more than two years on Friday. The euro fell 0.7% against the greenback, paring some of last week's gains, to trade at \$1.1953.

The Stoxx Europe 600 advanced 1%. The increases continued in some Asia/Pacific markets early Tuesday, Japan's Nikkei 225 was up 1%, while Australia's S&P ASX 200 was up 0.8%.

Gold, another traditional haven for money managers, fell 1.1% Monday. The yen and Swiss franc, which traditionally rise when markets are volatile, both fell against the dollar.

Irma Spares Disaster Bonds

By LESLIE SCISM AND ANUPREETA DAS

What looked like a dark turn in the booming market for catastrophe bonds may wind up being little more than a blip.

With damage estimates for Hurricane Irma tumbling, investors in "cat bonds" will likely avoid the significant losses they may have absorbed had earlier, more aggressive estimates borne out.

Cat bonds are essentially a vehicle for insurance companies to transfer some of their financial risk to the global capital markets. Wall Street and other middlemen help insurers sell these bonds to sophisticated investors with the understanding that they could lose some or all of their principal to help pay claims.

These high-yielding bonds have surged in popularity in recent years among investors including pension funds, endowments and wealthy families. The rally has also come during a long stretch of few hurricanes hitting the U.S.

So the past couple of weeks have tested investor appetite as North America suffered three of its worst natural disasters in a decade. Private-sector insurers face as much as about \$60 billion in costs in the U.S. from Hurricane Irma, which landed in Florida Sunday, Hurricane Harvey with historic flooding in Houston and an 8.1-magnitude earthquake in Mexico, according to some risk-modeling firms' estimates.

But these events appear likely to affect only a few, if any, of the outstanding \$26 billion in cat bonds.

The spate of catastrophes "may cause some investors to Please see BOND page B11

Ferrari Still Wants to 'Win on Sunday, Sell on Monday'



NO TIME TO RETIRE: Ferrari driver Sebastian Vettel during a pit stop at a Formula One race in Monza, Italy, earlier this month. B3

Equifax Lobbied To Limit Liability

By MICHAEL RAPORT AND ANNAMARIA ANDRIOTIS

Equifax Inc. was lobbying lawmakers and federal agencies to ease up on regulation of credit-reporting companies in the months before its massive data breach.

Equifax spent at least \$500,000 on lobbying Congress and federal regulators in the first half of 2017, according to its congressional lobbying-disclosure reports. Among the issues on which it lobbied was limiting the legal liability of credit-reporting companies.

That issue is the subject of a bill that a panel of the House Financial Services Committee, which oversees the industry, discussed the same day Equifax disclosed the cyberattack that exposed personal financial data of as many as 143 million Americans.

Equifax has also lobbied Congress and regulatory agencies on issues around "data security and breach notification" and "cybersecurity threat information sharing," according to its lobbying disclosures.

The amount Equifax spent in Please see LOBBY page B2

◆ Consumer options to battle Equifax data hack B2

INDUSTRY FOCUS

Chicken Processors Seek Speedup

By JACOB BUNGE

U.S. chicken companies slaughter and process about 170 million chickens each week. They want to do it faster.

Meatpackers are seeking U.S. Department of Agriculture approval to raise processing-line speeds by about 25%, aiming to keep pace with growing domestic and international demand for poultry. The National

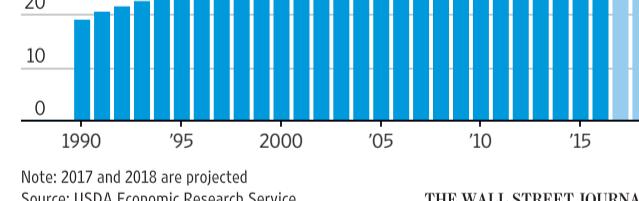
Chicken Council, which represents poultry companies, said in a petition filed this month that would mean processing at least 175 birds a minute, up from most plants' current limit of 140.

The speed increase, if granted, would reverse a 2014 Obama administration

Poultry Push

Companies have been stepping up their chicken production, but say restrictions make it hard to meet demand. U.S. broiler chicken output:

50 billion pounds of ready-to-cook chicken



decision to limit U.S. poultry plants to the slower speed. Union officials, academics and some meat inspectors

The petition comes as companies, including Tyson Foods Inc. and Sanderson Farms Inc., are planning new plants that will each process more than 1 million birds a week.

Rising sales of shrink-wrapped chicken breasts and deep-fried wings have per capita chicken consumption in the U.S. on track to hit a record 91.3 pounds this year, with the U.S. meat industry expected to process 41 billion pounds of poultry meat.

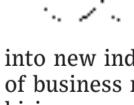
"This change will not affect food safety—if anything, it will enhance it," wrote Michael Brown, the National Chicken Council's president. He suggested that poultry plants could hire more workers, automate more tasks

Please see MEAT page B2

are pushing back, warning that a speedup would make it harder to ensure food and worker safety.

STREETWISE | James Mackintosh

New Amazon Headquarters Should Alarm



The list of warning signals for shareholders includes diversification into new industries, changes of business model, massive hiring programs, unfettered CEO power, distracted management and high capital spending. But at the top of the list for many is the construction of a new headquarters. Hubris, meet Amazon.com.

Amazon has achieved extraordinary feats, most notably in speed of expansion. It hired more than 30,000 people in the latest quarter alone, and in the past three years has tripled its head count to 382,400.

It appears to have managed this without a hitch, even as it spent billions of dollars on Hollywood productions, launched a hit gadget and ramped up its

Investment Trumps Hunt for Yield

Shares in companies spending a lot on capital projects and R&D have been rising faster recently than those with fat dividends and share buybacks.

Total return since 2014*



spending on research and development.

Investors are betting that CEO Jeff Bezos will keep his magic touch and that money plowed into expansion today

represents big profits to be made some time in the future.

History and human nature are against Mr. Bezos—and may eventually prove a

headwind for much of the rest of the market, too.

The lesson from the long term is that companies with high capital spending tend to underperform. Kenneth French, a professor at the Tuck School of Business at Dartmouth College, calculates that shares in the 30% of U.S. companies with the lowest investment returned six times as much as those with the highest investment since 1963.

Human nature provides a story to back up the findings. CEOs like to expand, chase new ideas and to do what shareholders want.

The three come together when a company or sector is in vogue, as shareholders give it cheap capital and cheer on plans for growth. Often it turns out that the premise for the expansion is mistaken, and much capital spending is wasted.

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INSIDE



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GOLDMAN'S HR CHIEF DEPARTS

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Social Finance Inc., one of the most highly valued private financial-technology startups in the U.S., said on Monday night that Chairman and Chief Executive Mike Cagney would step down by the end of the year.

Mr. Cagney said in a note to employees that recent litigation brought against the company and "negative press have become a distraction from the company's core mission." The company said he would remain in the role until SoFi's board chooses a successor, a process that it has already started.

On Sunday, The Wall Street Journal reported that Mr. Cagney was previously involved in a dispute with a lower-level employee that resulted in a settlement approved by the board.

SoFi said Mr. Cagney was stepping down as chairman effective immediately. Tom Hutton, managing director of an insurance-focused venture-capital firm called XL Innovate, will take over as executive chairman, effective immediately. Steve Freiburg, a SoFi board member and former CEO of E*Trade Financial Corp., will become vice chairman.

A former derivatives trader Please see SOFI page B4

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Capital Spending Mostly Wasted

Over the long run the companies which invest the most have underperformed, suggesting they make poor decisions about capital spending.

U.S. stocks split by corporate investment



Source: Prof. Kenneth French

STREET

Continued from the prior page
Remember peak oil, the race to dig new mines to satisfy forecasts of endless emerging-market growth and the vast overinvestment in shipping to prepare for global trade's expansion?

Those early in the

expansion are right to

invest, but as more capital is deployed it can drive

down prices and destroy the

very opportunity

shareholders hoped to

exploit.

Other times CEOs just

fritter the money away, as

in the dot-com bubble. If

you exercise little control

over management and

actively encourage them to

spend money as quickly as

possible, you shouldn't be

surprised if much of it is

wasted.

The rise—and rise—of

Amazon has come as the

patterns of the past seem to

have been suspended. Since

the start of 2009, the

runaway success of big tech

stocks and big dividend

payers has helped

companies with the most

and least investment do

well, while middling

companies underperformed.

Amazon shareholders

might argue that the

company won't fall victim to

misplaced spending because

it is exploiting disruptive

technology, investing in

growth and spending on

research and development.

Amazon's success is

undeniable, but it is also

undeniable that it is

exploiting the market to

its advantage.

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BUSINESS NEWS

Teva Fills CEO Spot After Long Search

BY RORY JONES

The world's biggest seller of generic drugs sought out for months an experienced chief to help the company navigate a series of daunting challenges, from falling medicine prices to heavy debt.

Teva Pharmaceutical Industries Ltd. ended that search on Monday by appointing Karen Schultz, a Danish pharmaceutical-industry veteran, as its new chief executive, a position without a permanent holder since February.

Mr. Schultz honed his skills at **Novo Nordisk A/S**, one of Denmark's biggest firms, before taking the helm in 2015 at **H. Lundbeck A/S**. There a restructuring put the Danish company on track to record earnings.

That know-how will be key in turning around Teva, which recently shuffled its board, as it sheds assets and copes with new rivals. Its shares have been under pressure for months.

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

Teva had searched since February for a new chief executive to fill a vacancy left by Eli Hurvitz, who is credited with turning the company from a small-time pharmaceutical firm into a global generics-drugs seller and a household Israeli name. Mr. Hurvitz was CEO for more than 25 years and involved in Teva until his death in 2011.

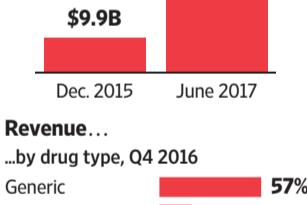
Since then, the firm has churned through a series of chief executives who struggled to manage global expansion, including the acquisition last year of Allergan PLC's generics unit, which left Teva with debt of roughly \$35 billion.

Boardroom squabbles over whether the chief should be Israeli also hampered the company's performance in the eyes of many investors. Mr. Schultz, 56 years old, is only the second non-Israeli to lead the firm.

◆ Heard on the Street: Hard part begins for Teva..... B12

Heavy Burden

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



Source: the company (debt and revenue);
THE WALL STREET JOURNAL.

Ferrari Bets Racing Boosts Sales

Sports-car maker hopes end to its Formula One slump pays off financially

BY ERIC SYLVERS

MILAN—In the world of elite sports-car manufacturing, it is an article of faith that victory on the racetrack translates into sales in the showroom. "Win on Sunday, sell on Monday," goes the old saw.

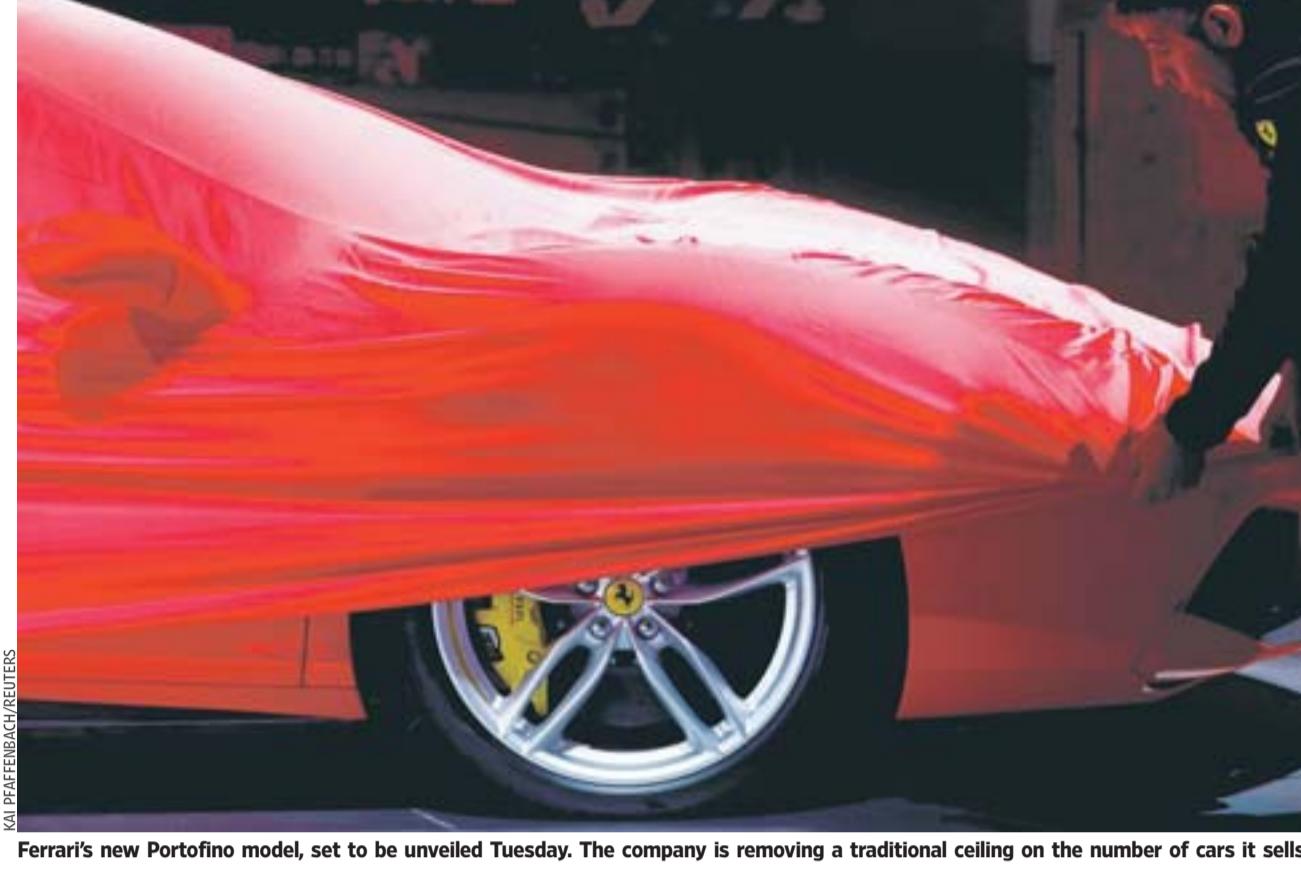
So for Italian sports car maker Ferrari NV, the end of a decadeslong losing streak on Formula One racetracks is a great relief, more so as it came just when the company—the biggest spender on Formula One racing—is stretching its brand by removing a long-standing ceiling on the number of cars it sells and expanding into other products.

All that provides a backdrop for Tuesday's unveiling of the Portofino model at Germany's Frankfurt auto show. Like its predecessors, Ferrari's newest road car will benefit from technology developed for the racetrack.

That technology, which includes new metal alloys for the frame, engine and bodies, trickles down from the handful of race cars made annually to limited-edition road models costing more than \$1 million. It then makes its way into higher-volume Ferraris like the Portofino, which is expected to start at about \$225,000.

After failing to win a Formula One racing title for almost a decade and closing out the 2016 season without a single victory, Ferrari's Sebastian Vettel has won four of this year's 13 races and is close on the tail of Mercedes's Lewis Hamilton with seven races to go, including the U.S. Grand Prix on Oct. 22 in Austin, Texas.

Ferrari Chief Executive Sergio Marchionne, who also is chief of **Fiat Chrysler Automobiles** NV, has called winning in Formula One "non-negotiable," reflecting the belief that victory on the racetrack is



Ferrari's new Portofino model, set to be unveiled Tuesday. The company is removing a traditional ceiling on the number of cars it sells.

critical in luring weekend enthusiasts to shell out huge amounts for the road cars.

Ferrari's financial success over the past 15 years has "been achieved on the back of Formula One," Mr. Marchionne said in March, adding that the company couldn't afford many more losing seasons without suffering financially.

But there is little empirical evidence that winning races translates into increased sales. AllianceBernstein, a wealth manager, argues Ferrari doesn't need Formula One.

"There can't be a soul on earth who doesn't know that Ferrari makes fast red cars, with excellent technology and that it has a motor sport heritage," AllianceBernstein wrote in a report last month.

Mr. Marchionne, who follows most races from inside the paddock, berates his team when it loses. The CEO's impatience with losing stems in part from the investment Ferrari puts into Formula One rac-

ing each year—which some outsiders estimate at hundreds of millions of dollars.

Mr. Marchionne told analysts in July the company has lost money on its Formula One team every year for close to a decade. He said it is a price he is willing to pay given "the huge repercussions on the quality of the brand" when it wins.

Investment bank Jefferies estimates Ferrari's racing team generated €420 million (\$502 million) in revenue last year while booking an operating loss of €100 million.

Ferrari generates racing revenue through sponsorships—including all those ads plastered on the race cars—and payouts from the company that organizes the races. Ferrari's quarterly revenue breakdown includes a line titled "sponsorship, commercial and brand" that includes Formula One, but is also thought to encompass licensing and other items.

China Auto Market Keeps Growing, But at Modest Rate

SHANGHAI—China's car market continued to expand in August after a weak start to the year prompted by a rise in the country's auto-sales tax.

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

Even so, the manufacturers' association struck a bearish tone for the full year, warning that the Chinese auto sector would likely fall short of the 5% growth forecast the group made in January, saying the increasing maturity of the Chinese market all but rules out

anything beyond single-digit growth.

The Chinese auto market grew 4.3% in the first eight months of the year—a jarring slowdown for a market that grew 14% last year. This year passenger-car sales have slowed the sector's expansion, increasing only 2.2% during the January-to-August period.

Sales of commercial vehicles are up 17% so far this year.

The sector's slowing growth comes against a backdrop of uncertainty over for new regulations mandating electric-car production. Draft versions of the rules suggest they could come into force as early as next year.

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

—Trefor Moss

Organic-Brand Veteran Aims to Liven Up Baby Food

BY ANNIE GASPARRO

popular pouches.

The former chief executive of organic food brand Annie's Homegrown is heading into the crowded baby-food business.

John Foraker is taking on the top role at a two-year-old startup Once Upon a Farm, which is partnering with actress Jennifer Garner to help market the brand.

Baby food has become boring, Mr. Foraker said, because conventional brands are continuing to struggle with a lack of innovation.

Baby-food sales, by volume, have declined an average of 4% a year for the past four years, according to market-research firm Nielsen. Brands, especially the longtime industry leader Gerber, which is owned by **Nestlé** SA, have lost market share to new ones with organic ingredients that are sold in the increasingly

organic varieties' sales dollars have risen 25% in the past two years, accounting for about \$415.4 million of the \$1.75 billion in sales of baby food in the U.S., according to Nielsen data. More parents also are making baby food at home, according to market-research firm Euromonitor International.

Mr. Foraker, who left Annie's last month, a few years after selling the company to packaged-food giant General Mills Inc., is an investor in Once Upon a Farm, along with Ms. Garner. He plans to expand the company's refrigerated organic baby food to more stores and add products that he hopes will steal shoppers from mainstays.

The company, founded by Cassandra Curtis and Ari Raz, has less than \$1 million in annual sales so far and is going

up against Gerber and other big brands like Campbell Soup Co.'s Plum Organics and Beech-Nut baby food, as well as many other startups.

The competition in the sector makes it hard to get shelf

space and meetings with major retailers, said Mr. Foraker. Once Upon a Farm also requires refrigerated baby-food cases, which don't exist in most stores.

Mr. Foraker led Annie's for

18 years, helping to make Annie's mac-and-cheese, bunny-shaped graham crackers and other ubiquitous products. He orchestrated the sale of the company to General Mills for \$820 million in 2014.

Ms. Garner, who has starred in movies such as "Pearl Harbor" and "13 Going on 30," has three children. She follows other celebrities to lead consumer brands, like Jessica Alba's Honest Co. and Oprah Winfrey's recent joint venture with Kraft Heinz Co. for O, That's Good! soups and other meals.

Ms. Garner said she plans to grow some ingredients for the baby food such as kale and blueberries on her family's farm in Oklahoma. "As moms, we are all starting to expect to have something that's non-GMO and organic, and we're starting to expect that not to cost an arm and a leg," she said.

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BUSINESS NEWS

Most of comScore Board Resigns Ahead of Review

BY EZEQUIEL MINAYA

comScore Inc. said Monday that most of its board members will resign and it would complete a strategic review of the business amid pressure from shareholders over the media-analytics company's management and lack of transparency on finances.

comScore, which has been dogged by accounting problems that led to it being delisted from the Nasdaq in May,

The company says it expects to complete all filings by March 2018 at the earliest.

named a new interim finance chief on Monday, but it also delayed the time frame on getting current on overdue financial disclosures because of the complexity of the task.

Earlier this year, comScore said it expected to be done with revisions to financial statements and releasing new statements this summer. With autumn fast approaching, the firm which measures audience and advertising reach through various platforms including digital and television, now expects to be up-to-date on its filings by March 2018 at the earliest.

"We regret the need to extend further the date for filing our restated financials and we share the frustration of our stockholders," said Gian Fulgoni, comScore's co-founder and chief executive, in prepared remarks.

Shares in comScore, which now trade over the counter, fell 0.7% to \$28.55 on Monday.

The company said in September 2016 that it needed to restate financial results for 2013,

2014 and 2015 after an internal investigation discovered problems with accounting for non-monetary transactions. The company hasn't submitted its annual securities filing for 2015 or any of its filings for 2016 and 2017.

Starboard Value Fund LP, which the company said owns 4.9% of its shares, was among investors to criticize comScore amid concerns including that an annual meeting hadn't been held in more than two years.

Calls to Starboard and comScore weren't immediately returned.

With the resignations, comScore shrunk the size of its board to five members from 12 members.

The remaining members are Mr. Fulgoni, Bill Livek and Brent Rosenthal and special-committee members Jacques Kerrest and Sue Riley. The special committee is also charged with oversight of comScore's engagement process with Starboard.

Separately, comScore has named David Kay as its interim chief financial officer, replacing David Chemerow, who resigned from the position Friday. Mr. Kay is a co-founder and managing partner of CrossCountry Consulting LLC, which has been providing accounting consulting services to comScore since July 2016. Mr. Chemerow joined comScore last year following the company's merger with rival Rentrail Corp., where he was CFO. comScore also said it has reached settlements in multiple legal proceedings, subject to court approval.

Under the terms of one proposed settlement, shareholders in a class-action suit filed against the company and current and former directors would receive \$27.2 million in cash and \$82.8 million in common stock.



Consumers increasingly have the means to pay someone else to do their home-improvement projects. A professional works on a kitchen.

SARA STATHAS FOR THE WALL STREET JOURNAL

DIY Paint Projects Dry Up

Pros find demand in home improvement amid rising incomes, firmer housing market

BY ANDREW TANGEL

Homeowners are increasingly leaving painting to the pros, complicating business for paint makers and retailers.

The U.S. housing market is strengthening, unemployment is low and incomes are rising. That means consumers have the means to pay someone else to do their home-improvement projects, analysts and executives at paint makers say.

"More and more is being done by the professional painter," said Dan Calkins, president of global sales at Benjamin Moore & Co. "People just don't have the time."

Executives at PPG Industries Inc., the Pittsburgh-based paint and coatings giant, say that younger home buyers are too scarce to propel retail paint sales.

Just more than 40% of Sherwin-Williams Co. cus-

tomers were do-it-yourself painters in 2015, the Cleveland-based company said, down from nearly 60% in 1980. Senior Vice President Robert Wells said Sherwin-Williams can benefit from the shift because it sells to professional painters, too, and sales are increasing overall.

"While we don't like to see our DIY business in our stores slowing down, we are the beneficiaries of this shift from DIY to do-it-for-me," he said in a recent call with analysts.

Indeed, paint sales are rising overall. But margins on sales to consumers can be higher than on sales to professionals that sometimes buy in bulk or at a discount. Both PPG and Sherwin-Williams, which each operate their own retail stores as well, serve both types of customer.

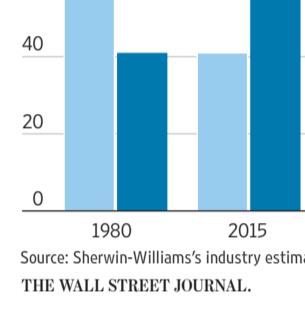
The shift is also hitting big-box chains that cater to homeowners. Paint sales have weakened in recent months at Home Depot Inc. and Lowe's Cos. stores. Both retailers say they are trying to capture more of the professional paint market. Home Depot's sales to

DIY or Do It for Me?

Homeowners are increasingly hiring professional painters.

Percentage of paint sold to

DIYers Pro painters



Source: Sherwin-Williams's industry estimate

THE WALL STREET JOURNAL

professional painters now outpace those to do-it-yourselfers.

Chris Richter, Home Depot's head paint buyer, said the retailer wants both kinds of customer. "We're also still passionate about our DIY paint business," he said.

A Lowe's spokeswoman said paint remains a core product. "The DIY paint project remains one of our customers' most frequent home improve-

ment projects," she said.

Another driver of business to professional painters is baby boomers who are fixing up their homes.

"As they're getting older they're doing more renovations and they're actively investing in their home in preparation for retirement," said Nino Sitchinava, principal economist at Houzz, an online platform for pairing homeowners and contractors.

Demand for professional painters is outstripping supply of available labor. Surveys provided by HomeAdvisor, which helps homeowners find contractors, indicate nearly all professional painters' are seeing strong revenue growth that would be even stronger if they could find more workers.

Nicole Buddin, a 31-year-old marketing manager in Chicago, recently hired pros to help paint her new house in the suburbs after she and her husband painted their condo in the city themselves three years ago.

"It's just so time consuming," she said. "We swore we wouldn't do that again."

Opioid Makers Challenge Suit

BY JEANNE WHALEN
AND SARA RANDAZZO

A group of opioid painkiller makers has asked an Ohio court to dismiss the state's case alleging the companies misrepresented the addiction risks of their drugs, arguing the lawsuit is "fatally defective."

Ohio's lawsuit, filed in state court in May, targeted parent companies or subsidiaries of

Purdue Pharma LP, Johnson & Johnson, Teva Pharmaceutical Industries Ltd., Allergan PLC and Endo International PLC, alleging they fraudulently marketed their drugs by overselling the benefits and playing down the addictive risks of the painkillers, helping create an addiction crisis.

Since then, several other states have filed similar lawsuits against painkiller makers or distributors, including New Hampshire, South Carolina,



JOHN MINCHILLO/ASSOCIATED PRESS

Ohio's attorney general, Mike DeWine, last week

Oklahoma, Missouri and New Mexico.

In a joint motion to dismiss, the companies argued that Ohio failed to offer any specifics to its fraud allegations, as required under the law, and that the claims are pre-empted by federal law and Food and Drug Administration regulations.

The companies also took is-

sue with one of Ohio's main claims: that the drug industry engaged in a decadeslong fraud to persuade doctors and patients to use opioids for chronic pain rather than just severe, short-term pain.

The FDA has approved extended release, long-acting versions of some opioids to be used to treat chronic pain, the companies argued, which they said undermines Ohio's allegations.

The pharmaceutical companies also argued that Ohio failed to support two additional claims: that the defendants deceived the state into reimbursing opioid prescriptions, or that specific doctors relied on the companies' allegedly fraudulent marketing when writing prescriptions.

On Monday, the Ohio Attorney General's office said it was reviewing the companies' filings and would file a response in court "in due course."

Negative Rates Fuel a Struggle

BY NINA TRENTMANN

Claire Bechaux doesn't have a lot of options.

The treasurer of Veolia Environnement SA can only store limited amounts of money in bank deposits without having to pay for it. So, she is forced to park around two-thirds of the

French environmental services company's cash in European money-market funds.

Since December 2016, returns on these investments in money-market funds have been negative. Investors and companies like Veolia use money-market funds as an alternative to bank deposits because they can quickly be converted into cash.

European banks no longer want to hold as much corporate cash. Negative interest rates and regulatory changes make it less attractive to accept large corporate deposits. This presents treasurers and finance chiefs with a daunting task: to lose the least amount possible when storing cash.

"Options to store cash with

our banks are limited," said Ms. Bechaux.

Other treasurers are following suit. Company holdings of constant net asset value euro funds in Europe rose to €209.4 billion (\$252 billion) at the end of 2016, from €139.3 billion at the end of 2012, according to the Institutional Money Market Fund Association.

Overall, holdings of European money-market funds stood at €1.21 trillion at the end of March, according to the European Central Bank, an increase compared with previous quarters. Still, total holdings are slightly below their March 2009 peak of €1.32 trillion.

BlackRock Inc., the U.S. asset manager, had substantial corporate inflows into its European money-market funds in the first and second quarter. New Basel III bank regulations have "in many cases reduced

the availability or attractiveness of bank deposits as an alternative for treasurers to manage short-term cash," said Becca Milcham, head of BlackRock's treasury cash sales team.

Ms. Bechaux therefore only managed to find an interest-yielding deposit for around one-third of the company's corporate cash, which totaled around €4 billion at the end of June.

On average, Veolia's money-market fund investments have generated yield of minus 0.08% in 2017. The bank deposits, on the contrary, provided average yield of 0.70% during the same period. "We would move more cash into deposits if the banks provided us with interesting returns," Ms. Bechaux said.

Changes to European money-market funds, kicking in next year and 2019, could further dent returns, as they prescribe mandatory liquidity fees as well as redemption hurdles. But, the changes are expected to be less dramatic than the reforms that went into effect in the U.S. in October 2016.

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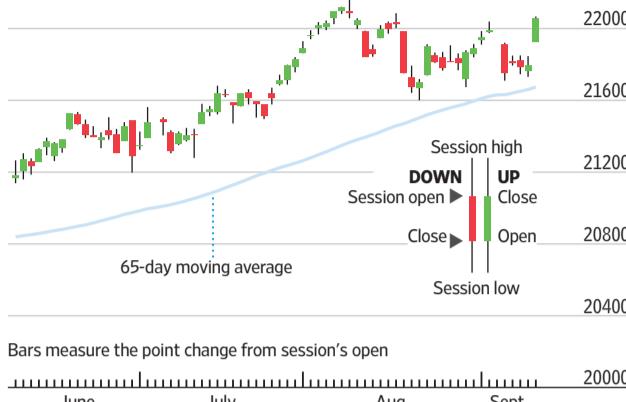
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

22057.37 ▲ 259.58, or 1.19%
High, low, open and close for each trading day of the past three months.

Current divisor 0.14523396877348



Bars measure the point change from session's open

June July Aug. Sept.

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2488.11 ▲ 26.68, or 1.08%
High, low, open and close for each trading day of the past three months.

All-time high 22118.42, 08/07/17



Last Year ago
Trailing P/E ratio 20.18 19.87
P/E estimate * 18.39 17.79
Dividend yield 2.34 2.56
All-time high 2488.11, 09/11/17

Nasdaq Composite Index

6432.26 ▲ 72.07, or 1.13%
High, low, open and close for each trading day of the past three months.

All-time high 6435.33, 09/01/17



Last Year ago
Trailing P/E ratio *25.87 23.79
P/E estimate * 21.43 19.87
Dividend yield 1.11 1.23
All-time high: 6435.33, 09/01/17

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	22067.10	21927.79	22057.37	259.58	1.19	22118.42	17888.28	20.4	11.6	9.0
Transportation Avg	9483.82	9419.19	9483.69	99.95	1.07	9742.76	7755.40	19.7	4.9	3.5
Utility Average	755.37	745.91	754.80	7.86	1.05	754.80	625.44	13.1	14.4	10.5
Total Stock Market	25731.70	25591.94	25721.67	277.31	1.09	25721.67	21514.15	15.1	10.5	7.2
Barron's 400	648.28	639.95	648.10	8.13	1.27	661.93	521.59	17.9	7.7	6.4

Nasdaq Stock Market

Nasdaq Composite	6439.11	6410.71	6432.26	72.07	1.13	6435.33	5046.37	23.4	19.5	11.9
Nasdaq 100	5990.87	5960.87	5980.53	67.16	1.14	5988.60	4660.46	25.5	23.0	13.5

Standard & Poor's

	500 Index	2488.95	2474.52	2488.11	26.68	1.08	2488.11	2085.18	15.2	11.1	7.6
MidCap 400	1741.51	1730.19	1739.02	19.93	1.16	1791.93	1476.68	12.5	4.7	6.6	
SmallCap 600	848.77	844.28	847.73	8.81	1.05	876.06	703.64	13.3	1.2	8.1	

Other Indexes

Russell 2000	1415.75	1400.56	1414.83	15.40	1.10	1450.39	1156.89	14.5	4.3	6.5
NYSE Composite	12015.79	11943.47	12010.37	122.39	1.03	12010.37	10289.35	11.8	8.6	3.0
Value Line	520.67	514.86	520.18	5.32	1.03	533.62	455.65	8.4	2.8	1.2
NYSE Arca Biotech	4222.39	4179.81	4203.91	13.33	0.32	4232.90	2834.14	23.2	36.7	10.5
NYSE Arca Pharma	545.79	541.81	545.76	5.46	1.01	549.20	463.78	4.4	13.3	1.0
KBW Bank	92.36	91.04	92.00	1.83	2.03	99.33	69.71	27.4	0.2	8.4
PHLX® Gold/Silver	91.82	89.50	89.61	-2.04	-2.23	99.20	73.03	-7.4	13.6	-1.2
PHLX® Oil Service	126.91	124.51	126.58	1.73	1.39	192.66	117.79	-18.7	-31.1	-23.8
PHLX® Semiconductor	1117.50	1103.33	1115.46	21.97	2.01	1138.25	776.73	42.3	23.1	19.8
CBOE Volatility	11.39	10.51	10.73	-1.39	-11.47	22.51	9.36	-29.2	-23.6	-5.7

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
Ford Motor	F	20,797.9	11.45	0.04	0.35	11.45	11.40
SPDR S&P 500	SPY	11,803.5	249.28	0.07	0.03	249.35	246.53
iShares MSCI Emg Markets	EEM	5,955.2	45.43	-0.06	-0.13	45.53	45.23
Van Eck Vectors Gold Miner	GDX	5,660.7	24.61	0.05	0.20	24.61	24.53
JetBlue Airways	JBLU	4,106.4	19.42	0.04	0.21	19.42	19.36
Halliburton	HAL	3,911.7	40.77	0.14	0.34	40.80	40.54
Intel	INTC	3,088.5	35.85	0.08	0.22	35.94	35.72
General Electric	GE	3,048.4	23.72	...	unch.	23.75	23.70

Percentage gainers...

Western Digital	WDC	111.1	91.13	3.75	4.29	91.78	87.23
NuSTAR Energy	NS	32.3	42.14	1.37	3.36	42.14	40.77
McKesson	MCK	37.9	163.50	4.26	2.68	163.50	159.13
QEP Resources	QEP	24.9	7.36</td				

COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	3.0255	3.0610	3.0225	3.0460	0.0245	4,077	
Sept	3.0255	3.0610	3.0225	3.0660	0.0245	212,653	
Gold (CMX) -100 troy oz.; \$ per troy oz.	3.0425	3.0830	3.0325	3.0660	0.0245	212,653	
Sept	3.0300	3.1300	3.127.30	3.131.00	-15.00	828	
Oct	3.138.80	3.140.00	3.138.80	3.131.80	-15.50	42,789	
Dec	3.141.50	3.144.60	3.130.60	3.135.70	-15.50	454,725	
Feb'18	3.145.00	3.147.80	3.134.80	3.139.80	-15.50	36,280	
June	3.150.10	3.155.40	3.142.90	3.147.50	-15.40	9,501	
Dec	3.165.70	3.166.50	3.154.60	3.159.30	-15.20	9,502	
Palladium (NYM) -50 troy oz.; \$ per troy oz.	935.50	939.15	935.50	937.30	0.35	30	
Sept	935.50	939.15	935.50	931.65	0.40	32,548	
March'18	923.45	940.00	923.45	927.15	2.40	959	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	991.20	1006.90	991.20	997.90	-13.20	1	
Oct	1005.00	1008.40	991.60	998.80	-13.50	65,489	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	17.890	17.890	17.695	17.807	-0.220	1,301	
Sept	17.920	17.990	17.770	17.902	-0.221	162,901	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	47.58	48.27	47.00	48.07	0.59	384,975	
Oct	48.15	48.78	47.59	48.62	0.56	334,495	
Dec	48.65	49.20	48.09	49.07	0.51	336,989	
Jan'18	49.00	49.53	48.51	49.42	0.47	194,081	
June	49.91	50.19	49.36	50.18	0.41	170,047	
Dec	50.16	50.38	49.62	50.35	0.32	204,007	
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.	1.7674	1.7693	1.7227	1.7427	-0.030	97,595	
Oct	1.7545	1.7560	1.7121	1.7334	-0.018	84,483	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1.6497	1.6581	1.6006	1.6345	-0.131	104,900	
Nov	1.5807	1.5899	1.5480	1.5810	0.005	102,132	
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	2.910	2.953	2.899	2.950	.060	262,168	
Oct	2.984	3.022	2.972	3.019	.054	177,915	
Dec	3.140	3.180	3.128	3.178	.055	106,343	
Jan'18	3.249	3.291	3.238	3.289	.059	144,010	
March	3.218	3.253	3.200	3.251	.057	104,319	
April	2.915	2.938	2.914	2.937	.036	122,742	

Contract

Open High Low Settle Chg Open interest

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

Sept 345.25 346.50 342.75 345.50 1.25 1,157

Dec 356.50 359.25 354.75 357.50 .75 803,092

Oats (CBT)-5,000 bu.; cents per bu.

Dec 232.75 234.75 232.00 234.25 2.25 4,526

March'18 241.00 242.75 240.00 242.00 2.00 947

Soybeans (CBT)-5,000 bu.; cents per bu.

Sept 955.00 955.50 952.00 954.75 -1.75 105

Nov 964.00 968.50 956.75 960.00 -2.20 369,919

Soybean Meal (CBT)-100 tons; \$ per ton.

Sept 300.50 300.80 298.60 298.90 -2.00 531

Dec 305.80 306.80 302.80 303.60 -1.60 189,043

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Sept 34.59 34.76 34.59 34.79 .20 928

Dec 34.95 35.21 34.81 35.15 .21 216,351

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Sept 1240.00 -5.50 73

Nov 1270.00 1272.00 1263.50 1265.50 -6.50 9,371

Wheat (CBT)-5,000 bu.; cents per bu.

Sept 417.75 418.50 413.50 412.25 -1.50 80

Dec 437.75 440.00 431.50 434.75 -3.00 262,520

Wheat (KCO)-5,000 bu.; cents per bu.

Sept 409.00 415.75 409.00 409.25 -6.25 60

Dec 441.00 442.75 433.25 434.75 -6.75 145,395

Wheat (MPLS)-5,000 bu.; cents per bu.

Sept 620.75 626.25 620.75 626.25 -4.00 36

Dec 646.25 646.50 635.25 642.25 -4.50 43,073

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Sept 148.200 148.700 147.375 148.450 .575 6,380

Oct 148.550 149.700 148.325 149.350 .925 17,707

Cattle-Live (CME)-40,000 lbs.; cents per lb.

Oct 107.500 107.950 106.825 107.200 -.125 122,057

Dec 113.000 113.600 112.475 112.875 .025 96,695

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

Oct 61.825 62.275 61.250 61.575 -.575 82,844

Dec 58.600 58.875 58.150 58.625 -.275 77,330

Lumber (CME)-11,000 bd ft.; \$ per 1,000 bd ft.

Sept 393.50 394.00 386.10 391.80 -.770 285

Nov 380.90 382.80 378.10 378.10 -10.00 4,268

Contract

Open High Low Settle Chg Open interest

Milk (CME)-200,000 lbs.; cents per lb.

Sept 16.30 16.32 16.20 16.22 -.06 5,478

Oct 15.93 16.02 15.78 15.80 -.22 4,312

Cocoa (ICE-US)-10 metric tons; \$ per ton.

Sept 1,960 1,960 1,960 1,973 1 102

Dec 1,936 1,943 1,912 1,934 1 144,721

Coffee (ICE-US)-37,500 lbs.; cents per lb.

Sept 129.65 129.65 128.75 130.60 1.20 357

Dec 130.65 131.95 129.75 131.85 1.20 117,283

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

Oct 14.09 14.36 13.80 14.29 .20 303,747

March'18 14.64 14.89 14.36 14.49 .20 278,211

Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.

Nov 26.15 26.15 26.15 27.19 .41 3,170

March'18 27.00 27.00 27.00 27.05 .15 1,504

Interest Rate Futures

Japanese Yen (CME)-¥12,500,000; \$ per 100%

Sept .9243 9248 .9134 .9148 -.0131 193,102

Dec .9282 9286 .9174 .9186 -.0132 17,770

Canadian Dollar (CME)-CAD 1

MARKETS

Treasury Prices Fall As Irma Weakens

BY AKANE OTANI

U.S. government-bond prices slipped Monday, as investors piled into riskier assets like stocks.

The yield on the 10-year Treasury note settled at

2.125%, compared with

2.058% Friday.

Yields rise as bond prices fall.

Yields on the 10-year note posted their biggest one-day gain since July 25 after early estimates suggested damage from Hurricane Irma would be less severe than analysts initially feared.

Concerns over the hurricane, which made landfall in the U.S. before being downgraded to a tropical storm, last week had sent Treasury yields to fresh lows for the year. Bond yields had also fallen after some analysts warned that North Korea could launch another intercontinental ballistic missile over the weekend—a development that would have renewed fears of an escalation in the country's nuclear program.

The fact that there appeared to be no such launch, and that analysts have downgraded their hurricane-damage estimates, helped stoke appetite for stocks on Monday while putting pressure on assets considered safer stores of value, said Dan Heckman, senior fixed-income strategist at U.S. Bank Wealth Management. Treasuries, alongside assets such as gold and the Japanese yen, tend to attract money during times of economic or political uncertainty.

"Although the storm caused a lot of damage, it didn't appear to be the worst-case scenario," Mr. Heckman said, adding that Treasuries have swung because of short-term developments in recent sessions.

Later this week, bond investors will get a fresh look at inflation, with the producer-price index scheduled to be released on Wednesday and the consumer-price index set for Thursday.

While various measures of the U.S. economy have picked up this year, inflation readings have remained largely muted, adding to investors' view that the Federal Reserve will be unlikely to raise rates quickly.

That has helped keep yields in a narrow range, despite expectations at the start of the year that policy changes from the Trump administration would kick-start economic growth and inflation and, in turn, sap demand for Treasuries. The yield on the 10-year note finished 2016 at 2.446%.

"We think the market will continue to trade in a tight range until we see changes on the inflationary front," Mr. Heckman said.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

13-Week 26-Week

Applications \$118,320,945,800 \$102,980,163,400

Accepted bids \$39,000,560,800 \$33,000,394,900

*noncomp \$539,865,800 \$419,850,400

*foreign noncomp \$223,000,000 \$400,000,000

Auction price (rate) 99.738375 99.423667

(1.03%) (1.140%)

Coupon equivalent 1.052% 1.163%

Bids at clearing yield accepted 8.18% 46.77%

Cusip number 912796MG1 912796NWS

Both issues are dated Sept. 14, 2017. The 13-week bills mature on Dec. 14, 2017; the 26-week bills mature on March 15, 2018.

THREE-YEAR NOTES

Applications \$64,883,398,300

Accepted bids \$24,000,020,800

*noncompetitively \$47,693,300

*foreign noncompetitively \$100,000,000

Auction price (rate) 99.830281

(1.433%)

Interest rate 1.375%

Bids at clearing yield accepted 87.71%

Cusip number 912828V1

The notes, dated Sept. 15, 2017, mature on Sept. 15, 2020.

Hurricanes Gore the Oil Bulls

More of the fuel is likely to wind up in storage as demand for crude takes a hit

BY STEPHANIE YANG

The havoc wreaked by major summer storms stands to deepen a global crude-supply glut that has depressed oil prices for more than three years.

By paralyzing giant swaths of the southern U.S. ranging from Texas to South Carolina for days at a time, hurricanes Harvey and Irma will dent energy demand from consumers and refiners even as drilling continues and crude in storage is abundant.

The effect, analysts say, will be to push millions more barrels of crude oil into oil caverns and floating tankers at a time when storage is already in heavy use. That will undermine efforts by producers such as the Organization of the Petroleum Exporting Countries to rebalance the market by cutting output.

U.S. crude prices haven't exceeded \$50 a barrel for more than a trading day since May, and futures for October delivery fell 3.3% Friday to \$47.48 ahead of Irma's landfall. On Monday, crude settled up 1.2%, to \$48.07.

While regional economic activity will gradually recover

Global Glut

Major summer storms in the U.S. are increasing stockpiles of oil and widening the spread between supply and demand.

Global supply minus demand



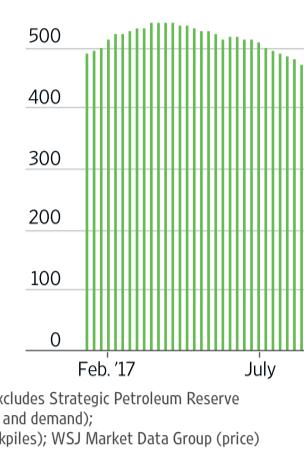
*Average in barrels a day. Note: Stockpiles excludes Strategic Petroleum Reserve Sources: International Energy Agency (supply and demand); U.S. Energy Information Administration (stockpiles); WSJ Market Data Group (price)

after the storms and rebuilding efforts will help to push demand higher, the disruptions are nearly certain to intensify the downward pressure on U.S. prices.

The sheer size of Harvey and Irma, two of the largest storms to hit the U.S. in recent years, likely will drive significant declines in consumption, said Thomas Pugh, a commodities economist at Capital Economics.

Mr. Pugh expects the impact from the two storms to exceed that of Hurricane Katrina in 2005, which drove total U.S. oil demand down 2% from a year earlier in the

U.S. stockpiles, weekly data



Average in barrels a day. Note: Stockpiles excludes Strategic Petroleum Reserve Sources: International Energy Agency (supply and demand); U.S. Energy Information Administration (stockpiles); WSJ Market Data Group (price)

three months that followed.

The scale of the storms points to an outsize impact on the oil market. Hurricane Harvey is expected to be one of the costliest storms in U.S. history, after dumping torrents of rain on the Greater Houston metropolitan area of more than 6.7 million people. More than 300,000 homes in Texas were damaged or destroyed by the floods.

Even more is potentially at stake in Irma, which hit Sunday in large sections of Florida, a state with more than 20 million people. Data provider CoreLogic Inc. estimated that 12 million properties in Flor-

U.S. crude-oil futures



\$55 a barrel

THE WALL STREET JOURNAL

ida could be damaged by winds or the storm surge.

The energy industry has already taken a significant hit. U.S. crude prices fell after Harvey hit the eastern coast of Texas and forced the shutdown of more than 20% of U.S. refining capacity.

Crude prices began recovering last week as refiners near the Gulf Coast planned restarts, easing demand concerns. Gasoline prices remain elevated, reflecting refinery outages and the vulnerability of the U.S. gasoline-distribution system to storms that hit the Southeast.

Goldman Sachs Group Inc.

said Monday that the demand loss will be a "bearish shock for global oil balances." The bank estimated that U.S. crude inventories will climb by 40 million barrels in the month following Harvey, which would push stockpiles to nearly 500 million barrels.

Crude inventories declined steadily through July and August, which oil bulls took as a sign that the market was beginning to move back into balance.

But a buildup of 40 million barrels would negate most of those inventory reductions. On Thursday, the U.S. Energy Information Administration reported that 4.6 million barrels of crude oil were added to storage in the week ended Sept. 1. Days of supply covered by inventories rose for the first time in two months to 27.5 that week, below the peak this year of 34.2 days, according to the EIA.

Some analysts are skeptical that hurricane season will have a long-term impact on the oil market. If refiners restart more quickly than anticipated, it could mitigate another wave of U.S. supply.

"It's definitely not good news in the short term," said Ed Morse, global head of commodities research at **Citigroup** Inc. But "in the end, it's probably the case that supply and demand are balancing themselves out."

—Benoit Faucon and Amrit Ramkumar contributed to this article.



Flooding in Immokalee, Fla., on Monday. Florida hurricane risk is so large that half of the \$26 billion in outstanding catastrophe bonds include that as a risk exposure.

BOND

Continued from page B1

rethink their positions in the market" and expect a higher rate of return, said Gary Martucci, a director at Standard & Poor's Global Ratings. But "these bonds are generally two to three times oversubscribed, so even if a few investors walk, there's still sufficient capital available to buy the risk that is being offered in the market."

Hurricane Irma made landfall in the Florida Keys early Sunday, then moved up the state's west coast. Even at the upper end of Monday's projections of roughly \$40 billion of damage, the storm is well below the \$130 billion mark that put cat-bond investors on edge last week as Irma barreled across the Caribbean and seemed destined to strike Miami.

Mr. Martucci said he doesn't expect any of the cat bonds rated by S&P, representing a slice of those outstanding, to suffer a principal reduction

based on the current \$40 billion upper-end damage estimate.

Many insurance executives and cat-bond promoters are gathered in Monte Carlo for one of the biggest annual industry confabs. As the conference began over the weekend, attendees said they were getting frequent updates on the storm's trajectory from various sources and using smartphones to stay on top of the U.S. National Hurricane Center's forecasts of Irma's strength.

Which cat bonds might suffer, and how much will have to be paid out, will become clearer in coming days as the industry tallies up actual losses.

"There is a mountain of alternative capital on the sidelines that will be available to be deployed if the insured loss from Irma results in significantly higher expected returns for cat bonds," Tony Ursano, president of TigerRisk Partners LLC, a risk and capital adviser to insurers and reinsurers, said from the conference.

In simplest terms, a catastrophe bond works like this:

An investor buys the bond, taking into account a calculation by an independent risk-modeling firm of the odds of a specified disaster occurring. The principal and interest are held in escrow and typically invested in Treasuries.

These bonds are typically sold in tranches, each with a different trigger. Triggers vary across the bonds. Some specify a deductible amount that an insurer must pay before tapping into the principal, while others are based on metrics tied to a weather event. Some are tied to a single event, while others reference damage accumulated over designated periods.

Florida hurricane risk is so large that around half of the \$26 billion in outstanding cat bonds include that as a risk exposure. In return for their investment, owners of the bonds are paid interest rates higher than conventional bonds for taking on the risk.

Aon Benfield's U.S. hurricane bond index had an 8.7% average annual return over the past 10 years, compared with a

6.9% average over the decade for high-yield bonds. But cat bonds returned less over the 12 months through June 30: 6.4% compared with 7.9% for the high-yield index.

Over the years, investors have lost some principal and as tranches, each with a different trigger. Triggers vary across the bonds. Some specify a deductible amount that an insurer must pay before tapping into the principal, while others are based on metrics tied to a weather event. Some are tied to a single event, while others reference damage accumulated over designated periods.

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has basically recovered," said Dirk Lohmann, chief executive of Switzerland-based insurance advisory **Secquaero Advisors** AG. Mr. Lohmann was among the pioneers of cat bonds in the early 1990s. "There will be some isolated hits" but not widespread loss of principal, he said.

The bonds were born in the 1990s, when Mr. Lohmann and other then-colleagues at Hannover Re in Germany were inspired to turn to the capital markets after Hurricane Andrew hurt many insurers' capital bases.

The securities took off after the 2008 financial crisis because investors were attracted to their relatively high returns and to the fact that their performance wasn't correlated to market swings.

A record \$11.3 billion of new cat bonds was issued in the 12 months through June, according to Aon Securities. Cat bonds and other "alternative" reinsurance investments collectively stand at roughly \$90 billion, according to Aon.

Austria Considers Going Long With a 100-Year Bond

BY EMESE BARTHA

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

Eurozone countries and companies have been able to raise cash for lengthier periods as the European Central Bank's stimulus measures push down bond yields and lower borrowing costs across the

euro area. Faced with a growing stock of low- and negative-yielding debt, investors have been forced into longer-dated bonds that offer the prospect of positive returns.

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

On Monday, the banks hired for the sale of a coming five-

year bond for Austria said that they are looking at the possibility of a 100-year euro tranche, subject to investor feedback.

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

A bond-buying program and negative interest rates have pushed down yields across the

MARKETS

Battered Insurance Shares Are Recovering

Cost to the industry appears to be lower than feared as Irma damage estimates fall

By ERIK HOLM

Hurricane Irma's brutality burdened millions. Wall Street was relieved it wasn't as intense as feared.

The insurance sector had been hit hard last week as the powerful storm headed toward Florida, but damage estimates indicate the cost to the insurance industry will be far less than was expected when the storm was forecast to pass closer to Miami.

Travelers Cos., the only insurer in the Dow Jones Industrial Average, rose 2.3% Monday, adding 19 points to the blue-chip index's 260-point climb. The business and home insurer had fallen in 12 of the 15 trading sessions through Thursday, declining 11% in that time, before beginning its recovery in Friday's session.

Reinsurer XL Group Ltd. rose 5% and Everest Re Group Ltd. rose 4.3%, among the best performers in the S&P 500. The reinsurance industry plays a large role in the Florida insurance market and was expected to bear the financial brunt of Hurricane Irma's damage to potentially millions of homes across the state.

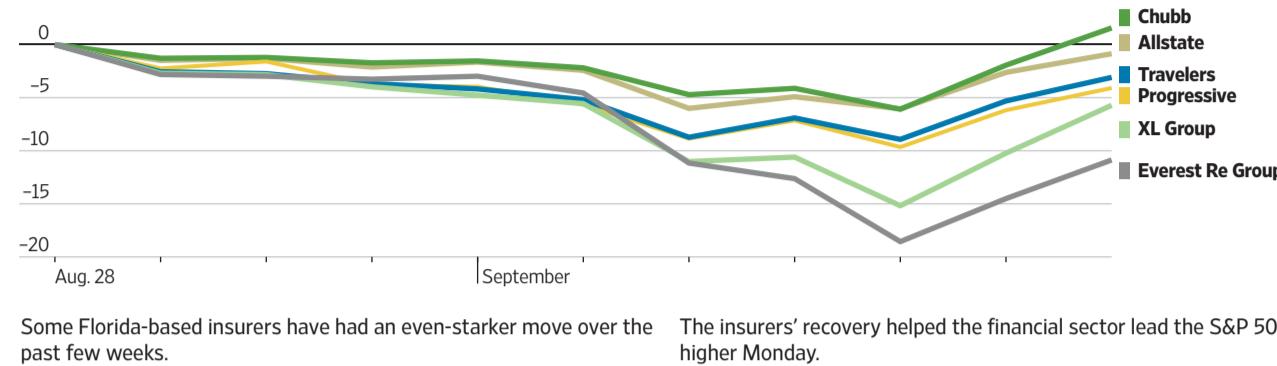
A catastrophe-modeling firm, AIR Worldwide, early Monday estimated that Irma would cause private-sector insured losses in the U.S. of \$20 billion to \$40 billion. That is well below the more than \$100 billion or more that was predicted by some insurance-industry experts on Friday. At that time, some projections for the storm had it hitting Miami and the east coast of Florida directly. Instead, the storm shifted west along the Gulf Coast.

The total insured value in

Relief Rally

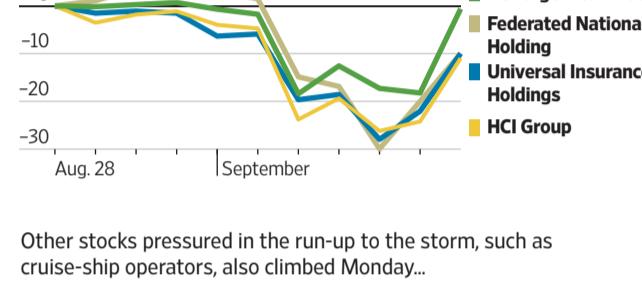
Insurance stocks in the S&P 500 rallied Monday as Hurricane Irma dissipated. The gains extended a rebound that began late last week following a sharp decline over storm-damage fears.

Share-price performance



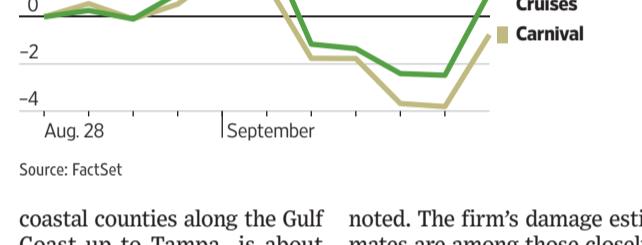
Some Florida-based insurers have had an even-starker move over the past few weeks.

Share-price performance



Other stocks pressured in the run-up to the storm, such as cruise-ship operators, also climbed Monday...

Share-price performance



Source: FactSet

coastal counties along the Gulf Coast up to Tampa is about \$1 trillion, but "Irma's forward motion should prevent the kind of accumulations and resulting flooding seen two weeks ago in Texas" from Hurricane Harvey, AIR analysts noted. The firm's damage estimates are among those closely watched by the insurance industry after major natural disasters.

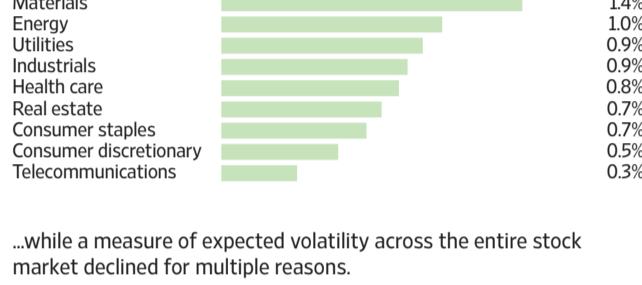
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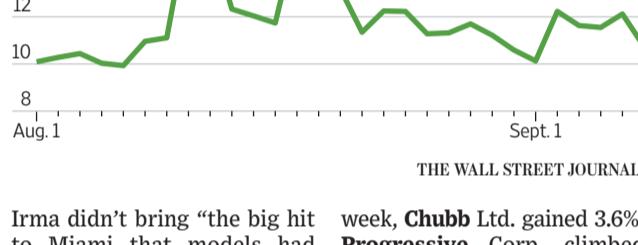
The insurers' recovery helped the financial sector lead the S&P 500 higher Monday.

One-day S&P 500 sector performance



...while a measure of expected volatility across the entire stock market declined for multiple reasons.

CBOE Volatility Index



THE WALL STREET JOURNAL.

Irma didn't bring "the big hit to Miami that models had called for most of last week," but noted that the damage estimate indicates "this will still be a significant loss for the insurance industry."

Still, after declines last

week, Chubb Ltd. gained 3.6%, Progressive Corp. climbed 2.2% and Allstate Corp. added 1.8% on Monday.

The S&P 500's property-and-casualty insurers were up 2.7% as a group, reaching their highest point of the month

and helping the financial sector lead the S&P 500 higher.

Florida-based insurers were up even more sharply, with Heritage Insurance Holdings Inc. climbing 22%, HCI Group Inc. rising 17% and Universal Insurance Holdings Inc. shares up 13%.

Such companies dominate the Florida home-insurance market, as bigger firms such as Allstate and Travelers have retreated from the state over the past two decades.

Property-and-casualty insurers' stocks were up 2.7% as a group Monday.

The smaller insurers are typically required by Florida regulators to buy reinsurance, which is backup protection that protects insurers from catastrophic losses. Both Irma and last month's Hurricane Harvey are expected to be costly events for the global reinsurance industry, but reinsurers have substantial capital cushions after several years without a major hurricane hitting the U.S.

Past catastrophes sapped enough capital from the industry that insurers and reinsurers raised prices, but some Wall Street analysts said Monday that they didn't appear likely to significantly raise prices from what they knew of Irma's damage so far.

Irma made landfall in the Florida Keys on Sunday morning as a Category 4 storm, weakened to a Category 2 by late afternoon and was downgraded to a tropical storm Monday morning. It moved into southern Georgia on Monday afternoon.

—Leslie Scism
and Nicole Friedman
contributed to this article.

HEARD ON THE STREET

Email: heard@wsj.com

WSJ.com/Heard

Hurricane Has Mercy on Insurers

Hurricane Irma has left a trail of destruction across Florida, but it could have been much worse. For insurers, investors and consumers, the news is also good. The industry has avoided extreme losses and insurance rates are unlikely to rise significantly.

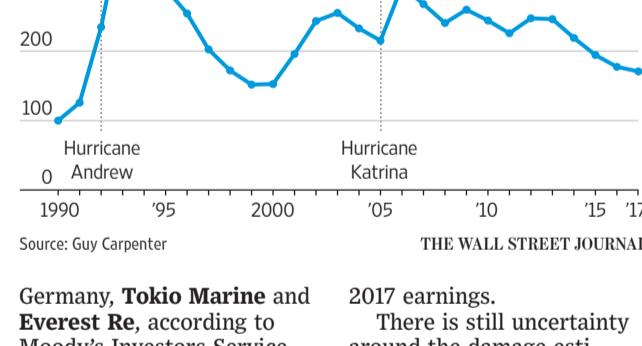
Estimates of total potential losses from the storm came down after Irma lessened in strength and avoided a direct hit on Miami. AIR Worldwide, a catastrophe modeling firm, has cut its estimate of losses to a range of \$20 billion to \$40 billion, down from its earlier forecast of up to \$65 billion.

This will still be painful for the smaller Florida-focused primary insurers such as **Heritage Insurance** and **Citizens Property**, as well as for their reinsurers.

Aside from the Florida Hurricane Catastrophe Fund, a state-backed reinsurer that takes the biggest share of hurricane exposure, the private reinsurers likely to be most exposed are the **Lloyd's of London** market, **Allianz** of

Short Reinsurance Memories

Guy Carpenter Global Property Catastrophe Reinsurance Rate-on-Line Index



Source: Guy Carpenter

2017 earnings.

There is still uncertainty around the damage estimates. Steve Moss of RMS, another catastrophe-modeling firm, noted there was flooding from seawater on both sides of the Florida peninsula, spreading the damage. But he added that the strongest winds around Tampa fortunately blew westward, so seawater wasn't pushed directly into the city from the bay.

The market for catastrophe bonds, an alternative form of reinsurance, will also be affected. However it seems there may be no total defaults, though it will be a while before that is confirmed.

The scale of losses, even when combined with Hurricane Harvey, are unlikely to mean a big loss of capital from the industry.

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

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

—Aaron Back

and Paul J. Davies

OVERHEARD

Should Apple be worth \$1 trillion?

Ahead of the unveiling of this year's new iPhones, even Wall Street isn't taking that bet.

Apple shares got a nice lift Monday to over \$161. A price a little over \$193 would garner the company a total market value of \$1 trillion.

But even though about 76% of covering brokers rate the shares as a "buy," most analysts aren't projecting that sort of gain.

The current median price target is \$180.

Only two analysts currently have targets on the stock that would put the company's market cap over \$1 trillion, according to S&P Capital IQ.

Of course, that could all change once Apple officially reveals the new gizmos at Tuesday's big event.

The median target rose 19% in the three months that followed the iPhone 6 launch three years ago.

Even cynical stock pickers aren't immune to hype.

For Teva, Hard Part Starts Now

The board at **Teva Pharmaceutical Industries** has scored a clear victory. Investors' celebration shouldn't last much longer, however.

The struggling generic-drugs giant announced Monday that Karen Schultz will take over as president and chief executive. Shares rose 19% in New York.

Mr. Schultz brings a strong résumé, having recently served at **H. Lundbeck** and **Novo Nordisk**. He also brings experience with generic drugs as well as corporate restructuring.

A new CEO with cost-cutting experience and fresh eyes can quickly make a big impact. But that was before Teva's balance-sheet-busting acquisition of **Allergan**'s generics business last year. For Teva to return to health, it needs to cut its \$35 billion debt load. The trick is to do that in a way that doesn't slash profits.

Teva announced the sale of its intrauterine contraceptive business to a unit of **Cooper** for \$1.1 billion Monday.

The task will be harder for Mr. Schultz because generic-drug prices are falling. Teva's operating cash flow was down 23% in the second quarter from a year earlier.

Teva's stock isn't as cheap as it seems, despite this year's 48% decline. Teva shares trade at just four times forward earnings. Include the debt, however, and the company is valued at 8.5 times enterprise value to forward earnings before interest, taxes, depreciation and amortization. That is right in line with the 10-year average.

Monday's news was a good start in the rebuilding project. Investors should want to see much more before betting that the rebound will last.

—Charley Grant

An Undervalued New Player Arises in the Energy Industry

If they gave out grades for corporate names, "Baker Hughes, a GE Company" would get a D-minus. In terms of recent financial performance, neither of the parties to the merger completed two months ago deserved more than a gentleman's C.

But the company's grade should go higher over the next few years as new management, a solid balance sheet and strong business lines combine to boost Baker Hughes ahead of its competitors.

While the company is still exposed to energy prices, it expects \$1.6 billion in annual deal synergies and cost savings by 2020, a boost its ri-

Consolation Prize

Total shareholder return, past three years

Baker-Hughes
Schlumberger
Halliburton



Source: FactSet

been tough and remains so for the industry. Earnings expectations have fallen this year for Baker Hughes and its rivals.

Over the past three years, a period encompassing the oil bear market, the aborted merger with rival Halliburton and its merger with GE, legacy shareholders of Baker Hughes have a minus-21% total shareholder return. That compares with minus-31% for industry-leader Schlumberger and minus-36% for Halliburton.

Now, though, Baker Hughes is effectively a brand-new company run by a man who has never held that role. Chief Executive Lorenzo Simonelli and his team have

been handed fresh incentives to meet financial goals—something that often spurs results when new public companies are created. Besides the synergies and cost savings, Baker Hughes is the only big player in the industry with net cash on the balance sheet. It has business lines, mostly courtesy of the legacy GE oil-and-gas business, that are less sensitive than most peers to petroleum prices remaining in the doldrums.

With GE owning 62.5% of the operating company and having signed a five year standstill agreement on buying the rest, a bid for the 37.5% rump is out of the question. But GE has a new

CEO and an activist shareholder looking to shake things up. The awkward status quo could change in two years, or even sooner with approval from a conflicts committee, which could include a tax-free spinoff.

That perceived overhang is a temporary weight on the share price but, on enterprise value to forecast 2018 earnings before interest, taxes, depreciation and amortization, Baker Hughes trades at about a 15% discount to the average of five industry peers. If it can exceed muted expectations once it begins reporting consolidated results, that gap should narrow.

—Spencer Jakab