

THE WALL STREET JOURNAL.

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What's News

Business & Finance

The SEC's chairman is expected to testify that his agency may have mishandled a breach of its system for disclosing market-moving news. A1

◆ Target is raising its minimum wage to \$11 an hour and later to \$15 as the retailer competes to fill low-wage jobs. A1

◆ GE is selling its industrial-solutions unit to Switzerland's ABB for \$2.6 billion as GE's new chief moves ahead with streamlining efforts. B1
◆ A political shake-up in India is threatening GE's \$2.5 billion deal to sell locomotives to Indian Railways. B7

◆ China's Tianhong, which manages the world's largest money fund, said it would take steps to pare risks to comply with new rules. B1

◆ China may ease rules requiring foreign auto makers to have local partners, which could pave the way for Tesla to build cars there. B1

◆ AIG is shuffling its structure and top leadership as the insurer looks to begin an expansion. B12

◆ A private-equity group agreed to buy Danish payments-processing company Nets for \$5.3 billion. B3

◆ U.S. stock indexes fell, weighed down by losses in tech shares. The Dow shed 53.50 points to 22296.09. B13

◆ Saudi Arabia plans to tap international debt markets again as it battles a deficit. B13

◆ Microsoft unveiled a product aimed at taking on IBM in artificial intelligence for everyday business needs. B4

World-Wide

◆ The Republicans' latest effort to repeal large parts of the ACA this year suffered a likely death blow as GOP Sen. Collins's declared opposition left it without enough votes to pass. A1

◆ North Korea's foreign minister said the U.S. had declared war, giving Pyongyang the right to shoot down U.S. warplanes. Washington dismissed the assertion. A7

◆ Japan's Abe called a national election, betting voters would rally behind his alignment with Trump in confronting North Korea. A7

◆ Kurds voted in a landmark referendum on independence from Iraq, despite objections from Baghdad and neighboring countries. A8

◆ U.S. officials are preparing to announce restrictions to Russian military flights over American territory under the Treaty on Open Skies. A3

◆ Trump's new travel ban scrambled a legal fight and stirred concerns about unintended consequences for U.S. foreign policy. A2

◆ Germany's Merkel began laying the groundwork for a three-way coalition, but faced challenges after the rise of a nationalist party. A9

◆ Puerto Rico's main airport is struggling to get passengers off the island after Hurricane Maria. A3

◆ Insured losses from the storm could hit \$85 billion, according to an estimate. A3

◆ Poland's president introduced a law that would retire the most senior judges on the nation's Supreme Court. A8

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U.S. NEWS

Travel Ban Scrambles Legal Fight

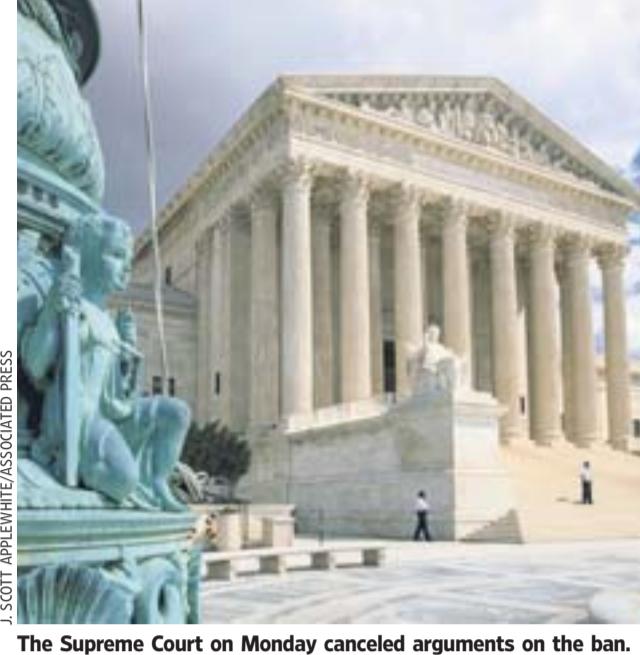
BY LAURA MECKLER
AND BRENT KENDALL

President Donald Trump's new travel ban scrambled a legal fight two weeks before a major Supreme Court argument, and stirred concerns about unintended consequences for U.S. foreign policy.

But because the new rules don't affect existing visa holders and don't take effect until next month, the order didn't lead to the chaos at airports that accompanied Mr. Trump's first order in January.

On Sunday, Mr. Trump replaced a temporary ban on travelers from six nations with indefinite restrictions on eight countries. The new rules range from a near-total ban on visitors from some countries to restrictions on only a small number of visas in others. Officials say they were applied to countries that were unable or unwilling to adopt policies that help vet their nationals to detect security threats.

Critics of the policy said it still amounts to the ban on Muslims that Mr. Trump promised in his presidential campaign, and suggested their legal battle against the policy



The Supreme Court on Monday canceled arguments on the ban.

would continue. "For us, this was a Muslim ban, and it remains a Muslim ban," said Zahra Billoo of the Council on American-Islamic Relations.

The new travel ban includes two non-Muslim countries—North Korea and Venezuela—but in both cases, the rules affect only a handful of people.

Whether the policy is an unlawful ban on Muslims was one of the issues set for consideration by the Supreme Court, which was scheduled to hear the matter on Oct. 10. On Monday, the justices removed the case from their calendar and ordered both sides to file new papers addressing whether the case is moot in light of the new rules.

The case raised questions about presidential power, as well as the ability of courts to probe motives behind a president's actions. Monday's move suggests the justices believe it may not make sense to address those questions now.

Litigation over the new version is a near certainty, but those cases probably will have

Travelers and Terrorists

Of about 11 million people who came to the U.S. with visas in 2016, around 74,000 were from the eight countries included in President Donald Trump's order banning travel. Most domestic terror attacks since 9/11 have been carried out by U.S. citizens.

Visas issued in fiscal 2016 for the banned countries

Terrorists in the U.S. since 9/11, by citizenship status



Note: Fiscal year for visas ends Sept. 30. The Venezuela ban only includes government officials and their families. The Somalia ban excludes visitors.

*Includes naturalized citizens and permanent residents. **Includes asylum seekers.

Source: State Department (visas); New America Foundation (terror attacks)

THE WALL STREET JOURNAL.

to start over, with proceedings at the trial-court level before it can return to the high court.

The administration has already lost twice at the appellate-court level in the earlier litigation. This summer, the high court allowed some of the travel rules to take effect. The new order appears to have been crafted with an eye toward putting it on sounder legal footing, legal experts said.

Meantime, national security analysts said the new restrictions are likely to have unintended consequences for U.S. foreign policy and questioned the security imperative.

They said the vast majority of terrorism in the U.S. since the 9/11 attacks has stemmed from radicalized Americans,

not foreigners, in part due to improved vetting.

Other experts said that the rules could lead to retaliation by other governments toward U.S. citizens seeking to travel, and that they undermine the U.S. interest in exposing citizens of hostile regimes to American values.

"Making it harder for people in repressive countries to see what the U.S. is about means fewer come here to study and work and tell their friends and families about our system," said Jon Alterman, a Middle East expert at the Center for Strategic and International Studies, a think tank.

◆ Trump and the NFL continue to trade barbs..... A14

CORRECTIONS & AMPLIFICATIONS

U.S.-backed forces in Syria seized a gas plant, known there as the Conoco plant, from Islamic State. **Conoco-Phillips** has had no affiliation with the facility since it was turned over to **Syrian Gas Co.** in 2005. A World News article Monday about the advances of Kurdish-led Syrian Democratic Forces in eastern Syria incorrectly implied that the gas plant was owned by Conoco-Phillips.

An **earthquake** in Mexico last week destroyed more than 70% of the structures in Jujutla. In some editions Friday, the town's name was misspelled Jujutla in a World News article about rescue efforts after the earthquake.

Indonesia's Museum of Modern and Contemporary Art in Nusantara opens Nov. 4. A Life & Arts article on Sept. 19

about new art exhibits incorrectly said the museum will open Nov. 7.

Finland adopted right-hand traffic before Sweden. A Review column on Saturday incorrectly said Finland acted after Sweden in 1967 shifted to driving on the right.

Calu Rivero was incorrectly identified as Marina Testino in a photo caption with an Off Duty article Saturday about the launch of a collection by Sean Barron and Jamie Mazur, co-founders of jeans label Re/Done, and model Cindy Crawford.

The solution to the Sept. 16 Crossword "Why So Late?" that was published in Saturday's Review section was incomplete. The full solution is available at WSJ.com/Corrections.

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

U.S. WATCH

LAW ENFORCEMENT

Homicide Rate Rises For a Second Year

Violent crime and homicide rates rose in the U.S. in 2016 for the second consecutive year, driven in part by a jump in murders in large cities, according to national data released Monday by the Federal Bureau of Investigation.

The Trump administration seized on the report as further evidence that the U.S. is experiencing a surge in deadly violence.

Attorney General Jeff Sessions last week previewed the FBI's data release in a speech, saying it would show that "violent crime rose again. Murder rose. Aggravated assault, rape, and robbery rose."

Last year, violent crime rose nationally by 4.1%, to 386 per 100,000 residents, and murders increased by 8.6%, the FBI reported.

Chicago in particular faced an increase in deadly violence, recording 287 more murders last year than in 2015. Houston, Denver and San Antonio also saw increases in their violent crime and homicide rates.

—Del Quentin Wilber

TEXAS

Court Allows Parts Of Immigration Law

A federal appeals court ruled that parts of Texas' blocked immigration law can be implemented until a lawsuit challenging it is decided in court, a decision that partially reverses an earlier ruling from a lower-court judge who had blocked most of the law, calling it unconstitutional.

A three-judge panel in the Fifth U.S. Circuit Court of Appeals ruled Monday the state can enforce parts of the law aimed at cracking down on jurisdictions that don't cooperate with federal immigration authorities, known as sanctuary cities.

The parts of the law allowed to go forward include a provision requiring local authorities "not prohibit or materially limit" law enforcement from cooperating with or helping federal immigration authorities.

The judges also opted to lift a lower court's lock on provisions that order local authorities not to "adopt" or "enforce" policies that would block cooperation and to comply with federal requests to hold immigrants suspected of living in the country illegally.

Monday's ruling didn't address the part of the law that imposes criminal penalties, including jail sentences, against law-enforcement officials who don't comply with detention requests from U.S. Immigration and Customs Enforcement.

—Alicia A. Caldwell

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U.S. NEWS

U.S. to Curb Russia Flights

Officials set to restrict observation missions over American territory under Open Skies pact

BY BRETT FORREST

WASHINGTON—U.S. officials are preparing to announce restrictions to Russian military flights over American territory under the Treaty on Open Skies in the latest sign of strain in U.S.-Russia relations.

The treaty, part of a suite of arms-control, transparency and confidence-building agreements that proliferated in the late stages of the Cold War, permits its 34 ratified member states to conduct observation flights over each other's territory while capturing aerial imagery of military personnel and materiel.

Treaty-related tensions intensified over two days in August, when a Russian plane operating under Open Skies flew over U.S. cities including Wash-

ington as well as Bedminster, N.J., while President Donald Trump was staying at the Trump National Golf Club in the town.

Those flights, however, aren't the cause of the new restrictions, according to U.S. officials. Instead, they assert that Russia is in violation of the Open Skies treaty, because the Kremlin imposed restrictions on flights over Kaliningrad, Russia's Baltic Sea enclave, which U.S. officials believe is host to a cache of sophisticated weaponry.

While the treaty allows for a per-flight range of 5,500 kilometers (3,418 miles), Russia has enforced a "sub-limit" of 500 kilometers for flights over Kaliningrad. Since it requires roughly 1,200 kilometers to cover the entirety of Kaliningrad during an Open Skies flight, according to Pentagon officials, this restriction compels treaty members to reallocate two flights that would otherwise be used to observe other portions of Russia.

Perhaps more important, this limitation enforces gaps between the flights needed to cross Kaliningrad, providing an incoherent picture of the territory, U.S. officials maintain.

U.S. officials question what the Russian military in Kaliningrad may be doing between Open Skies flights, stressing the importance of knowing Russian military capabilities at their westernmost expansion.

The treaty's U.S. delegation is scheduled to announce reciprocal countermeasures Tuesday during a meeting of the Open Skies consultative commission in Vienna, a group of officials from member countries, according to officials at the State Department and Pentagon.

"We want to induce Russia to come back into compliance with the treaty," said a senior State Department official, adding measures the U.S. takes that are reversible could prod Moscow.

Among options that U.S. officials have considered are limitations of Russian flights over

Alaska and Hawaii, according to officials with knowledge of the matter.

For their part, Russian officials claim that several countries that are party to Open Skies—including Canada, Georgia, Turkey and the U.S.—have placed limits on access to their territories under the treaty.

"We have serious claims that a number of participating states are interfering with observation flights," retired Maj. Gen. Alexander Peresypkin, a member of Russia's Vienna delegation, told The Wall Street Journal. "Our partners, in an attempt to 'balance' mutual claims, often just come up with small problems, elevated to the rank of big ones."

Russia claims that in July, the U.S. required a Russian flight to raise its altitude floor over the Alexander Archipelago in Alaska. "The U.S. is resourceful in reducing access to its airspace," Gen. Peresypkin said.

—Julian E. Barnes
in Brussels
contributed to this article.

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Tourists and Puerto Ricans lined up at the San Juan airport to leave the Hurricane Maria-devastated island on Monday.

Maria Crippled Puerto Rico Airport

BY JOSÉ DE CÓRDOBA
AND ARIAN CAMPO-FLORES

SAN JUAN, Puerto Rico—After Hurricane Maria knocked out radar systems and power, the U.S. territory's main airport is struggling to get thousands of stranded passengers off the battered island.

Agustín Arellano, chief executive of Aerostar Airport Holdings LLC, which operates the airport, said only about 2,000 passengers are flying out every day despite standby lists that are in the tens of thousands. That is down from an average of 15,000 passengers

departing daily before Maria.

"Our limitations are air-space, and we are missing radar," he said. "We are trying to get radar and equipment to be able to have communication with Miami."

The airport is relying on 21 generators to supply power to the control tower, tower radar, some terminal lighting, navigation equipment and the equipment necessary to screen baggage. There is no air conditioning, according to Mr. Arellano, and only one food-and-beverage concession is operating.

The difficulty getting the

airport up and running is emblematic of the difficulties across the island. Authorities continue to rescue people isolated after the storm cut across the island, flattening forests, throwing down power lines, destroying roofs and causing small streams to turn into raging rivers that flooded nearby towns. Gov. Ricardo Rosselló said there have been more than 5,500 rescues.

On Monday, Coast Guard leadership, federal officials and congressional lawmakers met in San Juan with Mr. Rosselló, who carried an urgent message of need. "What Puerto Rico is

experiencing after Hurricane Maria is an unprecedented disaster. The devastation is vast," he said. "This is a humanitarian disaster involving 3.4 million U.S. citizens."

At San Juan's airport, military and aid flights are arriving daily with critical supplies from power generators to drinking water. But because of those arrivals, only about 10 commercial flights are leaving to the U.S. mainland a day—down from 176 daily flights normally, according to Mr. Arellano. And only five airlines are flying out of San Juan, down from 31 airlines before the storm.

American Airlines Group Inc. resumed limited service to San Juan on Friday, when it sent three flights, all carrying relief supplies such as cots, tarps and generators. On Monday, American operated one flight to San Juan and back.

"We want to resume more operations and get more flights in there, but it's a very challenging environment," Ross Feinstein, an airline spokesman, said, adding that a typical day for the airline involves roughly 20 flights to from San Juan.

Three of four radars used by air-traffic controllers, as well as telecommunications systems, sustained damage, Mr. Arellano said.

The Federal Aviation Administration said on Monday it was working to restore radars, navigational aids and other equipment damaged during Maria.

In the airport's passenger terminal, the situation was chaotic. Flights were booked, and rebooked, and rebooked again—only to be canceled. Would-be passengers waited in long lines, many in their own chairs, to try to get on flights that had brought in humanitarian aid.

"I'm here, and it looks as if I won't be able to get on," said Joel Rosas after waiting in line Monday. He said he planned to sleep at the airport to be first in line Tuesday for a flight to the U.S.

—Siobhan Hughes
contributed to this article.



People collected belongings this weekend from a hurricane-destroyed house in Toa Baja, Puerto Rico.

Storm's Insured Loss: Up to \$85 Billion

Hurricane Maria caused an estimated \$40 billion to \$85 billion in insured losses, mostly in Puerto Rico, catastrophe-modeling firm AIR Worldwide said Monday.

Maria was the worst storm to hit Puerto Rico since 1928 and devastated the island, causing widespread property damage and power outages. The storm also caused extensive damage in Dominica.

More than 85% of the in-

sured loss is in Puerto Rico, AIR said. The firm's preliminary damage estimate is higher than the firm's estimates for Hurricane Harvey, which made landfall in Texas in August, and Hurricane Irma, which passed through the Caribbean before reaching Florida this month.

Harvey caused more than \$10 billion in insured losses, AIR said, not including losses borne by the National Flood Insurance Program, which provides most residential flood insurance. Irma caused \$32 billion to \$50 billion in insured losses in the U.S. and the Caribbean, according to AIR.

AIR's estimate for Maria in-

cludes damage to residential, commercial and industrial properties and vehicles, as well as losses due to business interruption and additional living expenses. It also takes into account higher rebuilding costs due to increased demand for labor and materials.

The estimate doesn't include losses to infrastructure or boats, or damage to uninsured properties. AIR estimated last week that about 50% of homes in Puerto Rico have insurance policies that protect against wind damage, much fewer than is typical across the U.S.

—Nicole Friedman

U.S. NEWS

U.S. Has Options to Address North Korea



CAPITAL JOURNAL

By Gerald F. Seib

It's hard to imagine rhetoric more stark—and dangerous—than the words now flying back and forth between the leaders of the U.S. and North Korea.

President Donald Trump over the weekend called North Korean leader Kim Jong Un a "madman," after declaring a few days earlier the U.S. might have to "destroy" his country if forced to act.

Mr. Kim called the American president "mentally deranged," while his foreign minister said Monday the U.S. had essentially declared war on North Korea and his country felt free to shoot down American bombers in international air space.

As a result, it may appear that the options facing the U.S. now are just as stark: all-out military conflict or simple acceptance of North Korea's nuclear advances.

In fact, there are other, more creative options in America's tool kit. None is a silver bullet, and ultimately they may be more useful in



A U.S. Air Force B-1B Lancer bomber, right, and U.S. and South Korean fighter jets in a drill last week.

SOUTH KOREAN DEFENSE MINISTRY/AGENCE FRANCE PRESSE/GTY IMAGES

freezing and containing North Korea's nuclear program than reversing it. Still, conversations with experts suggest a series of such options to increase pressure:

■ Economic strangulation: This is the path the Trump administration already is traveling, particularly after announcing last week sanctions to cut off banks and companies that do business with Pyongyang.

But there are further steps—provocative, to be sure—that could be taken to back up financial sanctions. The U.S. Navy could begin patrolling more intensively the waters around North Korea

to interdict ships believed to be taking goods to North Korean ports. That would further discourage commerce and military technology trade with North Korea.

A full blockade of North Korean ports is possible, though it would be "extremely intensive to execute," says Kathleen Hicks, a former Pentagon official now at the Center for Strategic and International Studies.

■ Unconventional warfare: In defense circles, this approach is called "nonkinetic" warfare, meaning tactics that aren't designed to kill or destroy. Cyberattacks, if successful, could hamper North

Korea's ability to continue its nuclear and missile research or to use its weapons. Electromagnetic attacks could cripple communications.

"I know there are things that can be done that could suppress information systems, communications systems and military systems that would send a clear signal to Kim Jong Un about his own vulnerability," says Patrick Cronin, an Asian analyst at the Center for a New American Security.

■ Subversion and psychological warfare: A proliferation of modern communications technology—cellphones, DVDs and flash

drives—in long-closed North Korea has made it possible to crack through official propaganda with messages from the outside, seeking to sow internal unrest with the regime.

In a paper written last fall for a Korea study group, Navy Commander Fredrick "Skip" Vincenzo explored using such technology to launch an "influence campaign" to reach top Korean officials. He concluded that such a campaign is unlikely to spark an antiregime uprising because "the regime's harsh, pervasive security apparatus is too well entrenched."

But it's possible, he wrote, to deliver a message to North Korean military and civilian leaders that, in the event of a crisis, they will be protected by the U.S. if they peel away from the regime. Cmdr. Vincenzo called it a strategy for "convincing regime elites that their best options in these circumstances would be to support" the U.S. and South Korea.

■ Downing a missile: The U.S. could choose to try to shoot down one of the ballistic missiles North Korea has been firing. The Pentagon has space-based systems and powerful radars in Japan that can detect a missile launch, and the Aegis missile-defense system based on ships near North Korea could target a missile launch.

The U.S. and its allies have more work to do to build a truly reliable missile-defense system, though. If the U.S.

tries to down a missile, it had better succeed; failure might only further embolden Mr. Kim.

■ Intensified diplomacy: Michele Flournoy, a former undersecretary of defense in the Obama administration, says "the missing piece" in American strategy is a high-level diplomatic push. Whatever options the administration chooses for increasing pressure on North Korea, she notes, that pressure needs to lead somewhere. That somewhere likely is diplomacy designed, in the first instance, to freeze North Korea's weapons programs.

To make that more likely, she suggests appointment of a high-profile presidential envoy to China, North Korea's key ally, to deal specifically with the North Korean problem.

"We are reaching a fork in the road with China," where there will either be a plan to freeze North Korea's nuclear program or the U.S. will prepare further to deal with the problem militarily. Using high-level envoys to open the diplomatic track "is a method we have used successfully in the past."

And if North Korea proves, as it has before, to be dishonest or insincere about negotiated agreements? In that case, Ms. Flournoy says, a negotiating track at least "buys us time to get other things to work."

◆ North Korea says the U.S. has declared war..... A7

WASHINGTON WIRE

HURRICANE RELIEF

Bill Blocked Tying Aid to FAA Funds

WASHINGTON—House Democrats blocked a bill on Monday intended to give relief to taxpayers in areas damaged by recent hurricanes, on the grounds that it doesn't match previous, similar disaster relief bills or address other concerns in Congress, such as the fate of young immigrants.

The tax relief was tacked on to a bill to extend funding for the Federal Aviation Administration, which expires on Saturday.

The bill was set to give U.S. taxpayers affected by this year's hurricanes bigger-than-usual deductions for their property losses and penalty-free access to retirement accounts. It doesn't extend the same-level of tax relief that was given to victims of Hurricane Katrina in 2005.

Should the FAA funding not be extended, thousands of FAA employees could be furloughed, and projects at airports will come to a halt.

—Natalie Andrews and Andy Pasztor

LABOR RELATIONS BOARD

Senate Confirms William Emanuel

The Senate on Monday evening approved William Emanuel to sit on the National Labor Relations Board, putting Republicans in control of the body for the first time in nearly a decade.

Mr. Emanuel, the second of President Donald Trump's two board nominees to win Senate approval, was confirmed on a 49-47 party-line vote. The board will have all five seats filled for the first time since 2015. Republicans haven't controlled a majority of those seats since late 2007.

Mr. Trump's other nominee, Marvin Kaplan, won Senate confirmation last month.

They join Chairman Philip Miscimarra as the three Republicans on the board. Mr. Trump elevated Mr. Miscimarra to chairman in April. Republican control of the board could be short-lived. Mr. Miscimarra announced earlier this year that he will depart in December when his term expires.

—Eric Morath



People protested the Graham-Cassidy bill on Monday. Below, Sen. Bill Cassidy (R., La.) testifying in support of the bill he helped author.

HEALTH

Continued from Page One
posal would take much of the 2010 law's funding and transform it into block grants, which states could use to shape their own health-care systems. Ms. Collins said the earlier and newer versions of the bill both "open the door for states to weaken protections for people with pre-existing conditions, such as asthma, cancer, heart disease, arthritis and diabetes."

Ms. Collins said in a statement she was concerned by the rushed process used to consider the bill co-sponsored by her Republican colleagues, Sens. Lindsey Graham of South Carolina and Bill Cassidy of Louisiana.

Backers of the bill had modified its text in an urgent attempt to make it more palatable to wavering senators, but Ms. Collins of Maine said those changes didn't help matters.

"The fact that a new version of this bill was released the very week we are supposed to vote compounds the problem," she said.

Sen. Chuck Schumer of New York, the chamber's Democratic leader, said the GOP's latest plan was a "wholesale dismantling of our health-care system that would create chaos in many places."

"Once repeal is off the table," he told Republicans Monday night, "we want to work with you to improve the existing system."

Earlier Monday, at a testy and packed Senate Finance Committee hearing, senators engaged in sometimes-heated

exchanges. Capitol Police ejected several protesters from the hearing, forcibly carrying some from the room.

Republicans' continued determination to push a repeal of the law commonly known as Obamacare, despite daunting odds and broad opposition from the health-care industry, reflects in part a conviction that failing to deliver on a longstanding campaign promise would carry significant political peril.

The repeal push suffered a high-profile defeat in July, when the Senate failed to pass an earlier version, and President Donald Trump sounded resigned Monday to the prospects of another setback.

"We're going to lose two or three votes, and that's the end of that," Mr. Trump said on a radio talk show.

Mr. Trump has blamed fellow Republicans for the likely defeat, castigating some by name for not backing the bill.

The legislation would relax many of the consumer protection, taxes and insurance rules included in former President

said at Monday's hearing. The change, bumping up the amount of federal funding Alaska would receive, was widely seen as an attempt to win Ms. Murkowski's vote.

Sponsors made other changes that circulated late Sunday aimed at appeasing conservative GOP senators who saw Graham-Cassidy as insufficiently uprooting the law, but those alterations could alienate GOP centrists. With the changes, states could let insurers within their borders charge higher premiums to people with pre-existing conditions, without needing a federal waiver to do so, health analysts said.

But Mr. Paul said he considered the late changes to the bill "unseemly" in their effort to sweeten it for holdout senators. "Everybody should get the same thing," he said. He also took issue with the bill's central element—its plan for turning funding over to the states in the form of block grants.

"I don't believe health care is easily fixable," Mr. Paul said. "Just because you say it's going to the states doesn't automatically make it better...Republicans did not promise to block-grant Obamacare. They promised to repeat it."

Mr. Cassidy, who served as a witness at Monday's hearing, said he would have preferred to work with Democrats, but that bipartisan action didn't materialize in time to help his state's teetering health market.

"If this is the only way to [fix the markets] and I can do so, I shall do so," he told the panel.



Barack Obama's marquee health-policy legislation.

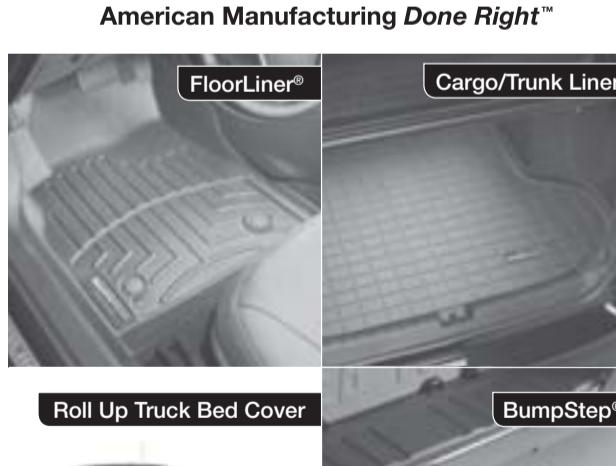
In addition to Ms. Collins and Messrs. Paul and McCain, other GOP senators have voiced reservations. Sen. Ted Cruz (R., Texas) has said that "right now" the bill's sponsors don't have his vote.

Sen. Lisa Murkowski, Republican of Alaska, has said she is reviewing the legislation. She voted against an earlier repeal bill because of concerns it would cause people to lose coverage.

Mr. Cassidy defended 11th-hour changes to the legislation, which Democrats have derided as sweetheart deals, saying they were tweaks that would smooth out funding disparities between states that took federal money to expand Medicaid under the law and those that didn't.

He pointed to Alaska as an example, saying its Medicaid funding would jump under the Graham-Cassidy proposal.

"They have poverty at 1.5 times the rate of the lower 48 states, but they get the same Medicaid rate," Mr. Cassidy



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¹Source for A.I. Revenue Forecast: IDC

²Source: McKinsey Global Institute, "Artificial Intelligence: The Next Digital Frontier"

³Expense ratio data as of 8/22/2017. Based on a comparison of total expense ratios for U.S. technology sector-level ETFs with similar holdings and investment objectives, within the universe of 46 U.S. ETFs in the Morningstar technology category.

⁴FTEC expense ratio, .084%. Expense ratio is the total annual fund operating expense ratio from the fund's most recent prospectus.

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U.S. NEWS

Colleges Move to Close Gender Gap in Science

By MELISSA KORN

As more high-paying jobs require a degree and expertise in things like computer coding or mechanical engineering, colleges and universities are racing to fill a pronounced void in qualified candidates. One place they are making extra effort is among women.

The Labor Department estimates there will be 510,900 engineering job openings in the U.S. by 2024, and an additional 426,900 software development and programming jobs will be available, all requiring at least a bachelor's degree.

While many schools have grown enrollment in science, technology, engineering and mathematics, or STEM, fields in recent years, experts say the programs' output falls short of where the country needs to be in coming years. Administrators say one way to help bridge the gap will be to bring more women into the field.

Women make up more than half of students on U.S. college campuses, but receive only about two of every 10 degrees in fields such as computer science and engineering, according to federal data.

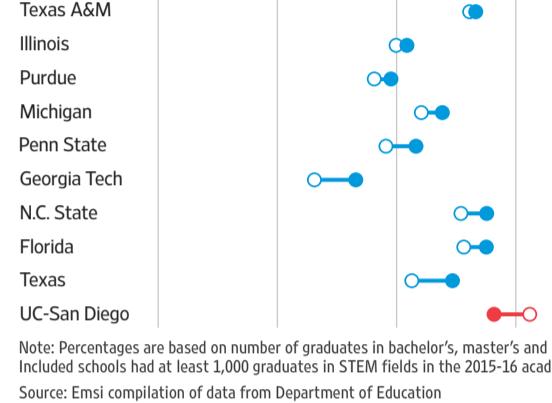
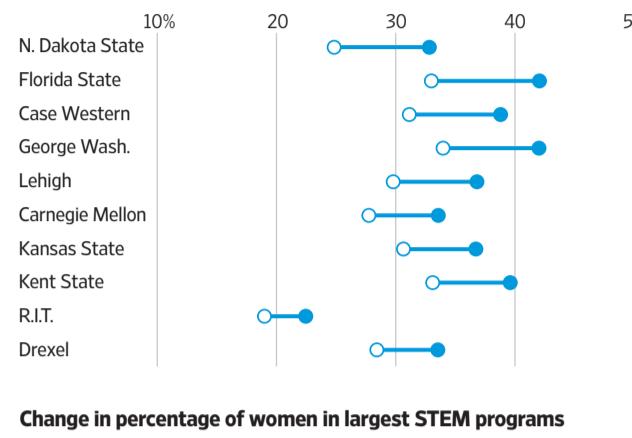
Colleges have launched aggressive marketing campaigns, tweaked curricula and made efforts to promote real-world applications of science and technical fields in a bid to bring more women into the fields.

"Getting more women into STEM is about growing the pie," said Matt Sigelman, chief executive of Burning Glass Technologies, a labor-market data firm. Figures on how long job postings in those fields stay up "suggest that employers are desperate for talent. Full stop."

According to a Wall Street Journal analysis of U.S. Department of Education data, compiled by labor market analytics firm Emsi, women as a

More Women in STEM Programs

The share of STEM degrees awarded to women has increased at a number of the nation's largest producers of such graduates.



Note: Percentages are based on number of graduates in bachelor's, master's and PhD programs. Included schools had at least 1,000 graduates in STEM fields in the 2015-16 academic year.

Source: Emsi compilation of data from Department of Education

THE WALL STREET JOURNAL.

share of STEM degree recipients at the bachelor's level and above increased at nine of the 10 largest such programs between 2012 and 2016. Six now award at least one-third of those degrees to women.

The needle is moving fast in some corners of the country.

At Florida State University, 42% of the nearly 2,200 STEM graduates from bachelor's, master's and doctoral programs in 2016 were women, up from 33% in 2012.

"Those gaps aren't going to close themselves without some

commitment, some effort and some resources," said Kevin Miller, a senior researcher at the American Association of University Women, which advocates for gender equity in education.

Worcester Polytechnic Institute in Massachusetts has used a number of strategies to enroll and retain women—this fall 43% of first-year students are women, a 10-percentage-point jump from last year and an increase of nearly 20 points in the past decade.

Overall, the share of STEM graduates from WPI rose to



Michelle Santacreu, a Girls Who Code alumna, won a \$20,000 college scholarship.

School Drops SATs, Adds Scholarships

As part of a strategy to attract more women, Worcester Polytechnic Institute in Massachusetts stopped requiring applicants to submit SAT and other standardized test scores a decade ago, on the belief that success on such tests skews against women and underrepresented minorities.

This year the school also funneled more money into financial aid for women and minorities, reallocating funds it

historically spent meeting families' appeals for merit awards, and launched a program giving five, \$20,000-a-year scholarships to Girls Who Code alumnae.

While the number of women applying to WPI has doubled in the past decade, they still made up just 25% of all applicants for the current first-year class, a sign that the pipeline problems begin early in the K-12 educational system. WPI and other schools are reaching out more aggressively to young women with summer robotics programs and coding camps to engage them in the

field—and to recruit prospects to their schools specifically.

Michelle Santacreu, a first-year student from Tampa, participated in her high school's Girls Who Code club and landed one of WPI's new scholarships for program alumnae. WPI's project-based learning style, which uses teamwork to address real-world problems, appealed to her.

"It really creates this environment of support," said Ms. Santacreu, 18 years old. "I didn't want to go to a school where everyone was pitted against each other."

—Melissa Korn

emphasizing that engineering students can minor or double major in fields such as French literature, as about 30% of required coursework can be taken outside engineering, math and science.

"There are other things you can do in addition to engineering, and we welcome that," said Annette Jacobson, associate dean for undergraduate engineering students at Carnegie Mellon's College of Engineering.

Forty-three percent of new engineering undergraduates at the college are women this fall, up from 32% in 2013.

about 1.5 million Americans, helped accelerate the wage war in 2015, when it announced plans to raise wages to \$9 an hour. The following year, Wal-Mart said new hires could earn \$10 after a monthslong training course. Executives have said the wage investment and new training programs cost the company \$2.7 billion, an expense that ate into profits.

Smaller companies are feeling the pressure as chains like Wal-Mart and Target make broad-based wage investments. Such moves "have had a trickle-down effect to the rest of the market," said William Rhodes, CEO of auto-parts retailer AutoZone Inc., last week.

Target said it expects fiscal year per-share profit of \$4.34 to \$4.54, the same range it disclosed in August because the wage increase had been factored into the outlook. It expects full-year comparable sales growth to remain around flat.

—Sarah Nassauer and Eric Morath contributed to this article.

TARGET

Continued from Page One

U.S. workers.

The U.S. unemployment rate is near its lowest level in 16 years, driving competition in unskilled jobs such as cashiers and clerks where turnover is often high. During the holiday shopping season, big chains also must add tens of thousands of seasonal staff. Meanwhile, 19 states raised their minimum pay levels in January.

"We're investing to make sure that we recruit and retain the existing team, that we attract new team members and, importantly, that we provide an exceptional service environment," Chief Executive Brian Cornell said to reporters, adding that the move was tied to Target's holiday hiring plans.

He declined to say how much more Target would be spending on wages following the change, but maintained the company's previous financial projections for the year.

The retail industry is the largest private-sector employer in the U.S., and competition for hourly workers has ratcheted up both in traditional stores and distribution centers that fulfill online orders. Retail trade workers in the U.S. earn an average hourly wage of \$15.35 as of August, an increase of about 10% from five years ago, according to Bureau of Labor Statistics data.

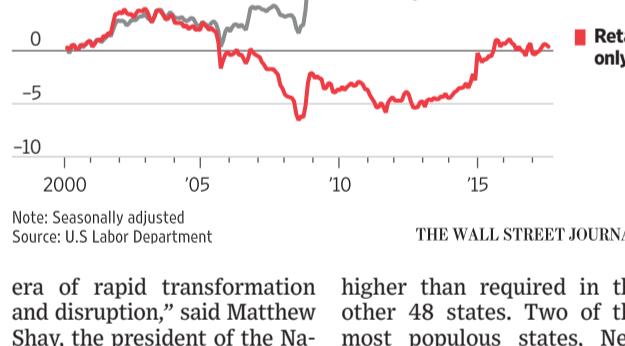
Mr. Cornell is trying to turn around the retail chain's fortunes after it reported weak holiday sales last year and was forced to lower its profit and sales goals for the current fiscal year. Target, whose stock is down 19% so far this year, has been cutting prices, remodeling stores and ramping up spending on its supply chain and e-commerce capabilities.

Some of those efforts paid off in the latest quarter as sales rose for the first time in a year.

Target's wage increase "is one more example of the investments retailers are making to compete successfully in an

Retail Wage Woes

Adjusted for inflation, retail earnings lag far behind overall nonmanagerial wage gains.



era of rapid transformation and disruption," said Matthew Shay, the president of the National Retail Federation, which has opposed higher wage legislation. "These decisions are being driven by a robust marketplace, not government mandates."

An hourly wage of \$11 will match minimums in Massachusetts and Washington and is

31% from 27% between 2012 and 2016. "There's no doubt that we've been putting our shoulder into this challenge for a long time," said President Laurie Leshin.

While small institutions like Harvey Mudd College also posted hard-fought gains, experts say a substantial shift in the gender balance of STEM workers will require action by the bigger institutions that mint thousands of graduates a year.

Columbia University has been hosting more events for aspiring women engineers, al-

lowing teens to engage with faculty and college students, which helps solidify their interest in the field and lets them see the community of women engineers already on campus. That school churned out 3,722 STEM graduates in the 2015-16 academic year, 42% of whom were women.

This fall, 49% of Columbia's incoming first-year undergraduate engineering students are women, a record.

Meanwhile, Carnegie Mellon has tweaked the message it sends to prospective students in a bid to broaden its appeal,

wage increases won't pressure retailers much because market forces have already compelled them to raise their minimums in those areas, said Mark Zandi, chief economist at Moody's Analytics. "They've got a broad, long-term problem because the labor market is tight and it's going to get tighter," he said.

A 2014 study from the Congressional Budget Office found raising the federal minimum wage to \$10.10 an hour would reduce job creation by 500,000 over two years. At the same time, the report estimated the increase in the federal minimum wage would raise the pay of 16.5 million workers who kept their jobs.

For years, retailers have been increasing minimum wages to reduce costly turnover endemic to the industry. In 2015, Gap Inc. raised pay to at least \$10 an hour, saying it hoped to gain an advantage over competitors. Last year, Costco Wholesale Corp. raised its starting hourly wage to \$13.

Wal-Mart, which employs

about 1.5 million Americans, helped accelerate the wage war in 2015, when it announced plans to raise wages to \$9 an hour. The following year, Wal-Mart said new hires could earn \$10 after a monthslong training course. Executives have said the wage investment and new training programs cost the company \$2.7 billion, an expense that ate into profits.

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—Sarah Nassauer and Eric Morath contributed to this article.

HACK

Continued from Page One

Committee. "Rightfully, it will cause this committee and others to increase their focus on whether the commission's approach to cybersecurity appropriately addresses our cyber-risk profile."

Mr. Clayton's testimony says an ongoing enforcement probe prevents him from revealing much about the cyber break-in. He did disclose that the investigation, which he learned about in August, spurred a second look at the breach.

Mr. Clayton first disclosed the hack last week in a five-page statement in which he spelled out his approach to cybersecurity, an issue that is fast becoming an Achilles' heel of the financial industry. In addition to Equifax, accounting firm Deloitte said on Monday that it suffered a cyberattack in which an intruder accessed data affecting a "very few" of Deloitte's clients.

Democratic senators are expected to question whether Mr. Clayton's statement last week went far enough to in-

Deloitte Discloses Intrusion by Hacker

Accounting firm Deloitte said it had suffered a cyberattack in which a hacker accessed data affecting a "very few" of Deloitte's clients.

Deloitte said Monday that it had contacted all of the affected clients and that "no disruption has occurred to client businesses, to Deloitte's ability

to continue to serve clients or to consumers." The firm said it notified government authorities immediately after it became aware of the breach.

Deloitte said the hacker accessed data from an email platform. The firm said it has conducted a thorough review of the incident, using cybersecurity and confidentiality specialists both inside Deloitte and outside the firm. A Deloitte spokeswoman declined to comment further. Deloitte didn't say

what kind of information was compromised, how the hacking was accomplished, or in what country it took place.

Deloitte also didn't specify to which governmental authorities it had reported the breach. A spokeswoman for the Public Company Accounting Oversight Board, Deloitte's U.S. regulator, said the board was "monitoring the situation carefully."

The cyberbreach was earlier reported by the U.K.'s Guardian newspaper. The Guardian said

Deloitte discovered the hack in March, and that it compromised the confidential emails and plans of some blue-chip clients.

Krebs on Security, a security-news website, quoted someone close to the investigation as saying the Deloitte hack compromised the company's entire internal email system and all administrator accounts. The Deloitte spokeswoman couldn't immediately be reached about the Krebs assertions.

—Michael Rapoport

form investors and other SEC watchers about the scope of the hack, leaving corporate finance chiefs to wonder whether it was their firm's confidential information that was compromised.

Mr. Clayton's planned Senate comments don't reveal the type of information accessed by hackers in 2016 or what stocks were affected. His statement says SEC Inspector General Carl Hoecker is probing the source of the hack, the type of information obtained, and how the SEC responded internally to the breach.

The hackers exploited a vulnerability in a part of Edgar

that allows companies to test the accuracy of data transmitted in new forms, Mr. Clayton said last week.

Hackers didn't obtain any personal information belonging to investors or create "systemic risk" for the financial system, according to Mr. Clayton's Senate testimony.

Mr. Hoecker's office is separately scheduled to issue an audit in coming weeks after digging into the SEC's history of attempts to upgrade and improve the decades-old Edgar system. The SEC has spent about \$69 million since 2013 on Edgar upgrades, according to reports provided to

Congress. The SEC funded the projects with a special \$50 million annual technology fund that the White House has since proposed eliminating.

The SEC has for years been on notice about problems with the Edgar system. In 2014, for instance, academic researchers found that hedge funds and other rapid-fire investors got earlier access to market-moving documents from Edgar than other users of the standard, web-based system, an issue that the SEC later said it fixed. In 2015, a Bulgarian man filed a fake takeover offer for Avon Prod-

ucts Inc., which succeeded in sending the company's shares soaring.

The SEC's response to the 2016 hack is likely to drive questions on Tuesday about whether it can safeguard a vast database of trades that it points to as a way to probe market manipulation.

The Consolidated Audit Trail, or CAT, is due to begin receiving data from stock exchanges in November following a multiyear push by the SEC to finish the plan. It would keep track of every trade and order in U.S. stock and option markets and will include personal information on stockbrokers' customers, such as social security numbers and dates of birth.

WORLD NEWS

U.S. Rejects North Korea War Talk

Foreign minister says Pyongyang would down American jets as rhetoric escalates

By FARNAZ FASSIHI

UNITED NATIONS—North Korea's foreign minister warned his country would shoot down American warplanes even if they are outside the country's airspace, in an escalation Monday of the threat of a military confrontation.

Ri Yong Ho, speaking to reporters in New York, said the U.S. had declared war on North Korea and his country considered all possible responses to be on the table. He cited a Twitter post by President Donald Trump as the basis for saying the U.S. had declared war.

As a result, Mr. Ri said North Korea has "every right to make countermeasures, including the right to shoot down U.S. strategic bombers, even if they are not yet inside the airspace border of our country."

U.S. warplanes on Saturday flew near the North Korean coastline north of the demilitarized zone between North and South Korea in a show of force.

The White House dismissed Mr. Ri's assertion and the Pentagon brushed off the threat.

"We've not declared war on North Korea," White House spokesman Sarah Huckabee Sanders said, calling the suggestion by Mr. Ri "absurd."

A Pentagon spokesman said the U.S. maintains the right to "fly, sail and operate" in international waters and airspace.

"We are prepared to defend ourselves and our allies from an attack and are prepared to use the full range of capabilities at our disposal against the threat from North Korea," said the spokesman, Army Col. Rob Manning.

The comments by Mr. Ri came after days of rising rhetoric and tension between Wash-



North Korea's Foreign Minister Ri Yong Ho, center, speaking through an interpreter outside the U.N. Plaza Hotel in New York on Monday.

Current Threat Has Echoes of Dilemma From the Cold War

In 1969, a North Korean pilot shot down a U.S. military aircraft over international waters, killing its entire crew, in a Cold War episode that holds lessons today, both for Pyongyang's capacity for confrontation and for Washington's limited options.

Then-President Richard Nixon said he wanted to respond and reassure jittery regional allies that their unpredictable neighbor would be restrained, after the attack on a U.S. EC-121 killed 30 sailors and one Marine. But the U.S. found itself with few options and its resources entangled by another war—Vietnam.

The American public didn't aggressively push for a response, and the administration decided not to respond. Within

days, U.S. spy planes resumed flights over the same waters.

The incident had an unexpected effect. A public leak of the administration's deliberations over its response angered the president and was one event that eventually led to Nixon's decision to wiretap members of his government, said Ray Locker, author of "Nixon's Gamble: How a President's Own Secret Government Destroyed His Administration."

—Nancy A. Youssef

ington and Pyongyang, including during last week's gathering of world leaders at the U.N. General Assembly, where the crisis of North Korea's drive for nuclear weapons topped the agenda.

Mr. Trump and North Korea's leader Kim Jong Un traded a series of personal at-

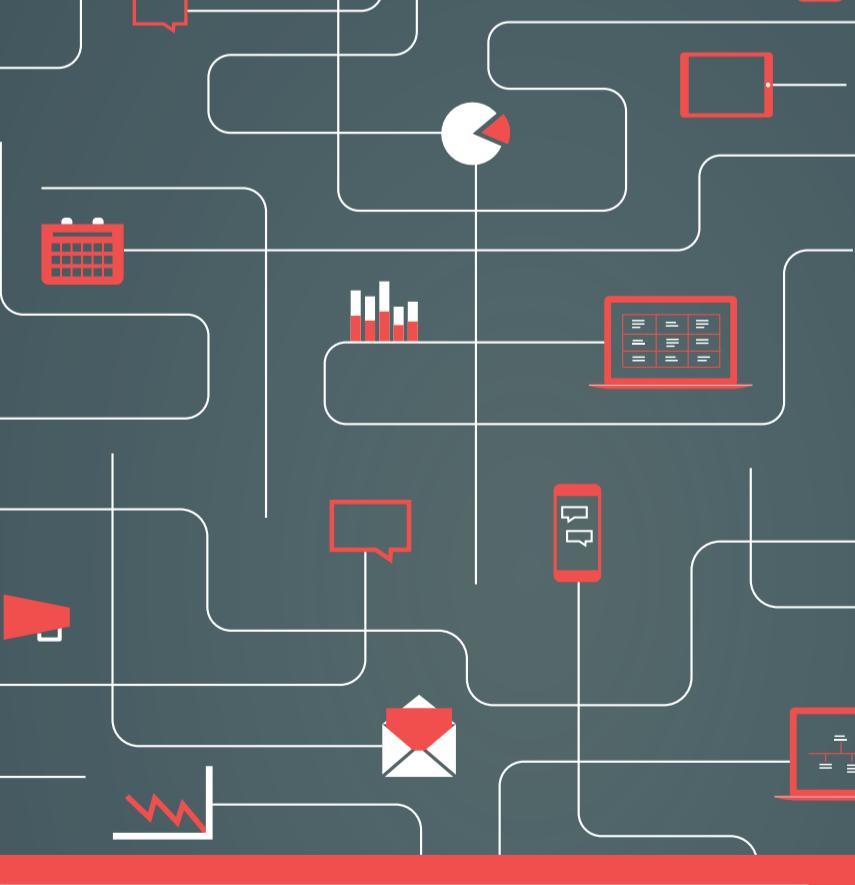
tacks and each threatened use of military force.

Mr. Trump told the assembly the U.S. would "totally destroy" North Korea if it had to defend itself or its allies, calling its leader "Rocket Man." Mr. Ri called Mr. Trump "mentally deranged" and said Pyongyang was prepared to

test a hydrogen bomb over the Pacific Ocean. He said a North Korean missile attack on the U.S. mainland had grown inevitable because of Mr. Trump's words.

On Monday, U.N. officials and diplomats said alarm was growing that the rhetoric could lead to an unintended war and

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Japan's Abe Calls National Election

By ALASTAIR GALE

Japanese Prime Minister Shinzo Abe called a national election, betting voters would rally behind his alignment with President Donald Trump in confronting North Korea.

The U.S. alliance network in Asia has been bolstered in recent weeks as tensions with Pyongyang have escalated. Mr. Abe has been in frequent phone contact with Mr. Trump, while South Korean President Moon Jae-in has emphasized U.S. military ties despite winning office on a platform of engagement with North Korea.

Japanese and South Korean jet fighters have joined U.S. bombers on exercises intended to intimidate North Korea.

"We must protect the people and wealth of this country," Mr. Abe said at a press conference Monday to announce the election.

The Kim Jong Un regime fired two ballistic missiles in July that landed in the sea between the Korean Peninsula and Japan. Pyongyang followed up with two more missiles that flew over the Japanese island of Hokkaido and its sixth nuclear test.

The provocations have helped Mr. Abe's public-approval ratings, some analysts said. After a summer of political scandals eroded trust in the government, recent opinion polls show support has rebounded to between 40% and 50% from a low around 30%.

Mr. Abe said parliament would be dissolved on Sept. 28. An election is expected on Oct. 22, Japanese media reported.

"With this election I want to ask the people for their verdict on my North Korea policy," he said.

WORLD NEWS

Iraqi Kurds Vote on Independence

By ISABEL COLES
AND ALI A. NABHAN

ERBIL, Iraq—Kurds voted in a landmark referendum on independence from Iraq, seeking to advance their dream of statehood but risking backlash from the international community and Baghdad, which is threatening to isolate and economically cripple the Kurds' semiautonomous region in response.

Emerging from polling stations with ink-stained index fingers on Monday, Kurds in Erbil, the capital of the semi-autonomous Kurdish region, said they had voted "yes" to secure their rights as a nation.

"We have a language. We have a history. We have a geography. And we have suffered," said 73-year-old Saleh Mohammed, a retired lawyer. "There have been wars and uprisings, and after every uprising, negotiations and agreements that were never implemented."

At the foot of the ancient citadel in the heart of Erbil, Kurds dressed in traditional clothing posed for photographs to mark the day and children carried the region's sun-emblazoned flag.

Polls closed at 6 p.m. local time, with results expected around 24 hours after that, according to Hendren Hama Salih, the head of the Kurdish electoral commission organizing the referendum. Some 3.9 million people are eligible to vote, he added. The vote concluded with no reports of violence.

Kurdish leaders say a "yes" vote will give them a strong mandate to negotiate an amicable separation with Baghdad over the coming years. But Iraqi Prime Minister Haider al-Abadi said on Sunday that he wouldn't recognize the results and vowed to take unspecified measures "to preserve the unity of the country."

For Kurds, however, the



Despite strong objections from Baghdad and neighboring countries with Kurds, Iraqi Kurds held a vote on independence on Monday.

Kurdistan Oil Boom Comes Under Fire

Iraqi Kurdistan has built up an independent oil sector, defying Baghdad, which claims control over the country's crude revenue. The industry accounts for 80% of the Regional Government's revenue and exports nearly 600,000

barrels of oil a day.

More than half of the region's production is exported through a Turkish pipeline, the result of a controversial deal with Ankara that allowed the Kurds to bypass Iraq's state oil company.

A move toward Kurdish independence could change the equation for Turkish President Recep Tayyip Erdogan, who has waged a battle with Kurdish separatists.

referendum represents a historic step in a long and bloody struggle for their own state, which they were denied when colonial powers carved up the region after World War I, dispersing them across Iraq, Turkey, Iran and Syria.

Kurds of all political persuasions overwhelmingly support independence and the re-

gion's main political parties have urged their followers to vote yes, even though some have questioned the timing of the vote and worry about the consequences.

The vote won't automatically trigger independence, but the U.S. and Middle Eastern governments say it could mean the end of a unified

On Monday, he made a veiled threat to close the Kurdistan-Turkey pipeline. His comments came after Baghdad said all countries should "deal exclusively" with it on oil and other matters. A Kurdish official said: "We have always been ready to solve all outstanding oil issues with Baghdad through dialogue and agreement. That remains the case."

—Benoit Faucon

Iraq, destabilizing the greater region and undermining Iraq's fight against Islamic State.

The U.S., a backer of Mr. Abadi, opposes the vote. Representatives from the U.S.-led military coalition to defeat Islamic State have consistently said the referendum has had negative effects on the Iraqi government's military effort

against the group, drawing its attention from a campaign targeting the last militant strongholds in the country.

On Sunday, the Baghdad government of Mr. Abadi demanded that the Kurds, whose region is in the north of Iraq, hand over control of all airports and border crossings and urged neighboring countries to deal only with the federal government of Iraq. It was unclear how Baghdad would enforce those demands.

Neighboring Iran and Turkey have already threatened to punish the landlocked region with sanctions. Iran and Turkey fear that any move toward independence by Iraq's Kurds will inspire their own Kurdish populations to seek the same.

—Ben Kesling contributed to this article.

WORLD WATCH



INDONESIA

Tens of Thousands Flee Area of Volcano

The number of people fleeing a rumbling volcano on the Indonesian resort island of Bali rose to nearly 50,000 Monday, as the country's disaster agency said an eruption appears imminent.

Residents and visitors were safe beyond a zone ranging up to 7.5 miles from the peak of Mount Agung, officials said. It last staged a series of eruptions in 1963-64, unleashing pyroclastic flows and mudflows that killed more than 1,700 people.

—Ben Otto

INDIA

U.S.'s Mattis Visits To Build Defense Ties

U.S. Defense Secretary Jim Mattis arrived in India on Monday on a trip to reinforce a budding defense partnership and look for ways to work with India to expand ties in Afghanistan and counter Chinese influence in the region.

The talks in New Delhi, including meetings with Indian Prime Minister Narendra Modi and new Minister of Defense Nirmala Sitharaman follow Mr. Modi's June visit to Washington.

—Gordon Lubold

PAKISTAN

Former Premier Returns for Trial

Former Prime Minister Nawaz Sharif returned to Pakistan on Monday to appear in court on corruption charges, his political party said. Mr. Sharif will appear before an anticorruption court in Islamabad on Tuesday, said a spokesman.

In July, the Supreme Court dismissed him as prime minister for dishonesty, and ordered a trial in a lower court for corruption. Mr. Sharif denies any wrongdoing.

—Saeed Shah

Tourists watched the sunset Monday behind Mount Agung on the island of Bali, Indonesia, where the volcano was expected to erupt.

DAREN WHITESIDE/REUTERS

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WORLD NEWS

Merkel Faces Challenge to Form Coalition

Arduous talks ahead as German leader seeks partners after rise of far-right party

By ANTON TROIANOVSKI
AND ANDREA THOMAS

BERLIN—Chancellor Angela Merkel started laying the groundwork for an unprecedented three-way governing coalition, but faced headwinds from conservative allies reeling from losses to an upstart nationalist party and clamoring for a tougher line on immigration and security.

After her center-right bloc's weaker-than-expected victory in Sunday's election, Ms. Merkel faces no easy path to a fourth term. A coalition with the pro-business Free Democrats, her party's favored partner, would still lack a majority of seats in parliament. And the center-left Social Democrats, who have governed alongside Ms. Merkel for the past four years, reiterated on Monday that they would refuse to serve as her junior partner for another term.

That leaves a three-way coalition with the Free Democrats and the environmentalist Greens, a combination never

before formed on the federal level, as Ms. Merkel's only viable option. Ms. Merkel said she would invite the parties to preliminary talks and was committed to reaching an agreement.

The Greens favor liberal policies on immigration and European integration, putting them at odds with the Free Democrats and with conservatives in Ms. Merkel's bloc.

"It is important that Germany get a good, stable government," Ms. Merkel said at a news conference at her party headquarters in Berlin.

Far more skeptical rumblings came from Munich, the base for the CDU's influential Bavarian sister party, the Christian Social Union. The CSU suffered a stunning setback in Bavaria, winning 39% of the vote compared with 49% four years earlier, and faces state elections late next year. The anti-immigrant Alternative for Germany, or AfD, won 12% of the vote in the state.

Leading Bavarian conservatives indicated Monday that they would try to push Ms. Merkel further to the right to win voters back from the AfD—a challenging prospect given the coming coalition talks with the Greens.

Bavarian Premier Horst Seehofer, the CSU chairman, said



KAI PFAFFENBACH/REUTERS

Chancellor Angela Merkel won the right on Sunday to forge a new government, but it won't be easy.

he would emphasize his party's tough line on immigration in talks with Ms. Merkel.

"Continuing with business as usual is, we believe, not possible," Mr. Seehofer said. Ger-

many's next government, he said, should reduce immigration and focus on integrating migrants who are already here.

Coalition talks are likely to drag on for weeks, and possi-

bly into the winter. A CDU insider said satisfying the CSU and the left wing of the Greens, which remains highly influential in the environmentalist party, would be "a really

tough balancing act."

Katrin Göring-Eckardt, who co-led the Greens' ticket, said, "I know that certain negotiations with Mr. Seehofer will be very hard, very hard. This will concern everything concerning refugees and migration."

She said her party was only willing to join a government that would implement the Paris climate agreement in full, improve the lot of low-income Germans, and enhance solidarity among European Union member states.

Like the Greens, the Free Democrats reject setting a fixed limit on the number of refugees the country will accept, but they are more open to speeding up deportations of rejected asylum seekers and toughening security laws.

"Nothing would be worse than having a new government...that carries on as the previous [one]," FDP chairman Christian Lindner said. "This would drive voters into the arms of protest parties."

Oskar Niedermayer, professor of political science at Berlin's Free University, said he was skeptical the parties could find common ground.

"There are dramatic differences between the FDP and the Greens," he said. "I can't really imagine it."

Nationalist Gains Reflect Unease Over Immigration

By ANTON TROIANOVSKI
AND WILLIAM WILKES

BERLIN—The nationalist Alternative for Germany made deep inroads in the traditional strongholds of establishment parties, detailed data released Monday showed, revealing the extent of voter unease with immigration across Germany.

The party's broad success, garnering nearly 13% of the overall vote, highlights the challenge for the German political mainstream as Chancellor Angela Merkel heads into complicated coalition talks.

Ms. Merkel's center-right bloc will have to wrestle with whether it needs to change tack on immigration to win back conservatives, while the center-left Social Democrats face soul-searching over why they are losing their working-class base.

Perhaps the biggest shock to the establishment came in Bavaria, Germany's Catholic and conservative heartland. The state's long-dominant Christian Social Union, the Bavarian sister party to Ms. Merkel's Christian Democrats, plummeted to 39% of the vote in the state, compared with 49% four years earlier. The Alternative for Germany, or AfD, received 12% in Bavaria, com-

German CEOs Decry The AfD's Surge

BERLIN—German business leaders warned the rise of a nationalist anti-immigration party could hurt the nation's export-driven economy.

While they called on Chancellor Angela Merkel to create a new coalition focused on improving conditions for doing business, they appeared most concerned about the emergence of nationalist and protectionist politics embodied by the AfD.

"It will change our country and test the stability of our de-

mocracy," Volkswagen AG Chief Executive Matthias Müller said. "In the globalized world of business, a beggar-thy-neighbor mindset and protectionism are a dead-end street—one that ultimately means the loss of jobs."

Joe Kaeser, chief executive of Siemens AG, compared the complacency of German elites while the AfD gained popularity in recent years with the failure to stop the rise of the Nazi party in the 1930s.

"We have dismissed the AfD's voters as people on the fringes of society. We have again stood by and watched this happen, and that has to change," he said.

—William Boston

pared with 4% four years ago.

"We must now close this right flank," CSU General Secretary Andreas Scheuer said on German public television, arguing that Ms. Merkel's center-right bloc had to do a better job in echoing the concerns of conservative voters.

The AfD did well not just in Bavaria, but also across the affluent south, reinforcing the view that its voters were more motivated by misgivings about immigration than economic concerns.

Exit poll data showed lower-income and less-educated Germans were overrepresented among AfD voters. But around two-thirds of these voters nationwide described terrorism, crime, and refugee policy as very important to their party choice, while 95% said they were very concerned about a "loss of German culture," according to exit poll results published by ARD public television. Economics concerns didn't appear to play a decisive role.

The AfD scored particularly

well in the thinly populated, mostly rural regions of the former East Germany. In Saxony, the region's southernmost state, it even took first place and won more than one-quarter of the vote, while the Social Democrats and the far-left Left party saw their combined vote share decline to 27% from 35% in 2013.

"If you have these kinds of results, then they're not just coming from fringe groups," said pollster Hermann Binkert of Insa-Consulere, referring to the AfD's Saxony voters. "These are people at the center of society."

The AfD, founded less than five years ago, wants to limit further integration of the European Union, cut back on immigration and lessen Germany's focus on Holocaust remembrance. Its performance Sunday delivered a jolt to the country's establishment in part because Germans have long resisted right-wing populism.

Having won 94 of the 709 seats in the next Bundestag, the party will become the first in that lower house of parliament in more than 50 years to hold positions well to the right of Ms. Merkel's center-right bloc.

—Andrea Thomas

contributed to this article.

Saxon Stronghold

Alternative for Germany (AfD) saw big gains in former East German states such as Saxony.



Note: Berlin was partitioned

Source: Federal Returning Officer (2013, 2017 results)

THE WALL STREET JOURNAL

New Brexit Talks Start Amid Splits

By VALENTINA POP
AND LAURENCE NORMAN

BRUSSELS—British and European Union negotiators started a new round of Brexit talks on Monday, with European officials expressing hopes of progress after they were encouraged by a speech by U.K. Prime Minister Theresa May last week.

Amid a long stretch of economic stagnation, some Italians are finding novel ways to cope, embracing corporate barter, alternative currencies and even deals to lower taxes by performing civic duties.

Alternative means of trade have been employed throughout history, especially during economic downturns, as a way to boost local spending and help companies that aren't able to access bank lending.

But few developed nations in recent memory have embraced such measures to the extent of Italy—or been able to test them over such a prolonged period.

The country's economy shrunk by almost 5% over the past decade, even as the wider developed world grew by 22%, according to the World Bank. Its unemployment rate sits at 11.1%, compared with a 7.7% average across the European Union.

Italians Try Bartering as Economy Shrinks

Alternative means of trade gain momentum; an accountant becomes the local 'weed wacker'

By DONATO PAOLO MANCINI

In the Tuscan town of Massarosa, Alessia Signorini pulls weeds in a local park for tax discounts. Riccardo Porta barters the bread he bakes in Sardinia for meat. Rome restaurant owner Fiorentina Ceres buys and sells goods with a currency that doesn't touch a bank.

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While it is difficult to measure how much of the



Massarosa resident Alessia Signorini gets a tax cut for lawn work.

economy these alternatives account for, some measures show that in areas of Italy, their trade is worth hundreds of millions of euros.

In Massarosa, a town of around 22,000 north of Pisa, municipal officials offer residents a 50% discount on their garbage-collection tax—which can amount to a reduction of as much as €450 (\$538) a year—in exchange for community service such as cleaning roads or gardening public spaces.

Three years ago, Ms. Signorini offered to help with street cleaning before becoming the local "weed wacker."

"Our cities are penniless,"

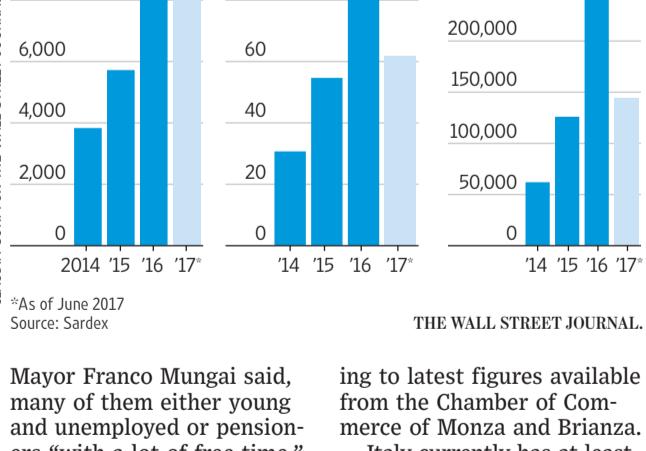
said Ms. Signorini, who recently lost her job as an accountant. Picking weeds wasn't something she ever envisaged doing, but "with the discount we get, we—a single-income family—can pay another bill [more comfortably]," she said.

This so-called administrative barter began in 2014 after the national government passed a law allowing citizens to receive a markdown on their local tax rate if they perform a civic duty. A court ruled last year, however, that this couldn't be done for debt accrued in the past.

Massarosa currently has

An Expanding Parallel Universe

More Italians are using parallel currencies to trade goods and services and purchase everything from bread to cars.



*As of June 2017

Source: Sardex

ing to latest figures available from the Chamber of Commerce of Monza and Brianza.

Italy currently has at least 11 alternative currencies, which moved the equivalent of about €90 million last year, according to figures compiled by Sardex, Sardinia's parallel currency system.

The success of these alternative means of trade remains debatable, experts say. If uptake is low, it can be hard to find a counterpart to accept the credit or currency. In the end, economists say, the systems can spread only as far as members of the local business community are willing to trust each other's debts.

IN DEPTH

Is the GOP Tax Plan Bad for High-Earners?

By RICHARD RUBIN
AND LAURA SAUNDERS

ANALYSIS WASHINGTON—Today, a business owner making \$500,000 gets taxed much like a corporate executive with a \$500,000 salary.

How they make their income doesn't matter much.

That could change dramatically under Republican plans aimed at driving down tax rates on business income, leaving high-income wage earners with much less to gain from a tax overhaul.

Republicans, eager to drive down business tax rates in a bid to boost economic growth, want roughly similar tax rates for corporations and for so-called pass-through firms that report business income on the individual tax returns of their owners.

For them, lowering the 35% corporate tax rate requires also lowering the 39.6% top rate for pass-through business income, even though creating a new special rate for that business income leaves a potentially large gap with the top rate for high-income wage earners.

The exact contours of the GOP tax agenda aren't set. Top lawmakers and administration

officials say they will release another blueprint in the coming days.

The 2016 House GOP blueprint called for a 20% corporate tax rate, a 25% tax rate on pass-throughs and a 33% top individual rate. In April the White House proposed a 35% top rate for individuals. President Donald Trump has said he might not cut taxes for the wealthiest Americans, and recently Republicans have talked a lot less about the importance of reducing the 39.6% top tax rate on ordinary income. In the end that rate might not come down much and some deductions could go away.

With GOP senators agreeing to, at most, \$1.5 trillion in tax cuts over the next decade, there is a limited amount to go around. Republicans are focused on cutting business taxes and offering a larger standard deduction for middle-income households.

The emerging Republican plan would "open a gulf between wages and pass-through business income that has never existed before, putting the high-wage earners at a disadvantage," said Andy Mattson, a certified public accountant with Moss Adams in Campbell, Calif.

Keeping the top tax rate on

wages near 39.6% would be a way for Mr. Trump to defend his argument that he isn't prioritizing tax cuts for the rich, even if other pieces of the tax plan favor wealthy business owners, investors or heirs of large estates.

Under current law, pass-through businesses include partnerships, limited liability companies and S corporations. The income they earn doesn't face the corporate income tax and then a potential second tax layer on capital gains or dividends; instead, it passes through to owners' tax returns and is taxed at their individual rates.

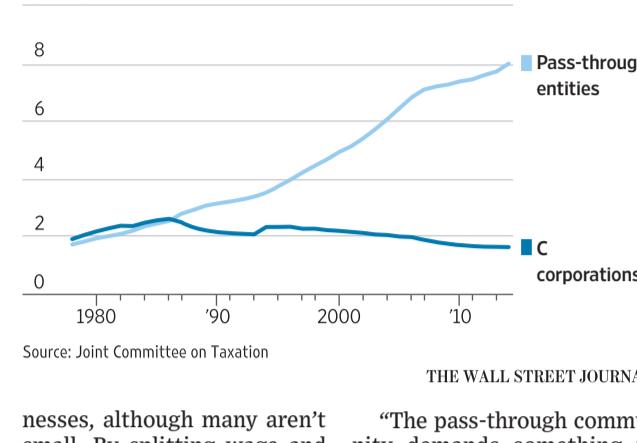
Such firms reported more than 40% of net business income in 2014, according to the congressional Joint Committee on Taxation.

They include global law and accounting firms, real-estate investors, hedge funds, doctors' offices and manufacturers. About 60% of pass-through income goes to households making over \$500,000, according to the Tax Policy Center.

In the past, Republicans have seized on the importance of pass-through income to argue against raising the top rate on individuals. They warned tax increases would punish successful small busi-

Pass-Through Gains

Tax changes and new types of businesses have made pass-through entities more popular.



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nesses, although many aren't small. By splitting wage and business taxation, the approach under consideration could undercut future arguments against raising the top rate.

Lowering the corporate rate to improve U.S. investment incentives is a core driver of the planned tax overhaul.

Politically, it is nearly impossible to cut corporate rates without cutting the rate on pass-through income. Pass-throughs, prominent in every congressional district, form an essential part of the Republican coalition.

"The pass-through community demands something in the process of the corporate rate going down," said Douglas Holtz-Eakin, president of the center-right American Action Forum.

"There is a difference between high-wage income or some other [business] income," said Sen. Mike Crapo (R., Idaho). "It doesn't have to be all treated identically."

The challenge for policy makers will be separating wage income from business income for high earners. The proposed lower pass-through rate wouldn't help the large

share of business owners who don't generate significant high income, because their top rates are below the 25% proposed rate in the House plan. The biggest winners are high earners who can classify their earnings as business income.

"The real fight here is going to be over what income qualifies for the rate reduction and what income doesn't," said Warren Payne, a former House GOP aide who wrote a policy paper for the Bipartisan Policy Center on pass-through taxation.

For more than a year, Republicans have been floating alternatives for defining the line between wage and business income. They haven't settled on anything. One option would assume that 70% of pass-through income is taxable at the wage rate and 30% at the lower business rate.

Alternatively, Treasury Secretary Steven Mnuchin said certain service providers wouldn't get the lower rate. He named accountants specifically, but others could include doctors, lawyers, consultants and architects.

"You have to have dollar bills that are labeled wage income and business income and they don't come that way," Mr. Holtz-Eakin said.

Eight months into his tenure, Mr. Mnuchin lacks a full roster of officials at the Treasury, though he has filled several senior tax jobs recently. The administration has decided for now not to fill the deputy secretary job, leaving others to report to Mr. Mnuchin directly.

On Mr. Mnuchin's side is his relationship with the president, to whom he has shown unfailing loyalty. Mr. Mnuchin said he and the president speak almost every day. Several administration officials and allies described Mr. Mnuchin as the "presidential whisperer."

In August, when the president was criticized for blaming "both sides" for the violence at a Charlottesville, Va., demonstration, Mr. Mnuchin issued a written statement defending Mr. Trump, which was approved in advance by the president, according to a White House official. It was a contrast with Mr. Cohn, who told the Financial Times the Trump administration must do better in "unequivocally condemning" such groups.

In a written statement, Mr. Trump said Mr. Mnuchin "works every day to put an end to the rigged economy and put money back in the pockets of hardworking Americans."

Cut off

The closeness between the two men, however, doesn't mean they are always on the same page. At a key moment in an Oval Office negotiation this month, Mr. Trump cut Mr. Mnuchin off mid-sentence, ending his argument for a long-term extension of the debt ceiling. The president instead took a short-term deal offered by Democratic leaders.

Two days later, Mr. Mnuchin urged House Republicans to go along with Mr. Trump's decision, at one point asking them to "vote for the debt ceiling increase for me," according to several House members. The pitch was met with disbelief by some. "I didn't buy it," said Rep. Dave Brat (R., Va.). "I just found it intellectually insulting."

Mr. Mnuchin, in the August interview, said, "I wouldn't be here if I were uncomfortable being able to voice my opinions on things, but again, to him they're my opinions. He as president has to make very difficult decisions."

Mr. Trump, by siding with Democrats on the debt ceiling and recently working with them to find common ground on immigration, has opened the possibility of a path that brings the opposition party along on taxes.

Most Democrats say any tax overhaul should not increase budget deficits or cut taxes for high-income households. The latter point would square with recent comments from Mr. Trump but not with the plan he and Mr. Mnuchin wrote during the campaign.

—Nick Timiraos and Michael C. Bender contributed to this article.

TAXES

Continued from Page One

By contrast, Mr. Mnuchin this month found himself overruled by the president on a policy issue, the debt ceiling.

"This tax policy is the first pitch over the plate that he's got to hit," said Tom Barrack, who worked with Mr. Mnuchin to raise money for the Trump campaign last year.

A sweeping tax-code rewrite hasn't happened since 1986, because tax overhauls are complex and touch almost every aspect of the economy. For this year's attempt, Congress must first agree on a fiscal 2018 budget, the vehicle through which tax changes could be passed on a party-line vote without Democratic support. Both houses are moving forward on the budget, most recently with a deal in a Senate panel that would permit tax cuts of up to \$1.5 trillion over a decade.

The next step is the release of a GOP blueprint expected this week, which will spell out in more detail where the party, including Mr. Mnuchin, want to take tax policy. The plan is expected to call for lower tax rates on businesses and individuals, with the corporate tax rate in the low 20% range, setting a framework for Congress to fill in over coming months.

Mr. Mnuchin is playing two roles in the tax negotiations—number cruncher and Trump liaison, both of which put him in a position to directly shape the legislation coming from Capitol Hill by helping lawmakers understand the White House's preferences.

That is a role he also played in the campaign, recalled Larry Kudlow, an economist and TV commentator who advised Mr. Trump during his run.

"He's a numbers guy, which

Among the challenges is GOP disagreement on how much lost tax revenue is acceptable.

we liked very much," Mr. Kudlow said of Mr. Mnuchin. "He rolled his sleeves up and got involved."

Lawmakers working most closely with Mr. Mnuchin on tax policy, such as House Ways and Means Chairman Kevin Brady (R., Texas) and Senate Majority Leader Mitch McConnell (R., Ky.), praise his hard work on the subject and say he is a valuable partner. "As [Mr. Mnuchin] regularly reminds us, this is a pass-fail exercise," Mr. Brady said in an interview.

Other corners of the Congress don't view him as favorably. The pressure he applied to House Republicans during a debate over the debt limit left a sour taste in some mouths. And some Democrats, particularly in the House, say they appreciate his outreach but



TOM WILLIAMS/CONGRESSIONAL QUARTERLY/NEWSCOM/ZUMA PRESS

Treasury Secretary Steven Mnuchin, who came to the job with scant political experience, faces his biggest test—a tax-code overhaul.

aren't sure if he can represent Mr. Trump's positions in a negotiation.

"I don't know that yet, given the volatile nature of what the president does with technology," said Rep. Richard Neal of Massachusetts, the top Democrat on Ways and Means.

Shifting timetable

Mr. Mnuchin once foresaw a tax overhaul as early as the spring, then by August. Now the aim is to get it done by year-end. With only about 40 working days left on the congressional calendar, that timetable also is looking hard to meet. He has also found himself in the spotlight for reasons other than tax and financial policy, including his use of government planes and a public plug for "The Lego Batman Movie" he helped finance.

Rep. Jim Himes (D., Conn.), who like Mr. Mnuchin is a former Goldman Sachs banker, says people who come to government from business sometimes think hierarchically or assume negotiations can lead to a middle ground. But "in Washington, there are people who will stop you just to show that they can," Mr. Himes said. "It's a much, much more complicated negotiation."

Mr. Mnuchin's route to this job started almost by accident.

His career has taken him from Goldman, where he rose to chief information officer, to running a hedge-fund firm and then a mortgage lender, IndyMac Bank, purchased from the government after the lender's failure in 2008. Through the hedge fund he got into movie financing.

He and Mr. Trump became friends about 15 years ago, seeing each other socially and occasionally talking business opportunities. Mr. Mnuchin once considered investing in the firm that owned Mr. Trump's "The Apprentice"

Tax-Cut Support Mixed

President Donald Trump says he wants the largest tax cut ever and Treasury Secretary Steven Mnuchin is helping him sell it. The public is split on a tax cut and majorities want to raise taxes on high earners and corporations.

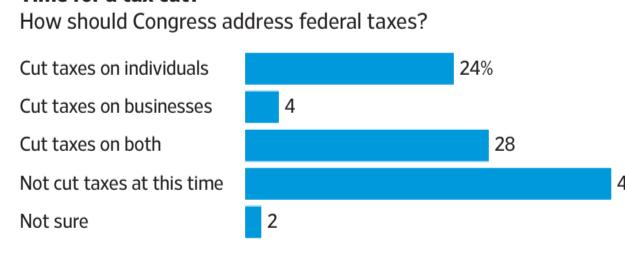
Who should benefit?

How would you adjust taxes for different groups in order to fund the government and make certain the economy is healthy?



Time for a tax cut?

How should Congress address federal taxes?



Source: WSJ/NBC News telephone poll of 900 adults conducted Sept. 14-18; margin of error: +/-3.27 p.c. pts.

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show, but a deal didn't pan out, Mr. Mnuchin said in an interview last month.

He had no formal campaign role until he stopped by Mr. Trump's New York primary victory party at Trump Tower on April 19, 2016, on his way to dinner. Mr. Trump spotted him while stepping off the elevator and invited him onto the stage.

"The next thing I know I'm standing right behind him, and I'm on national TV, on four different monitors, my phone is like going crazy buzzing," recalled Mr. Mnuchin, who is 54 years old. Mr. Trump phoned the next morning to offer him the job of campaign finance chairman.

Hedge-fund manager Eddie Lampert, who was Mr. Mnuchin's roommate at Yale,

said the financier "was in a position where he was open to basically dedicating himself to something."

'Go to it'

The road to a tax overhaul hasn't been a smooth one. One Friday in April, Mr. Trump unexpectedly told the Associated Press the Treasury would have a tax plan by the following Wednesday. Mr. Mnuchin had been saying publicly a plan wouldn't be released until more progress was made in talks with congressional Republicans.

West Wing officials cautioned that Mr. Trump's deadline was more of a suggestion, but an hour later he advertised it again. "We'll be having a big announcement on

Wednesday," he said at a Treasury ceremony to sign executive orders, looking over his shoulder at Mr. Mnuchin standing behind him. "So go to it."

"I will, Mr. President," Mr. Mnuchin responded with a grin.

The following week, the White House released a one-page outline that called for lowering tax rates for all Americans, ending the federal estate tax and cutting the corporate tax rate to 15% from 35%. The plan drew criticism as less specific than Mr. Trump's campaign promises.

In a May dinner that included former Treasury and Federal Reserve leaders, Mr. Rubin and Lawrence Summers, both former Democratic Treasury secretaries, cautioned Mr. Mnuchin about making public statements that could undermine his credibility in markets, according to a person familiar with the matter.

Through the spring and summer, Mr. Mnuchin hashed out tax plans with Mr. McConnell, House Speaker Paul Ryan (R., Wis.), Senate Finance Committee Chairman Orrin Hatch (R., Utah) and House Ways and Means Chairman Mr. Brady. Those five plus White House economic-policy director Gary Cohn released a statement of tax principles in late July, though little more specific than the April summary.

The main decision it included was dropping a House "border adjustment" proposal to tax imports and exempt exports, which might have generated \$1 trillion to make up for lost revenue from rate reductions. The administration has publicly identified only one major tax break they would eliminate, the deduction for state and local income taxes. Officials stuck to their optimism that a tax overhaul would be done by year-end.

Most Democrats say any tax overhaul should not increase budget deficits or cut taxes for high-income households. The latter point would square with recent comments from Mr. Trump but not with the plan he and Mr. Mnuchin wrote during the campaign.

—Nick Timiraos and Michael C. Bender contributed to this article.

GREATER NEW YORK

Weiner Gets 21 Months in Sexting Case

Ex-lawmaker sobbed as he was sentenced for exchanging explicit texts with 15-year-old

BY NICOLE HONG

A federal judge on Monday sentenced Anthony Weiner, the Democratic former congressman from New York, to 21 months in prison for exchanging sexually explicit messages with a 15-year-old girl.

Mr. Weiner, whose repeated sexting scandals ended his political career, burst into tears as U.S. District Judge Denise Cote gave out his punishment in Manhattan federal court.

"The difficulty here is that this is a very strong compulsion," Judge Cote said. "He has made great strides, but it will remain a challenge for years to come."

Citing the need for general deterrence, the judge said the intense attention on Mr. Weiner's case gave her an opportunity to send a message and protect other minors. Although Mr. Weiner's past exchanges online focused on adult women

and were legal, Judge Cote said he failed to control his addiction to make sure he didn't cross the line into criminal behavior.

Mr. Weiner, 53 years old, buried his head in his hand and stared down at the table as the judge ordered him to pay a \$10,000 fine and comply with his requirements as a registered sex offender. She imposed computer monitoring as a condition of probation when he is released from prison. He sobbed in the courtroom after the sentencing was over.

Mr. Weiner's lawyers at Covington & Burling LLP had asked that their client be spared prison time, saying Mr. Weiner's crime was the result of a "deep sickness." The defense argued Mr. Weiner didn't have a habit of targeting teenagers on the internet and said the victim in this case approached him first, in an attempt to profit personally and "influence the U.S. presidential election."

Judge Cote said the victim's motives were irrelevant.

Mr. Weiner told the judge he accepted full responsibility for his crime. He said he has regu-



Anthony Weiner left federal court in Manhattan on Monday after his sentencing. He was ordered to report to prison by Nov. 6.

larly attended therapy.

"The crime I committed was my rock bottom," he said. "The prosecutors are skeptical that I have truly changed, and I don't blame them."

In a statement, Arlo Devlin-Brown, Mr. Weiner's attorney, said they were "disappointed" with the sentence, particularly because the judge found that the treatment program "was showing great promise."

The sentence was in line with the approximately two-year penalty requested by the

government. In a court filing, prosecutors said this isn't "merely a sexting case," and detailed the obscene language Mr. Weiner used with the minor, saying he asked her to "display her naked body and touch herself."

Joon Kim, the acting Manhattan U.S. attorney, said in a statement: "Today, Anthony Weiner received a just sentence that was appropriate for his crime."

Monday's sentencing puts an end to a case that upended the

2016 presidential election. Less than two weeks before Election Day, James Comey, then the director of the Federal Bureau of Investigation, announced that the agency had found a laptop with emails that may be relevant to its probe into Hillary Clinton's use of a private-email server while she was secretary of state. The emails turned out to have been on a laptop used by Mr. Weiner.

In a letter to the judge before sentencing, Huma Abedin, Mr. Weiner's estranged wife

and a top aide to Mrs. Clinton, wrote: "This is not a letter I ever imagined I would write, but, with Anthony, I have repeatedly found myself in circumstances I never imagined." She said she was "devastated" by his actions.

Ms. Abedin wasn't present in the courtroom Monday. She and Mr. Weiner have a son, which he called "the one perfect thing in my life."

Judge Cote ordered Mr. Weiner to surrender to prison by Nov. 6.

'Little India' Flourishes in Heart of N.J.

BY KATE KING

WOODBRIIDGE, N.J.—When Chaman Nayar opened his Indian fabric business more than three decades ago on Oak Tree Road here, the neighborhood was rundown and desolate.

Today, Oak Tree Road is known as "Little India," a booming ethnic business district, which runs about 1½ miles in central New Jersey and attracts South Asian customers from Maine to Maryland. Mr. Nayar owns a high-end jewelry store and is the landlord of the building where he opened his first shop.

Rents have soared. An analysis by the real-estate valuation and advisory firm Oteau Group Inc. found retail rents within a 1-mile radius of Oak Tree Road averaged more than \$36 a square foot this quarter, up from \$20 a square foot in 2007. Vacancy rates have hovered just above 2% for the past year, according to the analysis.

Comparable rents in the greater Woodbridge and Edison townships, where Oak Tree Road is located, are about \$20 and \$22 a square foot, respectively.

The district's Indian offerings played a huge role in its turnaround, but its central location also is an important factor, said Jeffrey Oteau, president of Oteau Group. Oak Tree Road is close to the Metropark



The boutiques and jewelry stores on Oak Tree Road attract customers from around the Northeast.

NJ Transit station, as well as the Garden State Parkway, New Jersey Turnpike and Route 1.

"This location is both a transit village and there is this concentration of ethnicity," Mr. Oteau said.

Mr. Nayar relocated to central New Jersey from the Queens neighborhood of Jackson Heights.

"When we came here in 1985 there weren't that many Asians and there was a lot of discrimination. We would have our windows broken and there was a lot of graffiti," recalled Mr. Nayar's

son, Chetan Nayar, who was 9 years old at the time. "It was tough. My father was a pioneer."

The discrimination subsided by the early 1990s, business owners said. Today the Indian Business Association hosts an India Day parade on Oak Tree Road and a Christmas tree-lighting festival nearby.

New Jersey has one of the country's largest South Asian communities. In Middlesex County, Asians comprised an estimated 25% of the population in 2016, according to the U.S. Census.

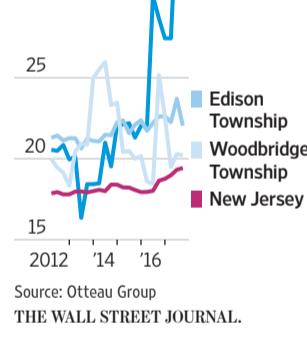
Before South Asians began opening businesses there, Oak Tree Road "was not an area that anybody was particularly proud of," said Woodbridge Mayor John McCormac. "It was badly in need of revitalization. Now it's a very vibrant, bustling downtown business district that we're very proud of."

Oak Tree Road used to be one of few locations on the East Coast that offered Indian grocery and clothing stores. During the past decade, however, South Asian supermarkets opened in surrounding states. Oak Tree

Enclave's Ascent

Average retail rents in New Jersey

\$40 a square foot



Source: Oteau Group

THE WALL STREET JOURNAL

Road's main attraction became its high-end jewelry and bridal-attire shops. "They're mainly coming for restaurants, jewelry and clothing," said Mahesh Shah, vice chairman of the Indian Business Association.

He estimated that there are about 30 jewelers and boutiques on Oak Tree Road, including PNG Jewelers, a sixth-generation Indian family business. "All over America this is a main hub in the jewelry industry," said Anil Soni, vice president at PNG Jewelers.

Please turn to the next page

New Tool To Track Subway

BY PAUL BERGER

New York City's 5.8 million weekday subway riders are about to get a new way of quantifying their commuting frustration.

The Metropolitan Transportation Authority unveiled a new subway performance dashboard on Monday to board members who oversee the agency's subway system. The dashboard will go live on the MTA's website on Wednesday.

But even as some board members welcomed the dashboard, they raised concerns that it relegated some performance metrics to a digital backwater in favor of new metrics casting the system in a more favorable light.

Gone were statistics showing declining on-time performance numbers for trains. In their place were data showing that the average excess wait time on a platform is 60 to 90 seconds.

Board member Charles Moller said the new data wouldn't show him, as it currently does, that in one recent month for the 2 train "you had only 32% of trains get in on time."

Speaking after the meeting, MTA Chairman Joe Lhota said the new metrics were more in line with riders' subway experience as well as with statistics used by other major transit agencies such as the body that oversees London's underground system.

The dashboard gives prominence to new performance data sets such as the number of major subway incidents, defined as those affecting 50 trains or more, as well as to "excess" wait times on platforms and on trains. It also shows so-called legacy metrics such as the average distance a subway car travels before it needs maintenance.

MTA officials said they would continue to make available other longstanding data sets, such as on-time performance, in a "legacy measures" section of the dashboard.

On-time performance, a measure of whether a train reaches its final destination within five minutes of its scheduled arrival time, continued a yearslong downward trend this summer. Weekday on-time performance fell to 64% in the 12 months through June 2017, compared with 68% in the 12 months through June 2016.

Independent Charter Schools Aim to Regain the Narrative

BY LESLIE BRODY

Independent charter schools view themselves as scrappy upstarts with good ideas to shake up the U.S. education system one school at a time.

But some backers of the model say they have "lost the narrative" to bigger networks that sometimes attract headlines for their disciplinary policies or clashes with districts over space.

Now, a group of these independent schools are planning their first national symposium to improve their image and plot a future course.

The Independent Charter School Symposium expects to gather about 350 educators and advocates in Queens on Oct. 12 and 13. It aims to emphasize the original purpose of charters as havens for innovation, teacher empowerment and collaboration with traditional schools, rather than competition against them.

"We're losing hearts and minds," said one organizer,



Charter-school students from the Bronx at a 2016 rally in Albany.

school movement."

A spokeswoman for the education secretary didn't respond to a request for comment.

Jeanne Allen, founder of the Center for Education Reform, a school-choice advocacy group, disputed concerns the secretary was polarizing. Ms. Allen said most charter leaders focus on helping children, not politics.

"Political and academic elites worried about the secretary being divisive are out of touch with the vast majority of people who created and still populate the charter movement at the grass-roots level," Ms. Allen said.

In New York, relations have been combative between Mayor Bill de Blasio and the city's largest charter network, Success Academy Charter Schools. The high-performing network of 46 schools has staged repeated rallies demanding more space for its plans to grow. City officials say they are complying with legal obligations.

GREATER NEW YORK

GREATER NEW YORK WATCH

YONKERS

Police Officer Shot, In Stable Condition

A Yonkers police officer was shot in the face Monday night as she approached a suspicious vehicle, authorities said.

Police received a call reporting two suspicious men in a vehicle at about 8 p.m., Yonkers Police Commissioner Charles Gardner said. As two officers approached the vehicle, "one of the males produced a handgun and fired several shots," striking one officer in the jaw, Mr. Gardner said.

The officers returned fire, hitting one of the suspects, Mr. Gardner said. That suspect was taken to a local hospital while the other was arrested.

The wounded officer was hospitalized in serious but stable condition. Mr. Gardner said she is a patrol officer from the third precinct. The condition of the wounded suspect wasn't known.

—Zolan Kanno-Youngs

CRIME

Man Spared Prison In Conspiracy Case

Frank Parisi, whose family runs one of the oldest bakeries in Manhattan, was sentenced to probation Monday for his role in a multimillion-dollar gambling and drug-trafficking ring.

In Manhattan Supreme Court, Mr. Parisi, 62 years old, received five years of probation and will have to forfeit \$40,000. He pleaded guilty in July to one count each of conspiracy in the fourth and fifth degrees for his role in the criminal scheme that prosecutors said generated more than \$15 million.

Mr. Parisi's family has operated the Parisi Bakery, in Greenwich Village, since 1903, according to the bakery website. The family also runs a deli in Little Italy.

Mr. Parisi's attorney said his client declined to speak at the sentencing hearing. "It was an appropriate result," the attorney said.

—Thomas MacMillan



Biren Jhaveri arranges colorful saris in his store on Oak Tree Road, which is known as 'Little India.'

STORES

Continued from page A10A

"This is a very famous road."

The epicenter of the Oak Tree Road business district is a small, pedestrian-friendly strip spanning about one-tenth of a mile between two traffic lights in Woodbridge.

Retail rental prices are roughly double those found on other parts of the street, local business owners and real-estate brokers said.

This is where Chaman Nayar opened his fabric shop in 1985, followed by a jewelry

store, Sona Jewelers, in 1989. He paid \$12 a square foot in the late 1980s; today he charges tenants between \$70 and \$80 a square foot.

"The out-of-state customers are what's definitely driving the clothing and jewelry businesses in this market," Chetan Nayar said.

Across the street, Praful Patel said he spent millions to break into the market seven years ago. He said he paid \$2.6 million for the 6,000-square-foot building that houses his clothing store, and spent another \$1.3 million tearing it down and constructing a new shop.

"This is where our commu-

nity is, it's a big market," said Mr. Patel, who sells bridal clothing ranging up to \$8,000 for women and \$2,000 for men.

On a recent Friday afternoon, Sree Babu and his fiancée, Abi Ravi, both 25 years old, drove about 85 miles to New Jersey from Allentown, Pa., to do some shopping. The couple, who are getting married in southern India in January, were looking for Ms. Ravi's wedding dress and traditional bridal jewelry.

"Oak Tree Road has always been a hot spot for the cultural stuff," Mr. Babu said. "This place is kind of like mini-India for us."

Auto Shops See Mall Plan Deflate

BY THOMAS MACMILLAN

In 2013, the New York City Council approved a plan for a gleaming new development in the Willets Point section of Queens—a mall, a hotel and hundreds of new apartments near Citi Field—and soon began helping a group of auto-repair shops that occupied the land move to a new home in the Bronx.

Four years later, the Willets Point development project is stalled, the Bronx landlord for the auto shops is about to evict them, and the \$7.5 million the city has spent to assist the business owners appears to have been for naught.

"It's a waste of the city's money," said Tom Angotti, an emeritus professor at the Urban Policy and Planning department of Hunter College.

In response, an official from the New York City Economic Development Corp. said it gave millions of dollars and years of support to the project despite concerns that it wasn't viable.

Members of the group of 45 auto-repair businesses, dubbed the Sunrise Cooperative, said their new landlord failed to disclose problems with the new building that delayed construction on what was supposed to be a state-of-the-art car-repair facility. The landlord, David Smetana, didn't respond to requests for comment.

While some of the businesses displaced from Willets Point set up shop individually elsewhere, Sunrise sought to relocate together to create an indoor car-repair mall with a variety of automotive services under a single roof.

"For 30 years in Willets Point, we were like family," said Marco Neira, president of the cooperative.

The group found an 80,000-square-foot warehouse on Leggett Avenue in the Hunts Point section of the Bronx and signed a lease in 2014.

Sunrise set about installing



Marco Neira, president of a cooperative of auto shops

bays for mechanics, auto-body repair and painting, and cutting-edge systems for ventilation and recycling engine oil, Mr. Neira said.

"It was going to be a model for the world," said Rigo Sinch, one of the members of the cooperative.

But the cooperative found the building needed expensive repairs, including rebuilding walls and columns, Mr. Neira said.

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The Economic Development Corp. tried to bail out the cooperative with the offer of an additional \$2.4 million, but the landlord declined, an official said.

Mr. Neira said Sunrise expects an eviction notice as soon as Wednesday.



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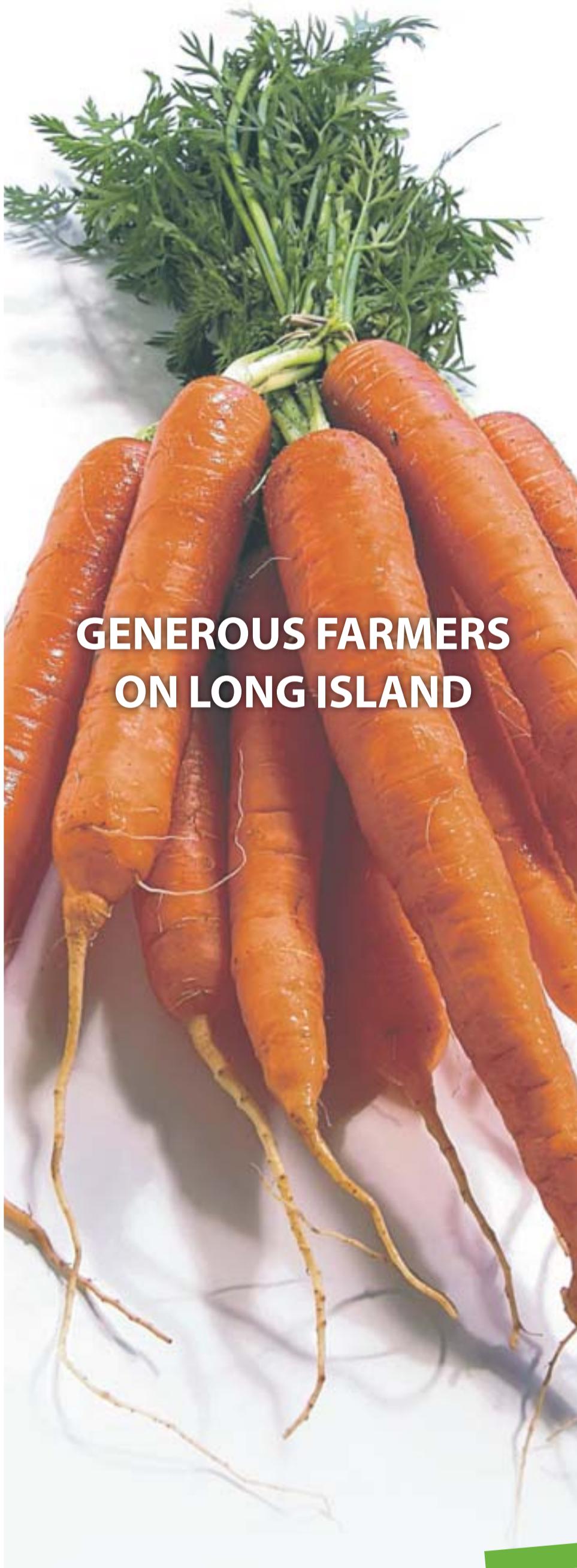


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LIFE & ARTS

FILM

Inside the Making of the 'Blade Runner' Sequel



BY BEN FRITZ

IT SURVIVED a critical drubbing, a box-office belly flop, fights between its director and producers and decades of behind-the-scenes battles over who should control its destiny.

Now, 35 years after it debuted on the big screen, "Blade Runner" is back, trying to prove there's still life in a franchise that asks what it means to be human.

For aficionados of cinema, it's tough to believe "Blade Runner" was considered a failure when it was released in 1982. But for people in Hollywood then, it may have been even tougher to imagine that "Blade Runner 2049," a \$150 million production on which a small Hollywood company has staked its reputation and much of its financial future, would be one of the most anticipated releases of 2017.

Initially, few knew what to make of director Ridley Scott's moody and cerebral sci-fi noir. It's set in a dystopian Los Angeles where the only light that shines through the rain-soaked nights comes from massive neon billboards affixed to buildings and blimps. Harrison Ford's investigator Deckard is hardly a hero in the Luke Skywalker mode, and the ending, more symbolic than conclusive, wasn't exactly the destruction of the Death Star.

The movie grossed a mediocre \$27.6 million and Mr. Scott was "crushed by the worst reviews I've received in my life."

But like a bottle of wine, or a Van Gogh painting, "Blade Runner's" appeal grew as the years passed. Mr. Scott noticed that music videos on MTV were frequently turning for inspiration to his film's bleak vision of the future and harsh, angular designs. Every aspect of the world Mr. Scott and his team designed, from the production to costumes to lighting to camera work, became influential in media including movies, fashion and videogames.

Interest only grew with a 1992



The backers of 'Blade Runner 2049,' top, starring Ryan Gosling, believe they will have a major new franchise if the movie is a hit. The 1982 original starring Harrison Ford, above, grossed a mediocre \$27.6 million and got poor reviews.

director's cut that removed a voiceover by Mr. Ford and added a dream sequence, as well as a 2007 "final cut" with more tweaks. Reports that Mr. Scott and Mr. Ford had different opinions on whether the character played by the star is a human being or a robotic "replicant" only heightened the interest of devotees who dissected the film's meaning.

By the 21st century, Hollywood executives began noticing that "Blade Runner" was one of the few beloved genre movies from the past that hadn't gotten a sequel or been remade. Hollywood is obsessed with franchises these days, and most of the best material, from comic books to Transformers to Star Wars, has already been exploited. "Blade Runner" was like a mountain full of gold nobody had mined.

Among those desperate to find a new franchise like "Blade Runner" were Andrew Kosove and Broderick Johnson. The co-chief executives of Alcon Entertainment had produced mega-hit "The Blind Side" in 2009, creating a windfall for their tiny company. After considering cashing out and shutting down the then 13-year-old company at a high point,

the CEOs and their financial backer, FedEx chief Fred Smith, decided to reinvest the profits and try to take the company to a "higher level," according to Mr. Kosove. That meant bigger movies that could be global "events."

"Blade Runner," it turned out, was not only available, but uniquely suited to Alcon. After Mr. Scott went \$5 million over budget while making the original movie, control of the film went to two producers who covered the excess: Jerry Perenchio and Bud Yorkin. Mr. Perenchio, who later served as chief executive of Univision and died in 2017, refused to allow any follow-ups to "Blade Runner" because he considered the original "sacred," recalled Mr. Yorkin's widow, Cynthia. But the Yorkins eventually convinced Mr. Perenchio to allow them to pay him \$5 million, with the help of a financial backer, to buy out his rights in the late-2000s.

They then started shopping "Blade Runner" to studios until they realized the original's contract gave Warner the exclusive right to release sequels. They couldn't reach a deal with the studio, but realized they could work

with Alcon and still fulfill the deal terms, because its movies are distributed by Warner. For each sequel it produces, Alcon will pay \$11 million to the rights holders.

"The Blade Runner mythology is very much unresolved, which means there was a whole universe to be explored," said Mr. Johnson. "It was an intriguing opportunity if we could get the right people."

Nervous about what the director would think, the Alcon partners flew to London for dinner with Mr. Scott, who said he had been waiting nearly 30 years for someone to ask him to make a sequel and eagerly discussed his ideas. The trio was asked to leave the restaurant at midnight.

Mr. Scott developed the story with the original movie's writer, Hampton Fancher, and initially intended to direct it himself, but decided to make "Alien: Covenant" instead. With Mr. Ford committed to return in his original role and Ryan Gosling cast as a younger detective who seeks him out, Alcon approached the director Denis Villeneuve, who would later be nominated for an Oscar for "Arrival."

"I loved the screenplay, but did I

want to put myself in the impossible position of doing something that everybody, including myself, will see as insane?" Mr. Villeneuve recalled thinking.

He agreed to make the movie only after securing the blessing of Mr. Scott. The older filmmaker's one request was that Mr. Villeneuve preserve much of the mystery from the original, particularly by not showing the human colonies on other planets that are a key plot point in both movies. "That's something I deeply believe too," said Mr. Villeneuve, "that suggestion is more powerful than showing."

Mr. Villeneuve kept what Mr. Scott described as the "cadence" of his movie, in which characters speak in a somewhat stilted, theatrical manner. "He's honestly done his own movie," said Mr. Scott, who visited the Budapest set of "2049" once. "But I can definitely say the father was mine."

To help finance the costly production, Alcon brought on Sony as partner. That studio kicked in nearly \$100 million and will release the movie overseas while sharing in the global profits. Warner Bros. will release the film in the U.S. and Canada.

"We know there are fans who are going to come out, but we're selling the new movie on its own terms as something with really appealing stars, beautiful visuals and kick-ass action," said Tom Rothman, the chairman of Sony Pictures' motion picture group, which co-financed the new film.

If it is a hit, "Blade Runner's" backers believe they will have a major new franchise on their hands. Alcon has virtual-reality experiences and mobile games in the works and hopes to make more movies. Mr. Scott said he already has an idea for the next sequel.

"This is the company's final exam," said Mr. Kosove. "None of our past will be remembered after people judge what we've done with 'Blade Runner.'"

CURSE

Continued from Page One
cessor pioneer Cuisinarts Inc., settled a price-fixing lawsuit and eventually landed in bankruptcy court. RCA Corp. and Bell Telephone, whose logos got screen time in the 1982 film, ceased to exist.

By the time airline Pan Am sought chapter 11 protection in 1991, the jinx seemed noteworthy enough that movie magazine Premiere ran an item titled "The Curse" of Blade Runner." Premiere folded in 2007.

Corporate signage is a design element in "Blade Runner 2049," daring a new roster of companies to summon the hubris of showing their brands prospering in the future. Brands to watch after they appear in the movie: Johnnie Walker whisky, Sony, Peugeot, and Coca-Cola (which survived the first "Blade Runner," despite 1985's New Coke disaster). There is even a Pan Am building in the 2049 Los Angeles skyline.

"I don't feel we're cursed," says Stacy Beck, vice president of brands and licensing at Pan Am, which in 1998 was bought out of bankruptcy by a New Hampshire-based railroad. It continues to license its name to entertainment studios. "But I live in New England. We don't believe in curses here anymore," Ms. Beck says.



A year after its Blade Runner cameo, Atari dumped unsold games in a landfill.

Movies about the future have a decent record forecasting which brands will persist. Many companies featured in "2001: A Space Odyssey," released in 1968, survived to the real 2001, including Hilton, IBM and General Motors. In 1993's "Demolition Man," set in 2032, Sandra Bullock informs Sylvester Stallone: "Taco Bell was the only restaurant to survive the franchise wars. Now all restaurants are Taco Bell." None of us will know whether Fuddruckers serves meals in 2056, as it does in "Idiocracy," released in 2006.

"Blade Runner" director Ridley Scott had trained in advertising. He also directed Apple's famous "1984"

Super Bowl commercial. In the original film, he created an urban dystopia marked by "hyper-prevalence of consumerism," says Andrew Kosove, co-CEO at Alcon Entertainment, which produced "Blade Runner 2049."

At the time, companies like Pan Am, Bell, and Atari seemed like good bets for the future, says Paul Sammon, author of "Future Noir: The Making of Blade Runner," a history of the franchise. (Atari was then owned by Warner Communications, whose Warner Bros. made "Blade Runner.")

Mr. Sammon doesn't dismiss the curse. "I think some films take on a life of their own. Particularly in its first decade, 'Blade Runner' was ex-

tremely unlucky," he says. "When it came out, it was a bomb. For a decade, it was under the radar. And I think there was an unlucky aspect to the fact that a lot of those companies weren't able to survive."

Maybe the real curse was simply being flagged as a company of the future in 1982. The 1980s were a decade of deregulation, leveraged buyouts, media consolidation, booming stocks, and sometimes fleeting fortune.

"The '80s was a strange time," says Michael Koss, CEO of headphone maker Koss, which emerged from chapter 11 in 1985. He doesn't hold the movie responsible for his company's need to restructure in 1984. "Interest rates had gotten up to 18% and we had about \$12 million in debt."

Airline deregulation helped doom Pan Am, which struggled to compete with low-cost carriers. Cuisinarts, as it was then called, failed to respond to market changes. "There were money issues, inventory issues," says Mary Rodgers, director of marketing communications for Cuisinart, which Conair Corp. bought out of bankruptcy in 1989 and has kept alive. "But I don't think there is a curse—and my dad worked for Bell Telephone."

He scoffs at the curse and says it didn't impede product placements. Diageo PLC, which owns Johnnie Walker whisky, has an ambitious advertising campaign around "Blade Runner 2049." It includes Mr. Ford

drinking a "Blade Runner" blend of Johnnie Walker Black in the movie that is now available to the public. Mr. Ford sipped Johnnie in the 1982 "Blade Runner," and the brand defied the curse by emerging unscathed.

Is coming back for seconds tempting fate? Dan Sanborn, Diageo's senior vice president for culture and partnerships, laughs. "Of course, as fans we were very aware of it," he says. "Our perspective would be that curses are meant to be broken."

Atari, still making games with a pared-down staff of 18 employees, is back for more, too. It granted the sequel permission to splash its stylized-A logo across a skyscraper. Atari plans a comeback around the new film. It is introducing a new game console and "Blade Runner"-themed, Bluetooth-enabled baseball cap that works as a communications device and plays music.

CEO Fred Chesnais likens Atari to the replicant characters in "Blade Runner," androids who yearn to survive beyond their short, preprogrammed lifespans. "We are the replicants," he says. "We are showing that we're still relevant. We're still here, and we will be in 2049."

Mr. Kosove is less skeptical toward that kind of cinematic destiny. "Maybe the movie will be so successful that Atari will make its huge comeback," he says. "Maybe it will be the reverse curse."

LIFE & ARTS

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

New Confidence After a Crisis



Preparing for and living through a hurricane can leave people with newfound strength. It's possible to tap that confidence for future endeavors.



Some find writing about their experience helpful. Focus on what helped you feel strong, psychologists say.



After a crisis, try volunteering to help people suffering, perhaps from a similar experience.

I RECENTLY RODE OUT Hurricane Irma in Miami. For three days before it hit, the storm was a Category 5 and the forecast track for the eye went directly over my house. As I boarded up my windows, bought supplies and prepared to report on any devastation, I was a quivering mess.

A good friend insisted there might be an upside to the experience. He reassured me it was OK to be scared, that all brave people are. He said that facing down my fear would benefit me in the end. And he reminded me of my motto: Fortune Favors the Brave.

People who endure trauma or adversity—such as an illness or accident, death of a loved one, or a natural disaster—often find that they feel stronger and more confident afterward. Some may even feel that their life has new meaning. Psychologists call this phenomenon “posttraumatic growth.”

Writers, philosophers and religious leaders have observed for centuries that people can change positively after a major life crisis. But recently, science has begun to quantify how and why changes occur.

Researchers have identified five core areas of posttraumatic growth: People experience a greater appreciation of life, enjoy enhanced relationships, discover new possibilities, find an increased sense of personal strength, and discover a spiritual or existential change, meaning they connect more with something larger than themselves. Some people experience growth in all five areas, some in just one or a few.

“We’re generally pretty complacent in our lives,” says Bret Moore, a clinical psychologist in San Antonio and co-author of “The Post-traumatic Growth Workbook: Coming Through Trauma Wiser, Stronger, and More Resilient.”

He also asks himself: If I was dead tomorrow, would this matter? “Most of the things we stress about don’t matter all that much in the grand scheme of things,” he says. “This question helps to remind me of that often.”

Time alone is not enough to produce posttraumatic growth, says David Palmiter, a professor of psychology at Marywood University, in Scranton, Pa., who gives workshops on the topic. “You have to engage in an active cognitive and behavioral processes to produce meaning from the event,” he says. He points to three factors that are typically necessary: social support—friends and family to help you; spirituality—any sense of something bigger than yourself; and adaptive cognitive coping—a decision to accept that you can’t change the tragedy but won’t let it destroy you.

For 48 hours before and during the storm, my pulse raced and I felt gripped with a physical fear I had never experienced. But I also felt empowered. I rode out the storm with my sister and her family. I spent much of my time interviewing people on the phone who were hunkered down awaiting the eye and having text conversations with friends and family who wrote to see how I was doing. During the worst of it—the multiple tornado warnings, after we had lost power—I hosted dance parties for my niece and nephew, ages 6 and 9, in a closet to shelter and distract them. We turned on the strobe lights on our headlamps and sang “We are Family.”

When it was all over I did feel different. I had some damage to my home and went nine days without power. But I felt stronger, more capable and better prepared for life’s next challenge.

How to Achieve Posttraumatic Growth

Write about your experience. The goal is to tell your narrative in a positive way. Focus on what helped you feel strong. “Writing helps you think through things and take ownership,” says Bret Moore, a clinical psychologist in San Antonio. “You can go back and read it over and think about the nuances.

Rate your growth. David Palmiter, a professor of psychology at Marywood University, in Scranton, Pa., suggests two exercises. First, list three of your worst life experiences, and rate the pain at its most intense on a scale of 1 to 100. Then list the ways you are better today because of the suffering of each experience, and rate this benefit from 1 to 100. In the second exercise, list the three best things in your life. Rate them on a scale of 1 to 100. Then ask yourself if there was any pain or suffering that led to these good things. Rate the pain at its most intense on a scale of 1 to 100, and then again as it is now.

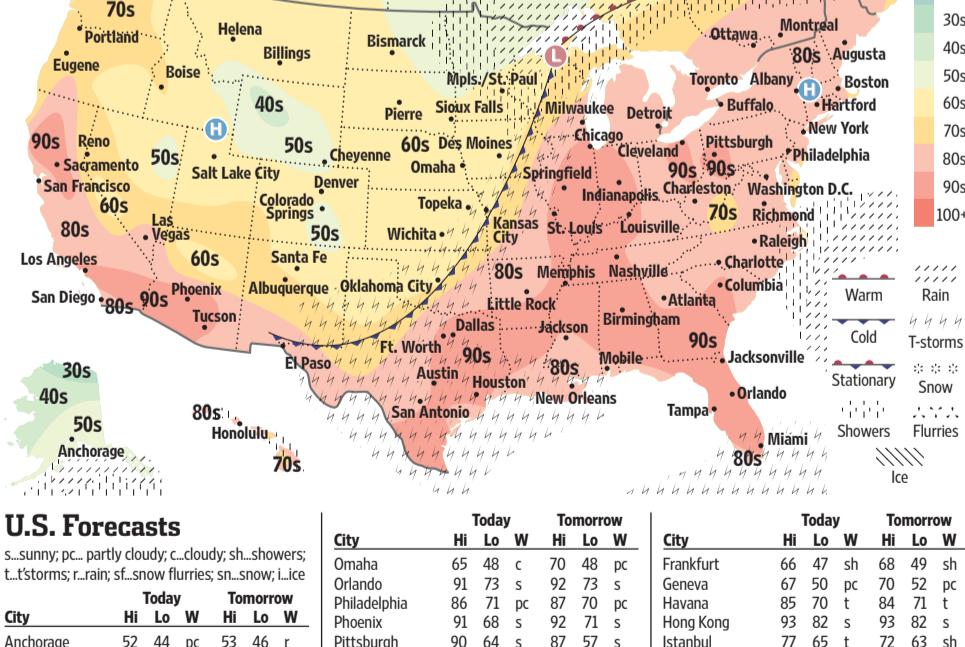
Seek expert companionship. Find someone you trust who is willing to listen and isn’t judgmental. Research shows that this kind of relationship, whether it’s with a loved one, counselor or clergy member, is a great conduit for growth.

Keep doing what made you feel strong during your ordeal. I rented a big white pickup truck before the hurricane—and named it Moby—so I could travel to areas that were damaged afterward to report. From the minute I pulled out of the rental agency, I felt safer than I ever had driving in Florida, and kind of badass. (I drive a VW Beetle convertible.) I’ve now been test-driving pickups.

Give back. Often, people receive an outpouring of support during a hard time that can be buoying and hopeful. Return this when you feel better. Thank the people who reached out. Make an effort to become closer to those who were there the most. Volunteer to help people who are suffering, maybe from a similar experience.

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Instagram or Twitter at [@EBernsteinWSJ](https://www.twitter.com/EBernsteinWSJ).

Weather



U.S. Forecasts

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

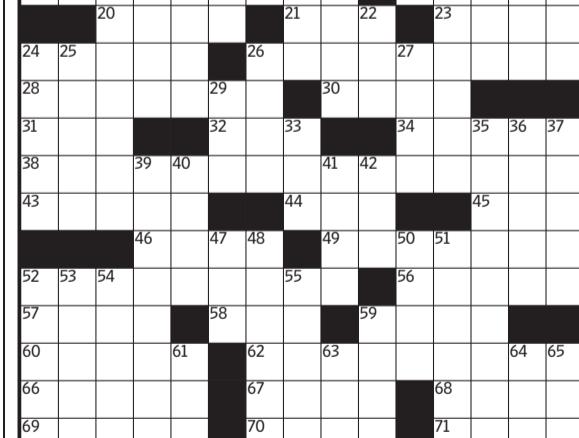
Today Hi Lo W Tomorrow Hi Lo W

City	Hi	Lo	W	Hi	Lo	W
Anchorage	52	44	pc	53	46	r
Atlanta	88	68	s	70	50	s
Austin	90	71	t	88	72	t
Baltimore	82	68	pc	87	69	pc
Boise	70	48	s	73	48	s
Boston	80	65	pc	79	65	pc
Burlington	88	67	s	85	56	s
Charlotte	87	68	s	90	68	pc
Chicago	90	61	pc	73	53	pc
Cleveland	91	67	s	86	58	pc
Columbus	87	67	s	80	58	pc
Dallas	92	74	c	87	71	t
Denver	61	44	pc	65	46	pc
Detroit	89	67	s	79	52	pc
Honolulu	89	74	s	90	75	sh
Houston	91	73	pc	91	74	pc
Indianapolis	91	68	s	83	55	pc
Kansas City	69	56	t	67	51	c
Las Vegas	83	64	s	86	65	s
Little Rock	89	69	pc	89	69	pc
Los Angeles	93	63	s	92	61	s
Miami	90	76	s	89	76	sh
Milwaukee	87	58	s	70	51	pc
Minneapolis	64	48	c	66	52	s
Nashville	90	66	s	90	67	s
New Orleans	88	74	pc	90	74	s
New York City	83	70	pc	82	70	pc
Oklahoma City	69	59	r	66	55	t
Edinburgh	65	51	pc	63	53	pc

International

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	65	50	sh	66	53	pc		
Athens	77	65	t	78	67	pc		
Baghdad	109	77	s	105	76	s		
Bangkok	90	77	t	90	77	t		
Beijing	76	58	sh	77	47	pc		
Berlin	63	53	pc	67	53	sh		
Brussels	67	48	sh	68	54	pc		
Buenos Aires	63	47	sh	60	50	pc		
Dubai	101	83	s	101	84	s		
Dublin	63	51	pc	60	47	r		
Zurich	68	47	pc	63	53	pc		

The WSJ Daily Crossword | Edited by Mike Shenk



HEAD FOR HOME | By Gary Cee

Across

- 1 Sushi foundation
5 First person
9 City at the mouth of the Yodo River
14 School near Windsor Castle
15 Cord worn as a necktie
16 Four-time Indy 500 champ Al
17 *Red herring
19 Spanish food served on small plates
20 Obligation
21 You might say "one, two" into one
23 Number-based game of chance
24 Motel room fixture

56 5K and 10K

57 Baseball's Felipe, Matty, Jesus or Moises

58 Old name of Tokyo

59 Trodden track

60 "Twelfth Night" heroine

62 "Can't beat that price!" or a hint to the ends of the starred answers

66 Corporal, captain and colonel

67 Slinky shape

68 Sculling equipment

69 Car introduced in September 1957

70 Is mistaken

71 Sounding-off piece

Down

- 1 Whistler on a field
2 "Give ___ rest!"
3 Sign of deep anxiety
4 Happened subsequently
5 In a skillful manner
6 Female fawn
7 Mission to remember
8 Tweak
9 Ump's call
10 Shifty salesman's offering
11 In accordance with
12 Reeves of "John Wick"
13 Fiery felony
14 James who sang "At Last"
15 Corp. check signer
16 Captures
17 "Jersey Boys" role
18 Mafia kingpin
19 Colon in many an emoticon
20 Put on a black coat?
21 Lard
22 *Quick trip to Starbucks
23 Figures for analysts
24 Toy for "walking the dog"
25 Taproom order
26 Astute, as a student
27 Four-time Indy 500 champ Al
28 *Something kids go up and then down
29 Source of fluffy pillow stuffing
30 Red herring
31 Spanish food served on small plates
32 *Red herring
33 Taproom order
34 Astute, as a student
35 Source of fluffy pillow stuffing
36 Vedder of Pearl Jam
37 Garners
38 Top in temple
39 Botanical junction
40 Reckless infraction, for short
41 Fish market stock
42 "Forget it!"
43 Notable spans
44 Image made with needles
45 Quarterback Brett
46 Homer epic
47 Crackpots
48 Helicopter part
49 Amigos
50 Nonverbal communication system: Abbr.
51 Address for a superior
52 Common auxiliary verb
53 Common auxiliary verb
54 Common auxiliary verb
55 Nonverbal communication system: Abbr.
56 Mind-altering stuff

Previous Puzzle's Solution



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

LIFE & ARTS

ABBA performing in New York in 1979; below, Benny Andersson's new album features several of the group's songs



RON FREHM/ASSOCIATED PRESS

WITH "PIANO" (Deutsche Grammophon), out Friday, Benny Andersson reclaims his compositions, recasting them as solo renditions that are most often somber, restrained, wistful and altogether lovely. Considering that six of the album's 21 tracks were written for ABBA, his still immensely popular Swedish quartet, the 70-year-old is treading on pop's sacred ground. But on "Piano," thanks to his elegant performances, the songs he wrote alone or with collaborators, most notably his ABBA band mate Björn Ulvaeus, easily withstand charges of heresy.

Mr. Andersson's biography is understandably overwhelmed by his achievements with ABBA, which formed in 1972 and disbanded 10 years later. In addition to co-composing the group's many flawlessly constructed hits, his keyboards were vital to the arrangements of such tracks as "Dancing Queen," "Knowing Me, Knowing You," "S.O.S.," "The Winner Takes It All" and "Take a Chance on Me"—all of which appear in the stage musical and film "Mamma Mia!" "Mamma Mia: Here We Go Again!" a sequel to the film, is in production and scheduled for release in July 2018. It won't suffer from a lack of catchy tunes: The ABBA catalog is bountiful enough to populate a new score.

But Mr. Andersson has had a rich and varied career outside of ABBA. With lyricist Tim Rice, he and Mr. Ulvaeus wrote the score for "Chess," which was released in 1984 as a concept album two years

MUSIC REVIEW | By Jim Fusilli

ABBA, Melancholy And More

An ABBA alum recasts his buoyant compositions as solo renditions

before the Cold War-era musical opened in London's West End. (New Wave fans may recall "One Night in Bangkok," a crossover hit culled from "Chess.") He issued his debut solo album, "Klinga Mina Klockor," in '87 and followed it two years later with "November 1989." After reimaging a series of novels by Vilhelm Moberg for the musical "Kristina från Duvemåla," he formed Benny Anderssons Orkester. Each of these projects is represented on "Piano."

Shorn of radio-friendly or theater-minded presentations, Mr. Andersson's performances reinforce his affinity for the Swedish folk music and *schlager*—a kitschy form of pop—that informed ABBA's sound. Classical music, particularly the compositions of Bach, has been his great passion for the past 25 years. Unlike other pop master-craftsmen of the era, his writing is all but void of the influence of African-American musicians, though



in his new reading of "Thank You for the Music," he adds a touch of ragtime. "Scott Joplin," he said with admiration when we spoke by phone last week. "I could have done it entirely in his style."

On "Piano," Mr. Andersson proves a superior instrumentalist who communicates the emotional core of the compositions. Here, that core is inherently melancholy and bittersweet, humble and con-

templative. The overall effect evokes sadness but not misery. There is hope, not only in the occasional flick of the right hand or the ticklish introduction of "The Day Before You Came," but in the transmitted beauty and sincerity.

Mr. Andersson, who was in his studio in Stockholm when we spoke, said he was surprised by the overall muted tone of "Piano" when he listened to the 21 tracks in one sitting, after having recorded two or three per session. "I'm definitely not a melancholy guy," he said, adding: "There is something holding them all together. When everything else is gone, the core is melancholy. When I make my choices, this is what comes out."

Those who know ABBA only through its chipper hits may be unaware that melancholy was among its defining characteristics. ABBA's version of "The Day Before You Came" is set amid feathery funk,

but the lyrical narrative is the tale of a discontented woman "living without aim." Mr. Andersson's new rendition lays bare the composition's haunting meaning. The group's "Happy New Year" tells of a dying romance, albeit with a rousing chorus that distracts from its message. On "Piano," the song is a poignant lament. Mr. Andersson sets aside the brawny theatricality of ABBA's "I Let the Music Speak" and frames it as a fragile waltz, its jaunty interlude surrendering to the weight of sorrow.

"Piano" includes six songs from "Chess," and Mr. Andersson recasts them as well. "Anthem" is whispered. Boisterous on stage, "Mountain Duet" is almost tranquil here with no shortage of sentimentality as the pianist eases into its melodramatic shifts. His performances quietly demand a fresh visit to the musical. He said he and Messrs. Rice and Ulvaeus would meet next week to discuss its future; it's been reported that "Chess" will return to Broadway in 2018.

More than a curiosity or an appendage to the ABBA legacy, "Piano" affirms that Mr. Andersson, presented in stark relief, is a composer and instrumentalist of the first rank. Irrefutably melancholic, the album is also irrefutably beautiful. With virtuosity in service of elemental emotions, its effect lingers long after the final track fades.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.

BURNING QUESTION

WHAT'S THE BEST CURE FOR BRAIN FREEZE?

BY HEIDI MITCHELL

WHAT IS an ice cream headache, or brain freeze?

It starts with an innocent spoonful of ice cream—and ends with feeling like an ice pick is stabbing the brain. Though quick to arrive and quick to flee, the so-called ice cream headache can be a painful side effect of an otherwise joyful indulgence. One expert, Amaal Starling, assistant professor of Neurology at Mayo Clinic in Scottsdale, Ariz., explains its causes and cures such as drinking with a small straw.

A Cold-Stimulus Headache

Sufferers have given the fleeting condition many names, but the technical term for an ice cream headache is a cold-stimulus. Dr. Starling, a headache expert, explains that when very cold food touches the palate, the blood vessels rapidly constrict, then rapidly dilate. Pain receptors in the walls of those blood vessels tell the trigeminal nerve that something weird is happening, and the brain "reads" that message as head pain.

"Your body likes stability, and when something changes quickly, it sends off signals to the brain that something might be wrong," says Dr. Starling. About one-third of people experience the brain freeze when they quickly consume cold foods like ice cream or milkshakes, she says. The neurologist has seen case reports where brain freezes were even caused by inhaling cold air such as during ice skating.

Referred Pain

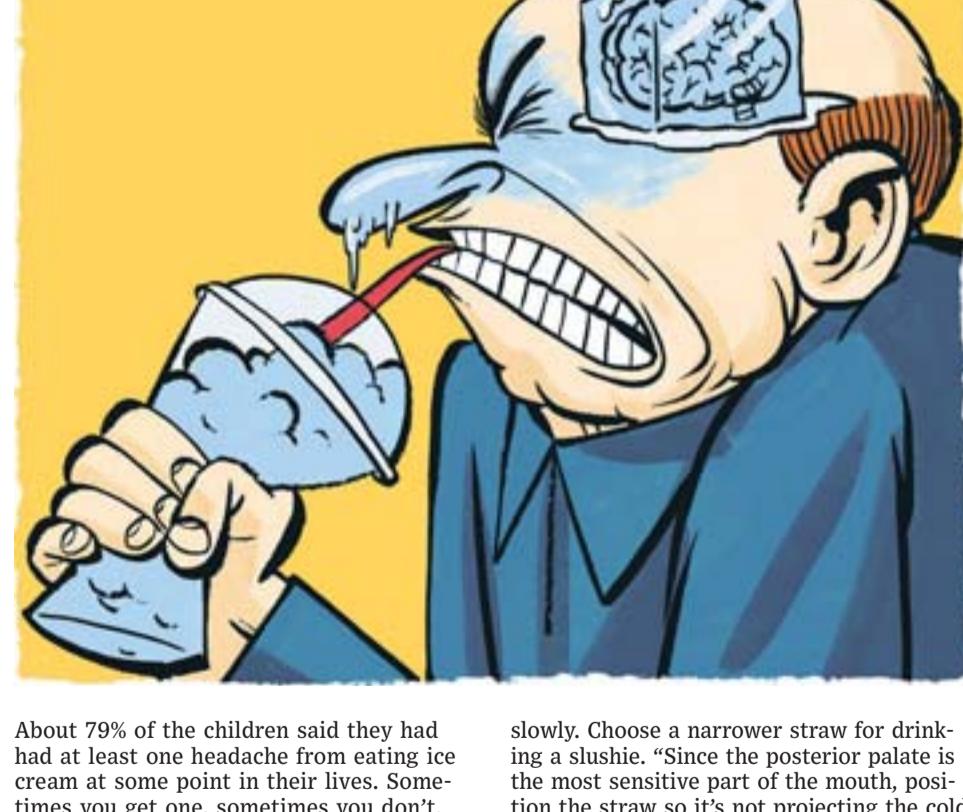
A physiological phenomena called referred pain explains why the brain perceives aching in the temples or forehead rather than the mouth. Nerves from the head, face, neck and mouth converge onto the brainstem in an area called the trigeminal cervical complex, or the TCC. The TCC is most frequently activated from head pain, so when it's "turned on" by the mouth, it can sometimes translate into a headache, says Dr. Starling. "That referred pain is similar to how people describe having a heart attack: that they feel pain in their left arm, not necessarily in their heart," Dr. Starling says.

The good news is that once the blood vessels dilate back to normal size, the piercing pain in the brain goes away, typically within a few seconds, but no longer than a minute or two. "These cold-stimulus headaches are benign," Dr. Starling adds.

Ask a Child

A randomized trial was conducted in 2002 to study this strange phenomenon. Researchers in Hamilton, Ontario, Canada asked 145 middle-school students to participate and all agreed. Half were told to eat half of 100 ml of ice cream in more than 30 seconds, then finish at their own pace. The other group was instructed to eat all 100 ml in less than 5 seconds.

In the study, 27% of children in the accelerated-eating group developed an ice cream headache compared with only 13% in the "cautious" group. Nearly 60% of the headaches lasted less than 10 seconds.



About 79% of the children said they had had at least one headache from eating ice cream at some point in their lives. Sometimes you get one, sometimes you don't, but the majority of people have had at least one cold-stimulus headache in their lifetime," Dr. Starling says.

Several studies suggest that people who suffer from migraines might be more prone to getting ice cream headaches. "I could hypothesize that they are more sensitive to environmental triggers so it could be that they have a decreased threshold for painful stimulus overall," she says.

Prevention and Cures

Prevention is the best way to combat ice cream headaches, says Dr. Starling. Eat

slowly. Choose a narrower straw for drinking a slushie. "Since the posterior palate is the most sensitive part of the mouth, position the straw so it's not projecting the cold sip to the back of your mouth," she adds, though her strategy has not been clinically tested.

If you get a headache from a chocolate cone, depress your tongue or a clean thumb to the roof of your mouth, or have a sip of warm water. "If you can stabilize the temperature and prevent the rapid constriction and dilatation that might shorten the ice cream headache," the neurologist says. "Life is all about enjoying the small things, so eat slower, but still enjoy your ice cream."

Email questions to burning@wsj.com

SPORTS



REY DEL RIO/GETTY IMAGES

Members of the Detroit Lions took a knee during the national anthem prior to Sunday's game against the Atlanta Falcons. NFL protests took place in some form at every one of Sunday's 14 games

FOOTBALL

Trump, NFL Continue to Trade Barbs

BY JOSHUA ROBINSON
AND ANDREW BEATON

PRESIDENT Donald Trump and the National Football League on Monday intensified their criticisms of one another, deepening a divide over player protests that is roiling the sports world.

The continuing clash also appeared to create a growing rift among fans, with some vowing to boycott the league while others leapt to the defense of players after the president's denunciation of the national anthem protests and the NFL through the weekend.

The president started Monday morning with a series of five tweets about the protests, interrupted by a sixth about tax reform.

"Many people booed the players who knelt yesterday (which was a small percentage of total). These are fans who demand respect for our Flag!" he tweeted.

An NFL spokesman fired back by issuing the league's sharpest comments yet directed at the president.

"Looking at yesterday everyone should know, including the president, that this is what real locker-room talk is," NFL spokesman Joe Lockhart said on a conference call, calling the demonstrations the result of "thoughtful conversation about very difficult issues." He said the president was "out of touch."



The Dallas Cowboys, with owner Jerry Jones, took a knee on Monday.

MATT YORK/ASSOCIATED PRESS

and that players and owners remain unified in support of the individuals who chose to protest in accordance with their rights.

Lockhart also said there had been no contact between the league and the White House.

The NFL protests, unprecedented in scale, took place in some form at every one of Sunday's 14 games from London to Los Angeles. Large numbers of players took a knee during the playing of the anthem while others interlocked arms. Several owners joined their players in the demonstrations. And the majority of players on at least three teams—the Pittsburgh Steelers, Seattle Seahawks and Tennessee Titans—remained in the locker room instead of lining up on the field.

On Monday night, the Dallas Cowboys, including owner Jerry Jones, took a knee prior to the anthem, but stood for the performance with locked arms. Jones had previously said he didn't think it was appropriate to include protests of any sort during the anthem.

Many prominent players continued to speak out Monday about why they chose to make the statements they did. Several said they took offense to the president's crude language—Trump said in a speech that owners should "Get that son of a bitch off the field now"—and assertion that they should lose their jobs if they protested.

In a Boston radio interview Monday, New England Patriots quarterback Tom Brady said he disagreed with the president's comments and called them "just divisive."

Patriots owner Robert Kraft, a longtime Trump supporter, over the weekend issued a statement saying he was "deeply disappointed" by the president's remarks.

Late Monday, Trump continued tweeting about the "tremendous backlash" against the NFL and its players. Trump's criticism and the protests represent a massive challenge for the NFL, which is the country's most popular professional-sports league and the producer of the most valuable content on television, for which owners

are paid billions annually. Ratings fell last year and owners are eager to reverse that this year, though a prolonged dispute is almost sure to drive away some viewers.

Thus far the effects of the protests are unclear. Ratings for Fox and NBC's NFL game coverage were down slightly compared to the same week last season in overnight ratings measuring 56 of the nation's largest markets, while CBS was up. That could easily be a reflection of the competitiveness of the games and interest in the teams each network aired.

There are other signs, though, that some fans are voting with their wallets. Alejandro Villanueva, a former Army Ranger who served three tours in Afghanistan and now plays offensive tackle for the Pittsburgh Steelers, was the top-selling overall player for jerseys and other merchandise on Monday, according to a spokesman for Fanatics, which runs the NFL's online store.

Villanueva was the only Steeler to come out on the field for the anthem prior to Sunday's game against the Chicago Bears. Villanueva wasn't in the top 100 for NFL player sales prior to Sunday.

While a handful of players in other sports spoke out in support of NFL players, Nascar drew Trump's praise after many of its owners said drivers and other employees who didn't stand for the

anthem would be fired.

NFL players have protested during the national anthem since 2016, when former San Francisco 49ers quarterback Colin Kaepernick first knelt before a preseason game to make a statement on the treatment of African-Americans in the U.S. Several others have followed Kaepernick, who is now an unsigned free agent, but never in the numbers seen on Sunday.

Miami Dolphins safety Michael Thomas, who was among the players that took a knee last season, said he didn't plan on taking a knee this year until Trump's recent comments. "We said we weren't going to take a knee this year but work in the community. But Friday night comes, the president makes those comments, and things change," Thomas said.

At the daily White House press briefing on Monday, press secretary Sarah Sanders addressed the president's remarks on the matter, at a Friday rally and since on Twitter.

"This isn't about the president being against anyone," she said. "This is about the president and millions of Americans being for something, being for honoring our flag" the national anthem, and the people who fought to defend it. "It's always appropriate for the president to defend the flag."

—Joe Flint and Jim Chairusmi contributed to this article.

BASKETBALL

LEBRON JAMES LEADS NBA IN TRUMP CRITICISM

BY BEN COHEN

THE OPENING of NBA training camp is usually a day for coaches to offer guarded optimism about their teams and for players to brag about being in the best shape of their lives. This year it was a day for them to blast the president of the United States.

"The people run this country," said Cleveland Cavaliers star LeBron James. "Not one individual. And damn sure not him."

James's stinging criticism of President Donald Trump was the most extensive and explicitly political statement of his career. It echoed a chorus across the league on Monday, the same day Trump continued his remarkable public spat with the NFL, as basketball players and coaches reiterated their criticism of the president and offered their support for any protests the start of the NBA season next month may bring.

The rebuke from James, who said he wouldn't let Trump use sports to divide the country, came two days after the most famous basketball player in the world called out the most powerful man in the world as "a bum." Once again James refused to address the president by name. This time he referred to Trump as "that guy."

"He doesn't understand the power that he has for being the leader of this beautiful country," James said. "He doesn't understand how many kids, no matter their race, look up to the president

of the United States for guidance, for leadership, for words of encouragement. He doesn't understand that. That's what makes me more sick than anything."

James's comments were the latest reminder that, in the last five years, the NBA has taken a different path from other typically cautious major American sports leagues. The NBA has given wide leeway to players to speak their minds without being penalized or ostracized. The voices of NBA players have never been louder than they are right now—and as a result they may have been destined to clash with Trump.

James, who often credits trailblazing, socially conscious athletes like Muhammad Ali, Jim Brown and Kareem Abdul-Jabbar, has played the largest role of anyone in ushering this era of outspoken NBA players, especially after he was vilified in 2010 for the way he signed with the Miami Heat.

In 2012, after the shooting of unarmed Florida teenager Trayvon Martin, James wore a hooded sweatshirt with his Heat teammates in a photo he shared on social media. In 2014, after a grand jury declined to indict the police officer who was involved in the death of Eric Garner, James was among the NBA players wearing "I Can't Breathe" shirts during warmups. While the league's uniform rules banned such gear, NBA commissioner Adam Silver didn't fine or sanction them, an early sign the league would allow the activism of this emboldened generation.



JASON MILLER/GETTY IMAGES

Cleveland Cavaliers star LeBron James during a news conference on Monday.

In his first year as commissioner, Silver had by then taken decisive action of his own, responding to the racist comments of Los Angeles Clippers owner Donald Sterling by giving him a lifetime ban from the NBA. The punishment reflected the simmering dissatisfaction from players.

Black players accounted for 74% of NBA rosters last season, according to the Institute for Diversity and Ethics in Sport, and its fans are the youngest and most diverse of the major U.S. sports leagues.

"Race is the elephant in the room, and we all understand that," San Antonio Spurs coach Gregg Popovich said Monday.

Popovich, an Air Force veteran who has coached the Spurs to five

NBA championships, has been increasingly vocal in his political criticisms in recent years. His first comments of this season about Trump were among his most forceful yet. "We can continue to bounce our heads off the wall with his conduct," he said. "Or we can decide that the institutions of our country are more important, that people are more important, that the decent America that we all thought we had and want is more important and get down to business at the grassroots level and do what we have to do."

As much as the NBA has embraced social activism, though, it hasn't seen protests on the scale of those in the NFL, and no one in the league kneeled during the national anthem last season.

NBA coaches said Monday they were supportive of their players taking similar action, and Memphis Grizzlies coach David Fizdale said he would take a knee with his players if that's what they chose. James said he wouldn't be surprised if that's what happens when the season begins on Oct. 17. But he doesn't plan to participate.

"My voice is more important than my knee," he said. "I don't think I have to get on my knee to further my point."

When a racial slur was spray-painted on his family's Los Angeles home before this year's Finals, James used the occasion to reflect about race in America, telling the assembled international media that he was thinking of Emmett Till's lynching and his mother's insistence on leaving the casket open at his funeral.

Google searches about Emmett Till increased by more than 750% the next day.

What he did on Saturday morning had a similar viral effect. James woke up to Trump's tweet uninviting Stephen Curry from the White House after the popular Golden State star was among several Warriors players who made it known they didn't want to participate in the championship rite. James decided to fire back.

"U bum," he wrote on Twitter, where he has nearly the same number of followers as Trump. "@StephenCurry30 already said he ain't going! So therefore ain't no invite. Going to White House was a great honor until you showed up!"

As of Monday afternoon, when James held court for 15 minutes, the president had not responded on Twitter. The White House later responded by referring to Sanders's remarks that the president's comments were in support of the U.S. flag.

OPINION

Lock One Up, Mr. Grassley

The Republican Congress must be taking lessons from Roger Goodell.

At the same time the NFL commissioner has let millionaire athletes make the league look ridiculous and the national anthem divisive, the GOP is letting an unelected special prosecutor make an end run around its congressional powers and prerogatives. It won't get any better, either, until Congress rescinds its own playbook—and jails those who defy its subpoenas.

Alas, à la Mr. Goodell, some Republicans are egging on the very people undermining their own authority. A perfect example comes Tuesday at 10 a.m. in the Dirksen Senate Office Building, where the Judiciary Committee will consider two bad Republican bills that punt on one of Congress's most vital responsibilities.

The first, sponsored by Sen. Thom Tillis (R., N.C.), is called the Special Prosecutor Integrity Act. The second, by Sen. Lindsey Graham (R., S.C.), is the Special Counsel Independence Protection Act. Each would make it impossible for President Trump to sack Robert Mueller without some review by a panel of judges.

Only one problem: It's unconstitutional. Almost 30 years ago, in a stinging and solitary dissent about the illegitimacy of the independent counsel law, Justice Antonin Scalia noted the Constitution

National Assembly, and as Venezuelans suffered food and medicine shortages.

This pattern predates the Trump administration. Beginning under President Obama, most Caribbean countries—from Dominica to St. Vincent and the Grenadines—joined

Tiny Caribbean states have outsize power, and many are in thrall to the Caracas regime.

Venezuela's dwindling ideological allies to obstruct measures addressing the crisis.

Worse still, they championed any proposal for political dialogue, no matter how far-fetched, simply in order to filibuster OAS action.

There are exceptions, such as the Bahamas, Barbados and Jamaica. But by and large, Caribbean solidarity, and Venezuelan bullying, prevailed. No amount of American aid balanced the scales. The U.S. shovels billions of dollars into Port-au-Prince, for example, but Haiti still voted with Venezuela at every turn. U.S. investments to strengthen the Caribbean energy sector were similarly irrelevant to Caribbean leaders.

Nevertheless, diplomats held out hope that Caribbean governments would eventually adopt a principled stand. Conditions in Venezuela were deteriorating quickly, and failing

vests all executive authority in the president. Though Mr. Mueller's special prosecutor is a much-watered-down version of the old independent counsel, the principle holds.

Scalia understood the argument that a criminal president couldn't be trusted to investigate and prosecute himself or his staff. His remedy was for the other two branches of government, separate and co-equal, to assert their own unique powers. Impeachment is one such power.

Another is inherent contempt, under which Congress may jail those who refuse to provide the information it needs. The Supreme Court in 1821 recognized that without the ability to hold in contempt and imprison those who refuse its demands, Congress would be "exposed to every indignity and interruption, that rudeness, caprice or even conspiracy may mediate against it."

That's a fair description of where we are today, especially the notion that Congress should do nothing to jeopardize Mr. Mueller's work. This gets it backward: Our democracy is rooted in the idea that it's more important for the American people's elected representatives to get the information they need than for wrongdoers to be held criminally liable. Which is why Congress can compel information from witnesses who refuse to testify, but what they say cannot be used to prosecute them.

Unfortunately Republicans helped put themselves in this fix by the way they fumbled on the Lois Lerner case. ended, Congress forwarded the matter to an Obama Justice Department the speaker knew would never take the case to a grand jury.

To their credit, there are now Republicans in Congress trying to get the real story on everything from Russia's election-year meddling to the firing of James Comey. But their efforts are being frustrated by hostility from the press and a lack of cooperation from key witnesses and institutions, including the Trump Justice Department.

Take the Comey case. The then-FBI director was asked at a House hearing in September 2016 whether he'd made his decision to recommend not charging Hillary Clinton criminally "before or after" the FBI had interviewed her. He insisted it was "after."

But now we have transcripts of Office of Special Counsel interviews with Comey associates who suggest he was sharing drafts of a

Clinton statement months earlier. Senators have rightly demanded the FBI provide the unredacted transcripts. So far the FBI has stonewalled.

Meanwhile Devin Nunes, the California Republican who is chairman of the House Intelligence Committee, is threatening to hold Attorney General Jeff Sessions and FBI Director Christopher Wray in contempt unless they turn over information related to the Russia investigation. Mr. Nunes wants to know something perfectly within Congress's rights to demand: what the FBI's relationship with former British spy Christopher Steele was, and whether the now-discredited dossier about Mr. Trump that Mr. Steele produced was used to obtain warrants from a court under the Foreign Intelligence Surveillance Act.

Over in the Senate, Judiciary Committee Chairman Chuck Grassley (R., Iowa) says he may subpoena two FBI agents whom Justice won't let testify before the committee about Mr. Comey's firing. Mr. Grassley could well be the man who forces people to start taking Congress seriously: As a young senator, he cited Ronald Reagan's attorney general, William French Smith, for contempt for failing to fork over documents related to the investigation of a defense contractor.

Where these investigations ultimately end up, no one can say. But until Congress backs up one of its contempt findings with detention, it invites Roger Goodell levels of cynicism.

Write to mcgurn@wsj.com.

For Venezuela's Sake, Dismantle the OAS

By Benjamin N. Gedan

For a moment, all eyes were on the Organization of American States. The horrors in Venezuela had galvanized the world's oldest regional body, and hemispheric heavyweights sought solutions in its marble halls. Prodded by a crusading secretary general, U.S. and Latin American diplomats urgently debated ways to rescue Venezuela's crumbling democracy.

Today, it is the OAS that needs rescue. The organization failed to address the crisis in Venezuela—in the process, becoming worse than irrelevant. It is a zombie forum that serves only to sap diplomatic energy. Fortunately, there is still a way to salvage a regional response to the Venezuela nightmare: disband the OAS and replace it with a body no longer dominated by small Caribbean countries.

For the past two years, Caribbean governments, in return for Venezuelan assistance, have held the OAS hostage. These countries, most of which are less populous than Staten Island, control 14 of the organization's 34 votes. They have wielded their influence to thwart all attempts at defending human rights and democratic institutions.

In doing so, Caribbean governments have paralyzed the OAS even as President Nicolás Maduro imprisoned rivals and usurped the power of the opposition-controlled

oil prices had lessened the Caribbean reliance on subsidized Venezuelan crude. For the first time in a decade, the largest countries in the region, including Argentina and Brazil, had begun criticizing the erosion of Venezuela's democracy. But nothing would loosen Mr. Maduro's stranglehold on the Caribbean.

Given the stakes for the OAS and Venezuela, it is time for a new approach. OAS members should immediately dissolve the organization and replace it with a body that assigns Caribbean members a single, collective vote. The Caribbeans should be encouraged not to boycott the new organization. Though the Caribbean Community secretariat would cast the sole vote for its members, Caribbean states would retain all other membership privileges. The new organization could also help with hurricane relief and preparedness.

If this measure seems extreme, the alternative is more so: The OAS collapses, or at best, slowly fades away. That is a real possibility. The White House is poised to slash U.S. support for the OAS, which makes up 60% of its budget. In another sign that U.S. patience has reached its limits, the White House is considering destabilizing economic sanctions on Venezuela's oil sector.

Last month, President Trump even declined to rule out a "military option." Many are already looking past the OAS, the only regional

body that includes the U.S. On Aug. 8, for example, OAS fatigue prompted Peru to host foreign ministers to discuss Venezuela; it did not invite Secretary of State Rex Tillerson.

Since last year, governments in this hemisphere have been celebrating the 15th anniversary of the OAS Inter-American Democratic Charter, which proclaims that "the peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it." The charter, approved in 2001 in the wake of democratic breakdowns in Haiti and Peru, is considered the greatest OAS achievement since its birth in 1948. Though imperfect, it has been applied in Bolivia, Ecuador, Guatemala, Honduras and Nicaragua. Mr. Maduro has clearly failed to satisfy its conditions, and earned a suspension from the OAS.

Sadly, the democratic charter has become an empty threat. It could be revived only by dissolving the OAS and building an alternative organization no longer controlled by its smallest and least productive members—one that would restrict Caribbean members to a single vote. Those nations deserve nothing more, and the suffering people of Venezuela deserve nothing less.

Mr. Gedan is a former Venezuela director for the National Security Council and a fellow at the Woodrow Wilson International Center for Scholars.

Let's Have a Military Parade—but Not Alone

By Michael Taube

Just before his impassioned speech at the United Nations last week, President Trump mused about holding a July 4 military parade down Pennsylvania Avenue in Washington. The president had recently witnessed the glorious spectacle of Paris's July 14 Bastille Day. "It was one of the greatest parades I have ever seen," Mr. Trump said. "It was two hours on the button, and was military might, and I think a tremendous thing for France and the spirit of France."

So in a manner typical of Donald J. Trump, he reportedly told French President Emmanuel Macron: "We're going to have to try and top it."

It's a great idea. Although several American holidays already honor the military, including Veterans Day and Armed Forces Day, why

shouldn't Independence Day be among them?

Celebrating the military on the nation's birthday would surely increase national pride in the brave men and women serving in uniform. It would put a spotlight on America's role in defending freedom and

Why not march with Canada, your friendly northern neighbors?

democracy abroad, beginning with two world wars. It would give schoolchildren a unique opportunity to learn about history and patriotism from the perspective of the Army, Navy, Air Force and Marines. Plus, who doesn't love a parade in the summertime?

But here's a suggestion that at first might seem unusual: President Trump should create

a separate holiday honoring the military jointly with my country, Canada.

America's northern neighbor was not born in revolution like the U.S., yet Canadians honor their military for its accomplishments on the battlefield. There's Remembrance Day, which coincides with Veterans Day, and smaller tributes to the Battle of Vimy Ridge (1917), the Battle of Passchendaele (1917) and the Battle of Dieppe (1942).

President Trump and Canadian Prime Minister Justin Trudeau could establish a unifying new holiday—maybe call it Military Heroes Day. The two countries could hold simultaneous military parades each year or alternate the duties. Hence, a parade could be held through Capitol Hill in 2018, and then through Ottawa's Parliament Hill in 2019.

While the two countries

could have their own set of troops in alternating years, a combined military contingent each year would create true solidarity between the U.S. and Canada.

The calendar even cooperates, since Canada's birthday, July 1, is so close to America's. The first week of July would be a good time to celebrate. If the two countries opted to switch off, every Canadian parade could be held on July 2 and every American on July 3.

The U.S. and Canada, North America's two major militaries, have long been close friends, allies and trading partners. It's time to add "parade attendees" to the list.

Mr. Taube, a Troy Media syndicated columnist and political commentator, was a speechwriter for former Canadian Prime Minister Stephen Harper.

BOOKSHELF | By Richard Aldous

Gentlemen, Let's Not Fight

The Internationalists

By Oona A. Hathaway and Scott J. Shapiro
(Simon & Schuster, 581 pages, \$30)

In December 1929, Frank B. Kellogg, having recently stepped down as U.S. secretary of state and worried about his legacy, got in touch with America's ambassador to Norway, who at the time was an influential player in awarding the Nobel Peace Prize. Kellogg had heard that a Chicago lawyer named Salmon Levinson was slated to get the prize, but he wanted the committee to know that Levinson—as Kellogg wrote to the ambassador—was nothing more than "a persistent, bumptious, conceited man who evidently thinks that he is the first man in the world who ever thought of outlawing war." Of course, Kellogg added slyly, "I am not going to lower myself by starting a campaign." A year later, the prize duly came his way.

In retrospect, Kellogg might have wished that Levinson had been (justly) given more of the credit.

The prize was awarded for Kellogg's contribution to the Paris Peace Pact, often referred to as the Kellogg-Briand Pact, that in 1928 outlawed war. It later became entrenched in the public mind as a ludicrous piece of international diplomacy, standing alongside the Treaty of Versailles and the League of Nations as part of a trifecta

of interwar screw-ups. Its only legacy has been to serve as a monument to the folly of well-meaning but naive democratic politicians out of their depth when confronting the rise of fascism, Nazism and communist totalitarianism. In the words of one observer, the pact was "the international equivalent of an air kiss."

Not so, say Oona Hathaway and Scott Shapiro in "The Internationalists." Far from being a pointless exercise in diplomatic self-delusion, the Peace Pact was "among the most transformative events of human history, one that has ultimately made our world far more peaceful. It did not end war between states, but it marked the beginning of the end—and, with it, the replacement of one international order with another."

Even Ms. Hathaway and Mr. Shapiro, both professors at Yale Law School, concede that they are making quite some assertion. "These are strong claims," they write, "and they understandably provoke skepticism." Indeed they do. But even if ultimately most readers will not be convinced by the overall argument, one of the pleasures of this thought-provoking and comprehensively researched book is that it challenges us to see the figures who thought they could outlaw war not as fools but as pragmatists whose failed idea had a surprising afterlife in the creation of the postwar world.

The Kellogg-Briand Pact outlawing war has served as a monument to the folly of well-meaning but naive politicians.

"The Internationalists" is driven by data and an understanding of the law, but above all, as Ms. Hathaway and Mr. Shapiro note, it is "a work of intellectual history." Figures doing the brainwork for the pact, such as Levinson and the international-relations academic James T. Shotwell, come out from the back rooms to take starring roles. They emerge as unconventional, imaginative thinkers, pushing ideas through a sclerotic system despite endless political frustrations and disappointments.

Of course, it was only a decade or so after the Peace Pact was signed that the global war began that killed at least 50 million people. Yet even in the middle of the conflict, the United States, taking up the reins as the world's No. 1 power, was planning for peace and the postwar world. And so Shotwell, the ghostwriter of the Peace Pact, emerges again, now advising the State Department and writing a report that proved to be "an outline of nearly every essential institutional component of the modern-day United Nations," the authors write.

The Peace Pact thus was not abandoned, the authors claim. Instead it was written into a new world organization, with the prohibition on "use of force" still at the center but now with an enforcement structure built up around it. The result, say Ms. Hathaway and Mr. Shapiro, supported by a flurry of impressive maps and charts, has been a postwar world that is a qualitatively and quantitatively more peaceful place than before, a world in which "conquest, once the rule, has become the exception."

The case that the authors make is clever and nuanced, but it does often feel exactly like that: a case, one made by talented lawyers on behalf of a patently guilty client to a doubtful jury. Everything here is tightly supported and expertly argued, with an emphasis on the world as seen through the eyes of lawyers, from Hugo Grotius in the 17th century to Levinson in the 20th. There's not much recognition of the inconvenient truth that the Peace Pact failed abysmally in preventing World War II and that the United Nations has been, at best, an ineffectual actor in the post-1945 international order. Neither is there much evidence of the real-world messiness or, frankly, the cynicism—for example, about the connection between outlawing war and protecting American global markets—that you might get from historians writing on the same topic.

There is a vibrant optimism to "The Internationalists" that we can all surely hope is well-founded. But optimism can often walk hand in hand with complacency on the world stage. Underlying the case made by Ms. Hathaway and Mr. Shapiro is the premise that we are living in a continuation of the postwar world whose emergence they describe. It's a statement of the obvious to note that the world order created in 1945 is fragmenting. It's not clear what will replace it. Today there is talk of "fire and fury" and "military hysteria" leading to "global catastrophe" and nations "begging for war." This too may pass. But as we mark the centenary of the 1914-18 war, let us not forget that the generation that began that conflict had only shortly before been congratulating itself on 99 years without a global conflagration. You know the rest.

Mr. Aldous, a professor of history at Bard College, is the author of "Schlesinger: The Imperial Historian," to be published next month by Norton.

OPINION

REVIEW & OUTLOOK

The Michigan Comeback Story

As Washington begins to debate tax reform in earnest, states can provide instructive policy lessons for better and sometimes worse—see the fiscal crack-ups in Connecticut and Illinois. Michigan, on the other hand, offers a case study in the pro-growth potential of business tax reform.

Former Michigan Democratic Gov. Jennifer Granholm was a progressive specialist in using the tax code to politically allocate capital, which depressed and distorted business investment. Between 2002 and 2007, Michigan was the only state to experience zero economic growth.

Ms. Granholm's Republican successor, Rick Snyder, recharged growth with tax and regulatory reforms. While Michigan's GDP has been expanding at roughly the national average since 2011, it has led the Great Lakes region.

Michigan slipped into recession in 2003 as manufacturing contracted, which unions blamed on China and free-trade agreements. But misguided policies were arguably bigger contributors to Michigan's slump. Between 2002 and 2007, Michigan's manufacturing grew at a third of the rate of the Great Lakes region. During this period, motor-vehicle and parts manufacturing in Indiana increased five times as much as in Michigan. And Indiana's economy is nearly as dependent on vehicle production as Michigan's.

Democrats in Lansing responded by raising taxes with dispensations for politically favored constituents. In 2007 Democrats increased the state income tax to 4.35% from 3.9%. They also enacted a new business tax with a 4.95% tax on income, a 0.8% gross-receipts tax, plus a 21.99% surcharge on business tax liability.

The three-layered business tax replaced a value-added tax, but retained its flaws—namely, its pyramid structure and myriad carve-outs. New credits were created for Nascar, car dealers, film-production companies, large food retailers and warehouses. Businesses could even pocket \$100,000 for contributing to zoos. Care to sponsor a giraffe?

None of the tax gimmicks revived growth, and Michigan's economy plunged amid the national recession with unemployment hitting 14.9% in June 2009. The auto bailout helped stanch job losses at GM and Chrysler while pension reforms and a two-tier wage scale for new workers made Detroit's auto makers more economically competitive.

By 2011 when Mr. Snyder assumed office, auto manufacturing had rebounded, but other industries remained limp. Michigan still hadn't posted annual net job growth since 2005. Its 10.9% unemployment rate was the fourth highest after California, Nevada and Rhode Island.

Mr. Snyder's first major undertaking with his Republican legislature was to replace the cumbersome state business tax with a 6% corporate tax and trim the individual rate to 4.25%. Michigan's corporate-tax ranking

jumped to seventh from 49th in the Tax Foundation's business tax climate rankings.

Republicans financed the tax cuts by eliminating most business handouts along with individual income-tax preferences for public pensions and jobless benefits. Credits for children, automobile donations, city income taxes, college tuition contributions and charitable contributions were axed. They also reformed state-worker pensions.

After the 2012 midterm elections, Republicans passed right-to-work legislation that lets workers choose whether to join unions. In 2014 state voters approved a ballot measure backed by the governor to repeal the personal-property tax for small businesses and manufacturers, which was levied on the value of machines and other tangible equipment.

Capital investment and hiring have increased sharply. Two months after Mr. Snyder signed the tax reforms, job growth turned positive. In 2011 Michigan added jobs for the first time in six years, and it has since led the Great Lakes region in manufacturing growth.

Unemployment has fallen below the national average to 3.9% even as the labor-force participation rate has ticked up. The jobless rate is still 5% in Illinois and 5.4% in Ohio, and labor-force participation has declined in both states. Ohio and Illinois are non-right-to-work states with larger individual and business tax burdens. Ohio imposes a gross-receipts tax.

Liberals may want to credit the auto bailout, but auto manufacturing isn't driving Michigan's growth. Between 2011 and 2015 (the last year with available disaggregated data), Michigan's motor-vehicle and parts production increased by 2.3%—half as much as in Indiana and the U.S. During the first quarter of this year, when car sales stalled, overall manufacturing in Michigan still grew by a healthy 7.4%. The

Mackinac Center notes that fabricated metals and machinery are doing particularly well, but growth has been broad-based. Since 2011, professional and business services have expanded at an annual 3.6% and IT by 2.7%.

Downtown Detroit is drawing tech firms and young entrepreneurs. Unemployment in the Detroit metro area has fallen to 3.2% from 11.4% six years ago. Businesses in Ann Arbor and Grand Rapids say they can't find enough workers. Perhaps they should try recruiting in Chicago or New Haven.

The left loves to flog the political revolt against Kansas Gov. Sam Brownback's tax cuts, which they blame for yawning deficits. But the bigger deficit drivers were court-mandated increases in school spending and a slump in farm commodity prices. Republicans also erred by retaining major tax breaks and repealing the income tax for small businesses, which caused some individuals to change their filing status. Caveat, Senators.

While progressives may continue to deny that taxes matter, Michigan's economic comeback shows otherwise.

Comparative Midwest Economics

Real average annual GDP growth in percent in the six years before the 2008-2009 recession and six years after a post-recession tax reform

All Industries	2002-2007	2011-2016
U.S.	2.7%	2.0%
Michigan	0.0	1.9
Great Lakes*	1.3	1.4
Illinois	1.8	1.0
Manufacturing	2002-2007	2011-2016
U.S.	4.4%	0.9%
Michigan	0.8	2.1
Great Lakes*	2.4	0.8
Illinois	2.7	-0.4

*Illinois, Indiana, Ohio, Michigan, Wisconsin
Source: Bureau of Economic Analysis

THE WALL STREET JOURNAL

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Cuba's Sonic Attacks

Secretary of State Rex Tillerson told CBS's "Face the Nation" recently that the U.S. is thinking about closing its Embassy in Havana in response to mysterious acoustic attacks on U.S. personnel that have injured at least 21 Americans.

Here's a better idea: Keep the Embassy in Havana open but expel from the U.S. 19 Cubans working at its embassy in Washington. Since the U.S. already expelled two Cuban diplomats in August in response to the attacks, the new round of expulsions would bring the number of Castro personnel asked to leave to the same number of U.S. personnel that have been medically confirmed to have suffered injuries.

The U.S. can tell Cuba that things will return to normal when Raúl Castro explains to the State Department how the Embassy employees were harmed. As of now, all we know is that the State Department believes some sort of sonic harassment has left them with "a variety of physical symptoms."

That's an understatement. The American Foreign Service Association, a union for U.S. diplomats, said earlier this month that it has spoken with 10 of the affected and that "diagnoses include mild traumatic brain injury and permanent hearing loss, with such additional symptoms as loss of balance, severe headaches, cognitive disruption and brain swelling."

Mr. Castro says he is shocked to hear this news and claims he has no idea how it could have happened. That would be easier to believe if Cuba were not a police state with a long record of harassing U.S. government employees on the island. According to retired ambassador James Cason, who ran the U.S. Interests Section in Havana from 2002-2005, leaving feces on a

dining room table or a car door-handle and poisoning pets are a few ways that Castro's boys have shown hospitality toward Americans over

the years. Embassy personnel engaged on human-rights issues and with dissidents were among the most likely targets because the regime wanted to send a message, Mr. Cason told us.

The sonic attacks are different because the Americans didn't know they were being harmed until after the fact. One theory is that one of Cuba's allies, like North Korea or Iran, decided to test a new assault device from its embassy on the island. Another theory is that a rogue wing of the regime wants to undermine the U.S. rapprochement. But a regime that specializes in spying on its own people isn't often surprised by local developments. As Mr. Cason puts it, "nothing happens [in Cuba] without the government knowing about it."

On the odd chance that the attacks aren't regime-approved, a one-party state that learned from the Soviets certainly has the power to investigate. Yet these incidents began last November, the U.S. first complained in February and as recently as August they continued. Notwithstanding Mr. Castro's bafflement, his government has done nothing about the attacks. Perhaps Raúl figured he could simply get away with it after he won normal relations with the U.S. without making any concessions.

Mr. Tillerson said "it's a very serious issue with respect to the harm that certain individuals have suffered." Expelling Cuban embassy personnel will anger Cuba because it will weaken its espionage ability here. But the U.S. has a responsibility to protect its diplomats and a failure to respond will encourage other regimes to do the same.

How to respond to the harm done to 21 Americans in Havana.

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OPINION

How Trump Can Improve the Iran Deal

By **Mark Dubowitz**
And **David Albright**

Powerful voices at home and abroad are pressuring President Trump to give his blessing to his predecessor's nuclear agreement with Iran. Mr. Trump has repeatedly pledged to renegotiate the deal, known as the Joint Comprehensive Plan of Action, or scrap it altogether. There is a way for him to highlight the agreement's egregious deficiencies while showing his determination to improve the deal or leave it. We call this strategy "decertify, waive, slap and fix."

He can decertify the accord as too dangerous to continue while renegotiating its worst aspects.

The president should follow through on his commitments by refusing to certify the JCPOA under the 2015 Iran Nuclear Agreement Review Act. That law requires Mr. Trump to certify every 90 days that Iran is fully implementing the nuclear deal and hasn't significantly advanced its nuclear-weapons program. Additionally he must certify whether the suspension of sanctions remains vital to U.S. national-security interests and proportionate to Iran's efforts to terminate its illicit nuclear programs. The next 90-day deadline is Oct. 15.

If the president continues to certify the JCPOA, inertia and the status quo will probably capture him the

way a policy of "strategic patience" on North Korea got Mr. Obama. This will effectively guarantee the clerical regime pathways to missile-delivered nuclear weapons.

The JCPOA is a prelude to a Middle Eastern version of the North Korean mess. It gives the clerical regime sunset-expiring restrictions, advanced centrifuges, intercontinental ballistic missiles, the ability to frustrate U.N. inspectors' access to military sites where Tehran has conducted secret nuclear-weapons and uranium-enrichment work in the past, and tens of billions of dollars in sanctions relief, with hundreds of billions to follow. The Iranians will continue to run amok in the Middle East, using foreign cash to pay for their imperialism.

The president should refuse to certify for another reason: The nuclear deal's fundamentally flawed architecture—not just how it is enforced—makes it too dangerous to continue. By patiently following the deal the Islamic Republic can gain nuclear weapons, as well as a nuclear-capable arsenal of missiles giving it regional hegemony and the ability to threaten the United States. It also will have a powerful economy immunized against sanctions pressure by the time the JCPOA restrictions expire. Allowing this is not in the "vital national security interests of the United States."

Decertifying doesn't mean breaking the deal. That happens only if the U.S. reimposes sanctions that have been lifted or suspended under the JCPOA. On Sept. 14, as required by the JCPOA, the president again waived nuclear-related sanctions, this time on Iran's central bank and oil exports. He accompanied this "waive" with a "slap" imposing new sanctions on companies and individuals connected to Iran's ballistic missile program and recent cyberattacks. An engineering company working with Iran's Islamic Revolutionary Guard Corps was also targeted.

These sanctions, which are fully compliant with the JCPOA, are a decent start. But Mr. Trump must do more. He should designate the Revolutionary Guards a terrorist organization, as Congress has required he do by Oct. 31. He should also instruct the Treasury to blacklist companies with Revolutionary Guard and military ownership, which represent about 20% of the total market capitalization of the Tehran Stock Exchange. He should redesignate Iran Air (which is buying planes from Boeing and Airbus) as a terrorist entity for airlifting weapons and fighters to Syria. All these measures are consistent with the JCPOA.



ATTA KENARE/AFP/Getty Images

Ballistic missiles next to a portrait of Iran's supreme leader in Tehran, Sept. 25.

with a "slap" imposing new sanctions on companies and individuals connected to Iran's ballistic missile program and recent cyberattacks. An engineering company working with Iran's Islamic Revolutionary Guard Corps was also targeted.

We propose the president "fix" U.S. policy by making it clear he does not accept the Iran deal's dangerous flaws. He should insist on conditions making permanent the current restrictions on Iran's nuclear program and the testing of advanced centrifuges and nuclear-capable ballistic missiles, as well as the buying and transferring of conventional weaponry. He must insist on unfettered access for U.N. weapons inspectors to Iranian military sites.

Congress should do its part to help fix the deal. Reinstating the JCPOA sanctions after decertification would ruin the "decertify, waive, slap and fix" approach. To persuade Republicans, who are the most likely to vote to reinstate JCPOA sanctions that have been waived or lifted, the administration needs to demonstrate a comprehensive strategy to fix the deal and use all instruments of American power to neutralize and roll back Iran.

ian aggression. Democrats should help fix the deal or explain to Americans why a brutally repressive and aggressive Iranian regime should have a North Korean-style glide path to dozens of nuclear weapons and ICBMs.

The Europeans are already responding to Mr. Trump's threats to walk away from the deal. French President Emmanuel Macron has said he's willing to consider supplementing the agreement to address the sunset provisions and missiles. European leaders who want to preserve the accord are now working on a U.S.-EU consensus on ways to fix it. They should outline conditions under which trans-Atlantic sanctions would be reinstated if Iran doesn't play ball. Otherwise, they can watch Mr. Trump exit the deal and use the considerable financial power of the U.S. to force European banks and companies to choose between America's \$19 trillion market and Iran's \$400 billion one.

Decertification is the critical first step of a strategy to prevent the Islamic Republic of Iran from becoming a nuclear state. The famously blunt Mr. Trump must send an unambiguous message to Tehran's clerics: His administration will not tolerate a nuclear Iran, nor can it abide by the agreement as it stands. But the strategy doesn't depend on Iranian acquiescence. It gives the Europeans a chance to come on board to fix the deal in order to save it.

If they don't, the consequences could be severe.

Mr. Dubowitz is chief executive of the Foundation for Defense of Democracies. Mr. Albright is president of the Institute for Science and International Security.

The \$15 Minimum Wage Crowd Tries a Bait and Switch

By **David Neumark**

Does the minimum wage destroy jobs? The debate over that question often reduces to dueling economic studies. One side cites analyses showing that employers respond to a wage floor by cutting hours or jobs. The other side pulls out studies saying the minimum wage is a free lunch for workers. To really understand what's going on, you need to get under the hood.

The key challenge in estimating the effects of a rising minimum wage is identifying a good control group. Generally economists want to find a set of workers who weren't subject to the policy change, but who otherwise experienced similar economic trends. Still, that leaves a lot of leeway for choice.

Researchers who support raising the minimum wage often advocate a "close comparison"—using an area geographically nearby. The classic in this genre is the 1994 study of the fast-food industry by David Card and Alan Krueger. The minimum wage had been raised in New Jersey from \$4.25 to \$5.05, but had stayed flat in Pennsylvania. The two economists surveyed fast-food restaurants on either side of the state border

and actually found sharp job gains in New Jersey.

I'm on record, in a 2000 paper, as arguing that the Card-Krueger study was based on flawed data. But other researchers using the "close comparison" method, such as Michael Reich at Berkeley, also have generally found that a higher minimum wage does not cause job losses. Those studies have fed into rosy policy reports saying that a \$15 minimum wage would help workers with little downside.

Critics say these studies do not convincingly control for shocks to the low-skill labor market. Moreover, comparing across state borders is inherently difficult. Perhaps politicians in one state felt comfortable raising the minimum wage because the labor market there was already strong, while the other state was struggling. In that case, job losses from the higher minimum wage could be masked by the broader trend.

Alternative research strategies do show job losses. Consider a 2014 study by Jeffrey Clemens and Michael Wither on what happened when the federal minimum wage was raised from \$5.15 to \$7.25 in the late 2000s. Rather than crossing a border, they compared groups of workers

within each of the affected states. The first group included those who were paid the very lowest wage, on whom the new minimum was "binding." The control group included workers earning slightly above the minimum. The study estimated that the new federal minimum had eliminated about 800,000 jobs.

A study of Seattle used boosters' favorite approach—but still showed negative effects for workers.

The dispute over methodology explains the importance of this summer's research on Seattle's minimum-wage experiment. The city's wage floor, previously about \$9.50 an hour, has been raised to \$13 and is on its way to \$15. A comprehensive study by academics at the University of Washington estimated that the higher minimum "reduced hours worked in low-wage jobs by around 9 percent." Consequently, earnings for these employees actually dropped "by an average of \$125 per month."

What's especially inconvenient for

minimum-wage proponents is that the Seattle study used a "close comparison" method similar to the one they have favored for years. The authors of the study compared workers in Seattle with those in other metropolitan areas in Washington, like Olympia, Tacoma and Spokane.

To no one's surprise, that hasn't stopped minimum-wage supporters from attacking the Seattle research. In a June letter to city officials, Mr. Reich, the Berkeley professor, wrote that the study "draws only from areas in Washington State that do not at all resemble Seattle." But this gives away the game: Any researchers doing this kind of study should explicitly choose control areas that show similar trends, as did the University of Washington team. More to the point, if the controls for Seattle can't be trusted, it undermines the whole idea of "close comparison." Criticizing the method only when it delivers evidence against minimum wages suggests the motivations here may be ideological rather than empirical.

The Seattle study will not settle the debate—nor should it. It is one analysis, and it examines one city's experience over a short period. In my view, more of the evidence, and the best evidence, points to job losses

from higher minimum wages. But additional research will refine the academic consensus. The trouble is that the debate will suffer if researchers use their influence to attack results they don't like, as seems to be happening with the Seattle study.

There is also a more general lesson for the public. Although politicians and the media are right to rely on research to understand the effects of public policy, it's important to keep a skeptical eye. Research often comes from a mix of sources, and it can be difficult for those reporting on it to separate the wheat from the chaff. Perhaps it's even unreasonable to expect them to do so.

This problem of research-as-advocacy isn't confined to one side. There is plenty of it on the right and the left. Yet it would be wrong, too, to think that any study from an organization with a point of view is flawed or biased. The trick is trying to understand not only what the research says about public policy, but also who the messenger is.

Mr. Neumark is a professor of economics and director of the Economic Self-Sufficiency Policy Research Institute at the University of California, Irvine.

Trump Helps Kaepernick Drag the NFL Into Politics

By **Jason Whitlock**

More than anything, Donald Trump's political brand is built on old-school, on-your-sleeve American patriotism. And the president has always been willing to burnish the brand with blunt opinions and snark. His strong disapproval of National Football League players protesting during the national anthem isn't remotely surprising or off-brand. I'm not sure it's even newsworthy.

"Wouldn't you love to see one of these NFL owners, when somebody disrespects our flag, to say, 'Get that son of a bitch off the field right now, out, he's fired. He's fired?'" Mr. Trump said at a rally in Alabama last week. This was followed by a flurry of tweets making the same argument.

Almost immediately NFL Commissioner Roger Goodell fired off a strong written rebuttal. Several team owners and coaches joined in. On Sunday large numbers of the league's players knelt and locked arms during "The Star-Spangled Banner." All but one of the Pittsburgh Steelers stayed in the locker room while the anthem played.

The protest appears to be spreading beyond the NFL: On Saturday Bruce Maxwell of the Oakland A's became the first Major League Baseball player to take a knee. It's as if Mr. Trump's blustering words were a Category 5 hurricane ripping through black America.

America's troll-in-chief succeeded again.

The influence of Mr. Trump's latest trolling feels more powerful than in the past because America's journalists have grown only more addicted

to social media since he questioned President Obama's place of birth, ridiculed Sen. John McCain for being a prisoner of war, and insulted prominent women like Rosie O'Donnell, Mika Brzezinski, Arianna Huffington, Megyn Kelly and "Crooked Hillary."

Mr. Trump's latest tirade wouldn't even make a top-100 list of his cruel statements. So why all the outrage and surprise? It's the equivalent of feigning shock that Hugh Hefner enjoys internet porn. That's what he does. It's who he is.

This latest Trump controversy says far more about us—the media and other public figures—than the president. We have an unhealthy addiction to social-media-driven controversies, particularly ones that can be spun racially.

But the president's attack on the NFL isn't driven by racism so much as his interest in television. The former "Apprentice" star loves talking TV, and what's the most popular show on five different networks? The NFL. This substance-free Twitter

controversy is fundamentally about an old man complaining that one of his favorite TV programs has introduced a story line that makes him uncomfortable. The media are reacting as if President Trump took a new position on North Korea.

The league will no longer be allowed to present football as an escape from America's divisions.

Let's remember: While Colin Kaepernick's original protest was about police brutality and the black community, the anthem knees have largely provoked conversations about disrespecting the flag and the now-unemployed quarterback's career. The protest has evolved again, this time into a referendum on a disruptive president.

Not much has changed about the conversation surrounding policing and

the black community. But as I wrote in these pages earlier this year, Mr. Kaepernick has shifted the way the NFL is perceived and discussed. Mr. Goodell, NFL ownership and the league's television partners will no longer be allowed to present the game as an escape from America's divisive political discourse. Mr. Kaepernick and his handlers cleverly dragged the league into America's broader social-justice war.

Will the fans happily go along? Political and racial debates are multifaceted and dangerous. The NFL's breast-cancer awareness month is noncontroversial. But a social-justice month, as some players have suggested? It might sound awesome on Twitter, but in the real world it's likely divisive and poisonous for NFL TV ratings. Professional football's core customers have more in common with our Twitter-addicted president than with sanctimonious athletes posturing for social-media approval.

Mr. Whitlock is a co-host of "Speak for Yourself" on Fox Sports 1.

Notable & Quotable: Medicaid Recount

From James Freeman's Best of the Web, WSJ.com, Sept. 25:

One organization . . . has been particularly celebrated by Graham-Cassidy's opponents. On Thursday night former Obama health policy boss Andy Slavitt tweeted: "BREAKING: The bipartisan Medicaid Directors from all 50 states just issued this negative statement about Graham-Cassidy. Big. Very unusual."

Mr. Slavitt included a picture of a letter from the board of something

called the National Association of Medicaid Directors. . . .

The picture . . . does not appear to include a bolded statement that now appears at the top of the current version of the letter on the group's website: "This statement represents the consensus of the NAMD Board of Directors, but is not intended to communicate the unanimous position of all 56 members."

So, we're actually talking about an opinion that is definitely shared by officials from 11 states plus American Samoa. Wait, that's not quite right,

because there's that vague word, "consensus." The vote on the board was not unanimous. "Consensus for us is defined as a 2/3 super majority vote of the Board members. We have 12 members and so an affirmative vote of at least 8 is necessary for us to declare that a consensus of the Board. Which is what the Graham Cassidy statement was," writes the organization's Matt Salo in an email.

In just a few days the story has moved quite a distance from Mr. Slavitt's declaration of a 50-state landslide.

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GE Jettisons Unit Edison Started

Sale of equipment business to ABB is part of CEO's streamlining efforts

BY DANA MATTIOLI
AND THOMAS GRYTA

General Electric Co. agreed to sell its utilities equipment business to ABB Ltd. of Switzerland, a sign that GE's new chief is moving ahead with efforts to streamline the industrial giant.

ABB will pay \$2.6 billion for the GE unit, with the aim of strengthening its presence in the electrification market, where it is No. 2 globally behind Schneider Electric SA of France, particularly in North America.

"In the U.S., we have not

been as strong as we wish to be," said ABB Chief Executive Ulrich Spiesshofer in an interview. The industrial-solutions business wasn't a core part of GE's portfolio, but is "very core" to ABB, Mr. Spiesshofer said.

At GE, where John Flannery took the reins on Aug. 1, the new CEO has promised to review the conglomerate's operations and report on his plans by mid-November. But he isn't waiting to complete that process to sell the unit or make other changes.

Last week, GE grounded its fleet of corporate jets and is preparing to sell them. Mr. Flannery also recently delayed part of GE's new headquarters complex in Boston, a relocation initiated by his predecessor, Jeff Immelt.

Mr. Flannery is also mov-

ing aggressively to cut costs and trim corporate staff.

GE plans to take out \$2 billion in costs by the end of 2018, it has said, and Mr. Flannery is reviewing all as-

CEO John Flannery grounded GE's fleet of corporate jets and plans to sell them.

pects of the company. GE's industrial-solutions business, as the unit is known, was started about 130 years ago when Thomas Edison patented the first circuit breaker, according to the company's website.

The ABB deal includes a

long-term right to use the GE brand.

The business supplies equipment to the electrical-distribution and grid industries. The unit has about 13,000 employees and had \$2.7 billion in revenue in 2016.

ABB said it expects to save \$200 million in annual costs in the fifth year after the deal closes, though it would put on hold a previously announced share-buyback program of as much as \$3 billion. This step was needed to ensure that ABB maintains its credit rating, Mr. Spiesshofer said.

Last year, GE said it would sell the industrial-solutions unit, as well as its water business, to boost its profit margins by shrinking its operations.

In March, GE struck a

deal to sell the water business to Suez SA of France and one of Canada's largest pension funds for about \$3.4 billion.

The industrial-solutions sales process took longer than deal makers expected. After negotiating with strategic companies for months, GE disrupted the process and had private-equity firms take a look at the unit as well, people familiar with the matter have said.

Zurich-based ABB has a market value of \$50 billion. The company has a vast array of products, ranging from motors and generators to semiconductors.

—Brian Blackstone contributed to this article.

◆ GE in danger of losing Indian railway contract B7

Hospitals Invest in Outside Clinics

BY MELANIE EVANS

Some of the hospital industry's most active investing these days is happening outside the hospital.

Giant U.S. hospital operators, including Tenet Healthcare Corp., Dignity Health and HCA Healthcare Inc., are investing heavily in surgery centers, emergency rooms and urgent-care clinics located outside hospitals, chasing after patients who increasingly want cheaper and more convenient care.

Insurers and employers that pay for health care are helping drive the change as they shift more Americans to high-deductible insurance plans, which require patients to pay more of their medical bills before insurance kicks in. That has pushed more patients to seek lower-cost options, said RBC Capital Markets managing director Frank Morgan, a hospital analyst.

Hospital demand slumped during the last recession, a trend that has continued even as the economy recovers, American Hospital Association data through 2014 show. Admissions growth at HCA hospitals has slowed in recent quarters to 1% to 2%, as a boost from the Affordable Care Act faded, while Tenet's admissions have been flat or down 1% to 3% most quarters since late 2015.

In an effort to strengthen their hold on their markets and prevent rivals from siphoning off patients, hospitals are investing outside their own walls. They are "following the patient," Mr. Morgan said.

The strategy also places hospital satellites closer to where patients live and work, which executives say they hope will win over new, loyal customers.

Trevor Fetter, Tenet's exiting chief executive, said company executives have pursued rapid outpatient expansion partially out of necessity. Slumping admissions contributed to Tenet and HCA lowering their earnings estimates for 2017, which in turn hit stock prices.

It is unclear how the shift to out-of-hospital care will affect long-term earnings. Non-hospital operations typically generate lower revenue than hospitals but produce higher profit and require less capital to build and run.

But "it's happening anyway," Mr. Fetter said. "Somebody else is going to do it to us if we don't do it ourselves."

Prices for common surgical care can be sharply lower out-

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World's Biggest Money Fund Will Cut Risk, Yields

BEIJING—The manager of the world's largest money-market fund said it would take steps to reduce risk in its investments and lower the lofty yields that have helped draw a flood of cash into the fund over the past year.

Tianhong Asset Management Co., a Beijing-based company that manages a money-market fund with more than \$200 billion in assets, is making changes to comply with liquidity rules imposed

returns on money-market funds in the U.S. and Europe.

Yu'e Bao, whose name stands for "leftover treasure," was created four years ago by Ant Financial Services Group, an affiliate of Alibaba Group Holding Ltd. Hundreds of millions of people who use Alipay, a mobile-payments network operated by Ant, park their spare cash with Yu'e Bao, and some Chinese investors regularly send portions of their monthly paychecks to it. Assets in the fund have doubled in the past year, and the fund now makes up roughly a quarter of China's money-market mutual-fund industry, whose assets have also swelled broadly.

The runaway growth of Yu'e Bao and other Chinese money-market funds is making regulators nervous about the potential for risk to the financial system in the event of a mass exodus of investors from the funds, which could run into problems meeting redemptions if they hold assets that are hard to sell without incurring losses. Analysts say the sheer size of online money-market funds like Yu'e Bao has alarmed regulators and could pose a threat to domestic banks, whose customers are shifting money into the funds to earn higher returns.

Many of the money-market funds are invested largely in bank certificates of deposits, commercial paper and government debt. In a reach for yield in recent years, Yu'e Bao and some peers have been buying more assets with longer maturities.

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The \$200 billion-plus fund is changing to comply with rules imposed by Beijing.

recently by Chinese regulators, according to Wang Dengfeng, general manager of Tianhong's fixed-income department.

"We will step up efforts to adhere to the original function of money-market funds as a cash-management tool that carries low risk, low yield and high liquidity," Mr. Wang said in an interview with The Wall Street Journal. The result will be a gradual slide in the fund's investment yields, he said.

The fund, called Yu'e Bao, recently saw its seven-day investment yield top 4% on an annualized basis, up from 2.3% a year earlier. Its yield is in line with that of other Chinese money-market funds but dwarfs interest rates on short-term Chinese government debt and bank deposits, as well as

the latest attempt comes from a \$690 million shell company set up by Chamath Palihapitiya, a tech-to-private-equity executive, and Ian Osborne, a British political-PR man turned technology adviser.

The project has ambitions so grand that the pair have trademarked "IPO 2.0," and picked IPOA as the ticker symbol for what they plan to be the first of many blank-check companies, Social Capital Hedosophia Holdings Corp. They hope to work their way up toward IPOZ.

The project is perfectly plausible, and might well work out. But we should be wary of what is another sign of the willingness of investors

to put their trust and their money into financial experiments. As bull markets run on, financial innovation becomes more acceptable and trust more widespread.

The idea of reinventing the initial public offering last appeared as the dot-com boom was nearing its zenith. In Europe and the U.S., technology-focused IPO specialists started selling shares directly to retail customers by linking up with online brokerages. Not surprisingly, many of the companies—and in Germany, the Neuer Markt on which they were usually listed—vanished when the boom turned to bust.

The same is true of cash shells. So far this year, \$7.6 billion has been raised, according to Dealogic, the most since the record \$12 billion raised in 2007. Handing over money to strangers is easier when the market is booming and trust is high.



Millions of Chinese use the money-market fund to park cash via the Alipay mobile-pay network.

Rich Return

Yu'e Bao, the world's largest money-market fund, previously boosted its yield by buying less liquid assets.

7-day annualized yield



Asset allocation, percentage of portfolio



Sources: Wind Info (yield); Tianhong Asset Management (asset allocation)

Photo: Jonathan Browning for The Wall Street Journal

China's Plan Brightens Tesla's Prospects There

By TREFOR MOSS
AND EVA DOU

SHANGHAI—China is considering relaxing rules requiring foreign auto makers to have a local partner, according to people with knowledge of the situation, a move that could pave the way for Tesla Inc. to manufacture vehicles in the country.

Tesla has long dreamed of planting its flag in China, the world's biggest market for electric vehicles, but finds itself the only notable auto maker without public plans to manufacture electric vehicles there. Finding a local partner has been a sticking point.

While there has long been talk of easing these rules, President Donald Trump's decision last month to launch an investigation into Chinese trade practices likely accelerated discussions, these people said.

Under a draft proposal shared with auto-industry ex-

ecutives, China is preparing to allow foreign companies to manufacture electric vehicles in free-trade zones without a Chinese partner, though the cars would still be subject to import tariffs if sold in the country, the people said. The plans were reported earlier by Bloomberg.

China's commerce ministry spokesman Gao Feng declined to confirm those plans when asked by state-owned broadcaster CCTV at a press briefing Thursday. But he said the government, in the future, would roll back policies limiting foreign investment in EVs, without mentioning joint-venture rules.

Industry watchers said such a change would be a limited concession by China, as long as a 25% tariff on imports remains in force. Last year, in a comparable move, China allowed foreign battery companies to set up wholly owned companies in selected free-

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STREETWISE | By James Mackintosh

The IPO Needs Reinventing

A golden age of financial innovation is with us, so it's time to reinvent the IPO.

Again.

The latest attempt comes from a \$690 million shell company set up by Chamath Palihapitiya, a tech-to-private-equity executive, and Ian Osborne, a British political-PR man turned technology adviser.

The project has ambitions so grand that the pair have trademarked "IPO 2.0," and picked IPOA as the ticker symbol for what they plan to be the first of many blank-check companies, Social Capital Hedosophia Holdings Corp. They hope to work their way up toward IPOZ.

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The same is true of cash shells. So far this year, \$7.6 billion has been raised, according to Dealogic, the most since the record \$12 billion raised in 2007. Handing over money to strangers is easier when the market is booming and trust is high.

Yet, critics then and now of the IPO process are right. Companies planning an IPO pick underwriters among the Wall Street banks. Because the banks are on the hook to buy the shares if investors don't subscribe enough, they have an incentive to underprice the issue to reduce their potential losses.

The too-low price creates excess demand for the shares, since they are artificially cheap, so banks have to ration the supply. Rationing is typically done by giving bigger allocations to their best clients, who do well from the usual first-day pop in price that results from the underpricing.

On top of that, preparing for an IPO involves stressful months of form-filling. An IPO brings an influx of new investors unknown to the company's founders. Plus employees typically are re-

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side of hospitals, which generally have higher overhead related to round-the-clock operations and the technology and specialists needed to treat more complex cases.

Cataract surgery and knee arthroscopy prices at ambulatory surgery centers were \$5,000 to \$2,500 less than at hospitals for employees and retirees with health insurance provided by the California Public Employees' Retirement System, according to researchers at the University of California, Berkeley. Calpers changed its benefits five years ago to nudge patients toward the cheaper ambulatory option, a spokesman said, and will expand its plan to include a dozen more surgeries starting in January.

Tenet Healthcare, which operates 77 hospitals, is expected to spend up to \$1.9 billion through 2020 to complete the buyout of private-equity-backed United Surgical Partners International, an operator of ambulatory surgery centers. The company acquired slightly more than half of USPI in 2015 and agreed to buy the rest over five years. Tenet said it would spend an additional \$100 million to \$150 million annually on other free-standing surgery centers, emergency rooms and satellite locations.

Business from outside hospitals accounted for 28% of Tenet's earnings before interest, taxes, depreciation and amortization as of August, up from 5% in 2014. That business could be spun off or sold under pressure from an activist investor that is Tenet's largest institutional shareholder, according to analysts.

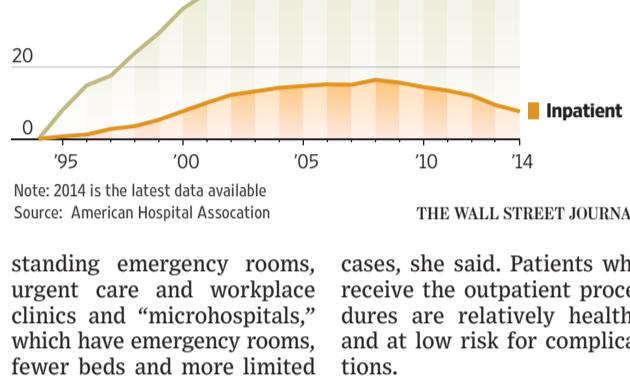
Dignity Health, a nonprofit based in San Francisco, owns hospitals in three states. After a string of joint ventures and a 2012 acquisition, it also now operates more than 280 free-



Dignity operates more than 280 free-standing emergency rooms, urgent care and other clinics.

Bypassing the Hospital

Percentage change in number of outpatient visits and inpatient admissions since 1994



Note: 2014 is the latest data available

Source: American Hospital Association

THE WALL STREET JOURNAL.

next year.

HCA plans to spend \$3 billion on expansion this year, including on new satellite locations, according to Chairman and Chief Executive Milton Johnson.

Some hospital executives tout outpatient growth as a strategy to win market share for hospitals. Patients who seek care at a neighborhood retail clinic may choose a hospital owned by the same company, they say.

HCA's hospital market share in Nashville grew to 35% from about 32% over the past five years as the company added three ambulatory surgery centers, four free-standing emergency rooms and 10 urgent care centers to the market. HCA also invested in its hospitals during that period.

Patients' drift away from hospitals has focused executives' attention on what hospitals should look like in the future.

Tenet is studying which services "over the next 10 to 20 years will stay in the hospital," Eric Evans, president of hospital operations for Tenet, told analysts on a conference call last month. For now, that includes trauma care and neurosurgery.

standing emergency rooms, urgent care and workplace clinics and "microhospitals," which have emergency rooms, fewer beds and more limited technology.

Peggy Sanborn, vice president of strategic growth, mergers and acquisitions for Dignity Health, said joint-replacement surgery outside a hospital seemed impossible a decade ago. Now, aided by technology that has improved implants and made procedures less invasive, Dignity Health is able to replace hips and knees outside the hospital in limited

cases, she said. Patients who receive the outpatient procedures are relatively healthy and at low risk for complications.

HCA, the largest publicly traded U.S. hospital company, with 172 hospitals, said it will operate 120 free-standing urgent care centers by the end of the year, an increase of 40% from two years ago.

The Nashville, Tenn.-based firm has doubled the number of free-standing emergency rooms it operates since 2015 to 64 and expects to increase that number to 80 by early

funds, including Yu'e Bao, to discuss the new rules and how managers planned to implement them. They told the managers that they need to prioritize liquidity over the pursuit of higher yields.

Yu'e Bao plans to pare its holdings of bank certificates of deposits and increase its allocation to short-term securities issued by the Chinese government and policy banks, as well as commercial paper and repurchase agreements, according to Mr. Wang.

As of June this year, nearly 83% of Yu'e Bao's funds were parked in certificates of deposit, mostly with three- to six-month durations, while a further 9% was invested in short-term loans and the rest in bonds, according to a report from Tianhong.

Mr. Wang said the fund's

likely diminishing returns will cause an "inevitable exodus of a small proportion of high-net-worth clients sensitive to the yield." He predicted that, over time, the fund would become more stable with a base of investors who are primarily active users of Alipay for online transactions.

His sentiments were echoed by other money-market fund managers the Journal interviewed. ICBC Credit Suisse Asset Management Co., which manages China's second-largest money-market fund, is also planning to adjust its portfolio to comply with the new investment rules. The company managed about \$56.5 billion of money-market funds as of June this year.

Shuo Wang, a fixed-income portfolio manager at ICBC Credit Suisse, said the decline

of its money fund's yield would be limited, but due to its large size the fund may have to liquidate some holdings to reduce exposure to certain institutions.

Tianhong's Mr. Wang said Yu'e Bao's investment shifts will take place gradually because abrupt changes risk causing a free fall in the fund's yield and could trigger large-scale redemptions.

He pointed to other steps Yu'e Bao has taken to slow its growth, such as limits it has imposed on the maximum size of individual accounts. Most Chinese money-market funds have six months to comply with the new regulations. Funds considered to have "systemic importance," such as Yu'e Bao, have been given a longer period.

—Yifan Xie

MONEY

Continued from the prior page
urities that are riskier because they could be harder to liquidate in a downturn.

The China Securities Regulatory Commission in early September released new rules aimed at reigning in what it called "unruly growth" of the country's money-market funds, which now account for half of China's \$1.7 trillion mutual-fund industry. The rules require managers to increase their allocation of funds to higher-quality assets, limit exposure to any single financial institution and diversify their asset bases.

Regulators recently met with managers of the country's largest money-market

funds, including Yu'e Bao, to discuss the new rules and how managers planned to implement them. They told the managers that they need to prioritize liquidity over the pursuit of higher yields.

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—Yifan Xie

TESLA

Continued from the prior page
trade zones, including Shanghai.

Even so, the development could be significant for Tesla, which analysts said is concerned that a joint venture could compromise its technology.

The Silicon Valley auto maker, led by Elon Musk, is under mounting pressure to open a Chinese base. General Motors Co., Volkswagen AG, Ford Motor Co. and many other foreign manufacturers with established operations in China have recently announced plans to begin or substantially increase electric-car production there as Beijing moves to phase out traditional gas and diesel vehicles.

Tesla said in June that it was talking to Chinese authorities about building a factory in Shanghai and that it hoped to have an announcement within 2017. On Friday, Tesla said it had no comment beyond that statement.

Analysts said Tesla appeared to be holding back on manufacturing plans in hopes that China would ease rules requiring foreign auto makers to set up 50-50 joint ventures if they want to build cars.

The free-trade-zone plan for electric vehicles would be more cosmetic than a game changer for many companies, said Jing Yang, an associate director at Fitch Ratings. Companies operating in those free-trade zones will almost certainly still incur

a 25% tariff levied on imported cars and not qualify for China's generous EV subsidies, Ms. Yang said.

But that may be less of an issue for Tesla, a luxury brand with unquestioned cachet in China. Even with the tariffs, Tesla sold about 11,000 cars worth over \$1 billion in China in 2016—enough to make the country its second-largest market after the U.S.

That figure is dwarfed by the market potential, however, with Beijing targeting sales of 7 million electric cars in 2025, and 15 million in 2030.

Other foreign auto makers

are overcoming their concerns about intellectual-property

protection by building entry-level EVs with no cutting-edge

technology. GM, for example,

just launched its first pure-electric car for China, the Baojun E100, with a \$5,300 price tag.

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BUSINESS NEWS

Danish Payment Firm Acquired For \$5.3 Billion

BY BEN DUMMETT

A consortium led by U.S. buyout firm **Hellman & Friedman LLC** on Monday agreed to acquire Denmark's **Nets A/S** for 33.07 billion Danish kroner (\$5.3 billion), the latest bet by private equity on the payments-processing sector.

The deal is the latest in a wave of consolidation in the industry this year as firms seek to take advantage of the growing use of mobile devices to make payments. Payments companies are also under pressure to join forces to cut costs, develop new products and add customers as greater regulatory scrutiny and rising

holding 46% of the company had already agreed to tender their shares. Its stock rose 6.3% Monday.

The deal for Nets comes less than two months after **Blackstone Group LP** and **CVC Capital Partners** joined forces to acquire U.K. online payments processor **Paysafe Group PLC** for about \$4 billion.

It also follows **Vantiv Inc.**'s \$10 billion takeover of U.K. payments processor **Worldpay Group PLC** last month.

The industry is particularly attractive to buyout firms, which typically cash out of investments within a fixed period, as they stand to benefit from deal activity as industry players aim to gain scale through acquisitions.

Last month, private-equity firm **Vista Equity Partners** agreed to sell certain payment technologies to **Global Payments Inc.**, a big Atlanta-based payments-processing company, for about \$1 billion. In another deal that highlights this trend, **Nordic Capital Ltd.**, a private-equity firm, agreed to sell Stockholm-based payment-services firm **Bambora** for €1.5 billion (\$1.79 billion) in July to French payment-technology company **Ingenico Group SA**.

Based in Copenhagen, Nets helps merchants, corporations and banks accept and process credit- and debit-card as well as online payments across the Nordic region.

For the first half of 2017, Nets reported a 6% rise in revenue, driven in part by growth in e-commerce and its direct debit and other electronic billing services. Capital expenditures as a percentage of revenue grew to 9.3% from 8.2% in the prior period, highlighting the competitive pressure payments companies are under.

Nets said it had held discussions with multiple parties that had resulted in one binding offer. It said investors

competition from technology startups squeeze fees.

To buy Nets, San Francisco-based Hellman & Friedman is joining forces with Singapore wealth fund **GIC Pte Ltd.** and funds managed by **Advent International Corp.** and **Bain Capital Ltd.** Advent and Bain, already major shareholders in Nets, will own about 16% of the company as a result of the deal, down from about 40%.

The consortium is offering 165 Danish kroner a share for Nets, which represents a 27% premium to the company's share price the day before it announced it had been approached about a possible takeover at the end of June.

Nets said it had held discussions with multiple parties that had resulted in one binding offer. It said investors

Unilever to Add Skin-Care Brand From South Korea



DIMAS ARDIA/BLOOMBERG

Unilever PLC has agreed to buy **Carver Korea**, a Seoul-based maker of toners and moisturizers, for \$2.7 billion, the latest in a string of skin-care acquisitions as it pivots toward higher-growth sectors.

Unilever is buying what it described as South Korea's fastest-

growing skin-care business from **Bain Capital Private Equity** and **Goldman Sachs Group Inc.**, which acquired the company slightly over a year ago.

Carver sells moisturizers, toners and sun-protection products under the brand AHC in South Korea, China and the U.S.

In recent years, Unilever has increased its exposure to skin products, buying four high-end skin-care brands in 2015.

Last year it bought Dollar Shave Club, which gave it men's skin-care brand Big Cloud and hairstyling brand Boogies.

Under Paul Polman, a former

Procter & Gamble Co. executive who became Unilever's chief executive in 2009, the company has shifted away from food and toward higher-margin personal care. (Above, Unilever's Lux liquid body soap on display in Indonesia.)

—Saabira Chaudhuri

Activist Investor Slams Restaurant Deal

BY IMANI MOISE

Activist investor **Marathon Partners Equity Management LLC** said the proposed transaction between restaurant operators **J. Alexander's Holdings Inc.** and **99 Restaurants LLC** is a rotten deal for shareholders.

In a letter addressed to the board of J. Alexander's seen by The Wall Street Journal, Marathon Partners, which holds a 6.3% stake in J. Alexander's, said board members lacked the independence necessary to broker a fair deal

for shareholders.

Marathon said each J. Alexander board member either serves as director or executive at 99 Restaurants's parents, **Fidelity National Financial Ventures LLC** and **Fidelity Newport Holdings LLC**.

Last month, J. Alexander's, itself spun off from Fidelity National in 2015, reached a deal to buy chain 99 Restaurants in an all-stock deal valued at about \$199 million, including debt.

Upon closing, the deal would give Fidelity Newport

and Fidelity National a controlling 53% stake in J. Alexander's, which was valued at \$148.4 million as of Monday.

Under the terms of the deal, J. Alexander's agreed to a rare no-shop provision, which prevents either party from looking at other options.

"We are perplexed as to why the board would agree to a no-shop provision despite J. Alexander's role as the buyer in this transaction," the letter signed by Marathon managing member Mario Cibelli reads. "It appears to be a favor given to FNF and other

related entities at the expense of J. Alexander's shareholders."

Representatives from J. Alexander and Fidelity National couldn't immediately be reached for comment. At the time the deal was announced, J. Alexander's said the acquisition would help scale its business and be significantly accretive to earnings.

Marathon Partners is known for forcing changes at companies. Its most recent activist campaign earlier this year targeted small-business lender On Deck Capital Inc.

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TECHNOLOGY

WSJ.com/Tech

Microsoft Unveils Virtual-Assistant Bot

Software is aimed at market to apply artificial intelligence to everyday business

BY TED GREENWALD

Microsoft Corp. on Monday unveiled its first product in a new line of software aimed at taking on **International Business Machines Corp.** and others in the growing market to apply artificial intelligence to everyday business needs.

The new product, a customer-service virtual assistant, is designed to let people describe problems in their

own words and respond with suggestions drawn from user manuals, help documents and similar materials. Users can request a human agent, in which case the bot will try to assist the customer-care representative. Managers can view a dashboard overview of the results.

The bot is one of what Microsoft says will be a series of customizable programs running on the company's Azure cloud-computing platform. The programs, called Dynamics 365 AI solutions, will draw on basic AI capabilities such as natural-language processing as well as a trove of data and algorithms from Microsoft's

Bing search engine, productivity apps and LinkedIn network.

The market for artificial-intelligence systems is expected to grow from \$12.5 billion this year to \$46 billion by 2020, according to International Data Corp.

Microsoft, one of a handful of AI front-runners and a leader in business computing, is gunning for a piece of that market.

Microsoft already offers cloud-based AI services coders can stitch into their programs, competing against the likes of **Alphabet Inc.'s Google**, **Amazon.com Inc.** and IBM.

So, for example, companies that want a customer-service

bot can either use these tools to build their own—a feat that takes expertise and significant amounts of data—or hire a company to build it for them, which can be expensive and time-consuming.

Microsoft positions its AI solutions as a lower-risk, lower-cost alternative.

"We're trying to come up with a model we believe is most efficient in terms of how quickly AI can get results," said Gurdeep Singh Pali, who heads Microsoft's AI-solutions team. The company declined to reveal pricing or time lines for integrating customer data.

In rolling out AI solutions that can be adapted to each

customer's needs, Microsoft is squaring off more directly against IBM's Watson. Both companies are building application product lines based on their AI capabilities. But where IBM's programs target specific industries, Microsoft's address fundamental business needs that apply to any industry—for instance, customer service. It is also going after **Salesforce.com Inc.**, a leader in customer-service automation that also boasts AI features, though not a virtual assistant.

"There's huge interest from enterprises in deploying chatbots for customer service," said Van Baker, a researcher at Gartner Inc. "The intent usu-

ally is to reduce cost by reducing head count." He estimates 90% of enterprises are investigating chatbots generally, but only 4% have them up and running.

International Data Corp. expects spending on automated customer-service agents to grow to \$6.1 billion in 2021 from \$1.1 billion in 2016.

HP Inc., **Macy's Inc.** and Microsoft itself are among the bot's early adopters.

HP, looking to save on labor costs and improve customer satisfaction, started training the Microsoft bot in February and launched it in July, said Jon Flaxman, the computer vendor's operating chief.

Beijing Levies Web Penalties Over Banned Content



Chinese internet regulators said they have hit operators of three of the country's biggest social-media platforms with the maximum fine allowable under a new cybersecurity law for hosting fake news, pornography and other forms of banned content.

The Cyberspace Administration of China didn't disclose the amount of the fines handed down to the platforms, which are owned in whole or part by China's three internet giants:

Tencent Holdings Ltd., **Baidu Inc.** and **Alibaba Group Holding Ltd.**

The cybersecurity law says network operators can be fined up to 500,000 yuan (\$75,000) and have operations suspended or business licenses canceled for failing to stop the transmission of prohibited content. The agency said Tencent's popular WeChat app "failed to fulfill its management duty" to ensure users of its public accounts didn't post illegal content.

(Above, two WeChat mascots.)

In a separate statement, the agency said search giant Baidu's Teiba message board and the Twitter-like microblogging site Weibo Corp., partly owned by Alibaba, had similarly failed to prevent their users from spreading damaging information.

Tencent said that it "sincerely accepted" the punishment and would improve its management of WeChat according to government guidelines.

Baidu referred to a statement it made in August, when the initial investigation was announced, in which the company apologized to users and promised to fix any problems. Weibo didn't respond to a request for comment.

Unless accompanied by other forms of punishment, a single fine of 500,000 yuan is unlikely to have much impact on any of the companies.

—Josh Chin

Alexa Joins Band At Amazon Music

BY ANNE STEELE

Amazon.com Inc. hopes that the virtual assistant that has made its Echo smart speakers a hit will also attract more users to its mobile music app.

The online giant said it would add Alexa on its Amazon Music streaming apps on Tuesday, as it seeks to differentiate itself from rivals that have bigger shares of the competitive market. An on-screen button will let Amazon Music users access the various Alexa "play" commands that currently work on Echo.

Amazon envisions these capabilities as being useful for consumers on the move—for instance, they can request "pop music for a cardio workout" during a run. **Apple Inc.** offers some similar functions for Apple Music, via the iPhone's Siri voice assistant.

Earlier this year Alexa surpassed mobile as the No. 1 way Amazon Music users listen. Since starting its Prime Music streaming service in 2014, Amazon has tried to cater to a more mainstream audience than its rivals. Nonetheless it remains No. 3 in the subscription-music market, behind **Spotify AB** and Apple Music, according to people in the industry.

Alexa has surpassed mobile as the No. 1 way Amazon Music users listen.

with the company's thinking.

Members of Amazon's \$99-a-year Prime program can subscribe to Amazon Music Unlimited, launched last October, for \$7.99 a month, though they already get access for no additional charge to the more limited Prime Music service. Amazon Music Unlimited as a stand-alone service costs \$9.99 a month, on par with rivals.

—Laura Stevens contributed to this article.

Target, Pinterest Strike Deal to Use Image-Search Platform

BY ELIOT BROWN

Pinterest Inc. has long sought to support its lofty valuation by wooing advertisers to its image-search platform. Now it is bringing its technology to them.

The San Francisco company has struck a deal with retailer **Target Corp.** to license its camera image search tool, which lets users of Pinterest's app browse similar images and objects to pictures they take with their phones. Target will embed the tool in its own app, allowing shoppers to snap photos on their phones of items they like and receive suggestions from Target for similar products to buy.

The companies didn't disclose the financial details behind the deal, which is bundled together as part of a multiyear ad purchase by Target that Pinterest described as its largest ever.

"We believe visual search in particular is incredibly important to our business," said Kristi Argyilan, senior vice president for marketing at Target.

The accord shows how Pinterest is hunting for new ways to bring in money and attempt to chip away at the dominance in online advertising by Google Inc. and Facebook Inc.

Tim Kendall, the company's president, said Pinterest expects to take a similar approach with other advertisers, using other technology and data to woo large ad deals.

Target has exclusive use of

the camera search tool among retailers in the U.S. as part of the multiyear deal. But Pinterest says businesses in other industries outside of retail could benefit from the search tool, and it also believes it has valuable trend-spotting information that it can deliver to advertisers.

"We have a lot of visual discovery technology," Mr. Kendall said.

Investors have had high expectations for Pinterest, giving it a private-market valuation of more than \$12 billion in its last funding round this spring, when it raised \$150 million. That valuation is around the same as Twitter Inc.'s market capitalization and one-third the size of Target.

But seven-year-old Pinter-

est still pulls in relatively small revenue. The company is targeting up to \$500 million of revenue this year, compared with about \$300 million last year, according to a person familiar with the matter. By comparison, 13-year-old Facebook had \$27 billion of revenue last year, and Twitter, founded 11 years ago, reported \$2.5 billion.

For Target, the deal with the camera tool, called Lens, came about after the company had debated how to incorporate a search tool in its app. Eager for shoppers to have a way to add products they see on the street onto a wedding or baby registry, for instance, the company pondered buying the technology from another provider.



Pinterest expects to strike similar deals with advertisers.

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¹ Ericsson, June 2016; Brookings Institute, July 2012; PGIM Real Estate, February 2017.

² Data as of 6/30/17.

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BUSINESS NEWS

More Big Firms Put Politics in The Open

BY THEO FRANCIS

More large companies are disclosing how they spend to influence government, and company boards are taking on a more direct role in overseeing that spending, a new study finds.

Together, the changes underscore the pressure companies face to limit political involvement even after winning the legal right to spend more on elections.

Nearly 40% of S&P 500 companies have put political spending and contributions under direct review of a board committee, up from about one-third in 2015, according to an annual study by the non-partisan Center for Political Accountability and researchers at the University of Pennsylvania's Zicklin Center for Business Ethics Research.

Meanwhile, board committees at 31% of the companies review payments to trade associations, which often serve as a conduit for campaign and other political spending, up from 24% in 2015, the study found.

The CPA-Zicklin Index of Corporate Political Disclosure and Accountability, in its seventh year, scores companies on how thoroughly they disclose their policies governing a variety of political spending, including state and federal campaign spending, political advertising and payments to trade associations or other entities that engage in political spending. The index doesn't include lobbying spending.

Public debate over the role of companies in U.S. elections has simmered since the Supreme Court relaxed restrictions on corporate political spending in 2010. Companies, especially publicly traded ones, continue to account for a relatively small portion of overall spending on federal elections.

An analysis by the Conference Board found companies and trade associations accounted for less than 2% of the \$7.5 billion spent in the 2016 election cycle.

Still, during the most recent proxy season, 49 companies in the S&P 500, including Emerson Electric Inc. and Berkshire Hathaway Inc., faced shareholder proposals seeking political-spending reports from companies, Ernst & Young reported in June. On average, 26% of shares were voted in favor of the proposals.

In the end, accountability efforts like the index, along with shareholder resolutions seeking greater disclosure and the risk of consumer backlash, serve as a kind of nongovernmental check on corporate spending, said Robert Yablon, a University of Wisconsin law professor who has written on the subject and wasn't involved in the project.

"There are some private forces at work that are resulting in much less corporate money being put into elections than many would have expected," Prof. Yablon said.

GE's India Train Deal in Danger

Nation's stated plans to shift to electric locomotives means it might not need diesels

General Electric Co. is in danger of losing one of its largest industrial contracts after a political shake-up in India, highlighting the risk of the conglomerate's chase to win

By Thomas Gryta,
Ted Mann
and Rajesh Roy

business in far-flung markets by investing heavily in local operations.

GE won a \$2.5 billion deal in 2015 to sell diesel locomotives to Indian Railways—delivering 1,000 of the machines over 11 years—using a structure the company said would be a model for the future. In exchange for a massive order from one of Asia's biggest economies, GE would agree to build the locomotives in a remote corner of the Indian countryside, boosting employment and the local economy.

But a new railways minister, Piyush Goyal, stunned GE leaders earlier this month by declaring that India would pull out of the deal and instead seek to transform its massive rail network to use electric locomotives exclusively. GE executives met with Mr. Goyal last week, according to people familiar with the meeting, to try to keep the deal together.

"The contract is being reviewed, but has not been terminated as of yet," a senior official at India's Railways Ministry said. "We are discussing various options with GE. We are exploring if they can make electric locomotives for us."

"We continue to meet our targets and execute on the project," said Karan Bhatia, vice president of government affairs at GE. "The idea that



GE won a \$2.5 billion deal in 2015 to sell diesel locomotives to Indian Railways, delivering 1,000 of the machines over 11 years.

the rail transportation needs of India can be met by pure electrification strains credulity."

"We are optimistic that reality will prevail and the government will move forward with this critical project," he added.

GE doesn't make electric locomotives.

In his public remarks, Mr. Goyal said the ministry would double its plans to electrify tracks, from 17,000 kilometers (nearly 10,600 miles) to 35,000 kilometers of track, obviating the need to invest in new diesel locomotives. It wasn't clear how the country would pay for such a massive project or supply the needed power, though Mr. Goyal suggested some could come from solar panels.

The still unfinished GE locomotive factory in a tiny village called Marhaura—600 miles from Delhi—is the linchpin of the company's Indian investment, and a point of pride to executives such as former

Flannery conducts a wide-ranging review of its portfolio in search of costs cuts and ways to boost growth. GE's stock is down 21% so far this year, while the S&P 500 index is up 11%.

India's huge economy is enticing for corporations in search of growth, but it can prove difficult.

Changing political winds and regional interests can derail progress, leaving steel mills unbuilt and buildings sitting empty.

From the outset, GE officials acknowledged the difficulty of the Marhaura joint venture. Their confidence resided in part in Prime Minister Narendra Modi, who has made a point of inviting foreign investment and emphasized improvements to the country's

infrastructure.

In an interview in April, Banmali Agrawala, GE's head of South Asia, compared the project to dropping "a very high-tech plant in the middle of a desert somewhere."

But local officials had made the project development easier, he said, by streamlining red tape and speeding up approvals.

Most important, Mr. Agrawala said at the time, was "a consistent, stable policy regime.

"Don't throw surprises at us, because we are talking about infrastructure here. We're not making chocolates or toothpaste," he said.

The Railways Ministry now plans to have 95% of locomotives run on electricity over the next four to five years, according to the railway official, a big leap from 44% currently.

Buyers Lie in Wait to Pounce on Big Acquisition

BY EZEQUIEL MINAYA
AND TATYANA SHUMSKY

Finance chiefs may be running out of time to revive a year of weak merger-and-acquisition activity

CFO JOURNAL
but are prepared to pounce off the sidelines, if conditions pressuring deal making subside.

Buyers are more selective this year, preferring smaller transactions as a soaring stock market pumps up company prices. The S&P 500 index is up 16% over the past year, and as company shares rise in value, premiums—the bump above share prices buyers offer to sellers—are being squeezed.

There is also some hesitancy to strike a deal before passage of a possible corporate tax overhaul and potential new trade policies.

Deals are still being done, but on the more modest end of the scale. While the number of U.S. deals is up 5% for the first half of 2017, values have slipped 16%, to \$591.5 billion, according to data pro-

vider Dealogic.

"What is missing is transformative, bet-your-company M&A," said Daniel Wolf, a partner at law firm Kirkland & Ellis LLP. "And until you see a little more certainty in the overall market and political environment, it's hard to see a sudden shift in favor of those types of transactions."

Only seven deals through the first half of the year have breached the \$10 billion threshold, according to Dealogic. That trails last year's pace, in which there were 18 such deals, and 2015, which notched 35 transactions above the mark, according to Dealogic.

Some of this year's large deals include Amazon.com Inc.'s acquisition of Whole Foods Market Inc. for \$13.6 billion and United Technologies Corp.'s acquisition of Rockwell Collins Inc. for \$22.8 billion.

While these purchases have been large, they don't fundamentally change the company's product offering, Mr. Wolf said. Whole Foods would add to Amazon's large sales catalog, while the business lines of aerospace suppliers

United Technologies and Rockwell Collins overlap enough to draw antitrust concerns.

Glenn Landau, chief financial officer of International Paper Co., said he spends about one-third of his time scouting potential acquisition targets and weighing investment costs against projected returns.

Still, 99% of those efforts don't lead to a deal because an overpriced target isn't worth pursuing, Mr. Landau said. "We're ready to strike if the

window opens," he said. "Our job is to create value, it's not to get bigger."

International Paper in December purchased Weyerhaeuser Co.'s wood pulp business for \$2.2 billion. It nabbed the unit from a motivated seller at a time when inventories were at a high and wood pulp prices were at a low, Mr. Landau said.

Caesars Entertainment Corp. is considering small- to medium-size acquisitions to advance plans to expand its

footprint in the U.S., said finance chief Eric Hession. The casino operator even hired two new executives to lead its growth initiatives in July as it prepares for a wave of expansion.

Caesars is aiming for growth after one of its subsidiaries, Caesars Entertainment Operating Co., filed for bankruptcy protection in 2015, of which it expects to emerge from next month.

"It would be great if in the next 12 months we could announce one or two deals and then have those well on the way to closing," Mr. Hession said.

The record-breaking bull run in the stock market, the second longest in history, is weighing down deal premiums, shrinking values. The average premium as of Sept. 7 was 26%, down 13 percentage points from a year ago and 7 percentage points from 2015.

"As we see stocks hit all-time highs, you just run out of room for buyers to pay [premiums] they were paying," said Justin Zeth, an analyst with Dealogic.

BUSINESS WATCH

GENUINE PARTS

Alliance Automotive To Be Purchased

Genuine Parts Co. has reached an agreement to buy Alliance Automotive Group, a private-equity backed European auto parts distributor, in a deal worth \$2 billion, including repayment of debt.

Shares of Genuine Parts rose nearly 6% in trading Monday after it announced plans to purchase Alliance from funds managed by Blackstone Group LP and Alliance's co-founders.

—Cara Lombardo

ATLAS AIR WORLDWIDE

Cargo Carrier Accuses Pilots of Slowdown

Atlas Air Worldwide Holdings Inc. accused its unionized pilots of intentionally slowing down work, causing "widespread and significant" flight delays.

The company, whose airline subsidiaries deliver cargo for United Parcel Service Inc.,

Deutsche Post AG's DHL, FedEx Corp. and Amazon.com Inc., is seeking a preliminary injunction to get the International Brotherhood of Teamsters to end what it calls an illegal work slowdown.

A union representative said that while the complaint is being reviewed, an initial assessment suggests "it is part of the company's ongoing efforts to abdicate responsibility for its failures and refusal to address the long-expected decline in global pilot supply."

—Imani Moise

ACUSHNET HOLDINGS

CEO to Step Down At Golf-Gear Maker

Acushnet Holdings Corp.'s chief executive is stepping down after spending more than 40 years at the golf-equipment company.

Chief Executive Wally Uihlein notified the board he plans to retire Jan. 1, the company said Monday. He will remain on the board.

Chief Operating Officer David Maher will take over as president and chief executive. Mr.

Maher, 49, has worked for Acushnet since 1991. Mr. Maher inherits a company facing slowing sales and a legal challenge centering on Titleist golf balls.

—Cara Lombardo

ALLERGAN

Finance Chief Set to Retire

Allergan PLC said Chief Financial Officer Tessa Hilado, who helped guide the company through the \$40.5 billion sale of its generic business to Teva Pharmaceuticals Ltd., plans to retire but will remain until her replacement is hired.

A search has been launched for a successor to Ms. Hilado, who joined the company in 2014, the company said Monday.

Ms. Hilado said that when she first came on board she promised "that I would stay three years to help transform the finance organization, institute better systems and financial controls and improve the balance sheet."

—Ezequiel Minaya

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BIGGEST 1,000 STOCKS

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades

quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
If-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vi-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Stock	Sym	Close	Chg	Net	Change	Vol.	Market Cap
AxaltaCoating	AXTA	28.90	-0.13				
BB&T	BBT	45.33	0.11				
PCE	PCE	46.98	0.55				

ABB	ABB	24.65	-0.08	BHPBilliton	BHP	41.27	-0.41	CenturyLink	CTL	19.34	0.80
AECOM	ACM	36.47	0.93	BHPBilliton	BBL	36.00	-0.36	Chemours	CC	50.31	-1.48
AES	AES	11.21	0.10	BP	BP	38.24	0.42	Chevron	CVX	117.99	0.70
Aflac	AFL	84.26	0.32	BRF	BRFS	14.42	-0.54	ChinaEasternAir	CEA	25.43	-0.73
AGCO	AGCO	73.50	0.88	BT Group	BT	19.51	0.17	ChinaLifehns	LFC	14.96	-0.25
AT&T	T	32.39	-0.52	BWX Tech	BWX	56.09	-0.15	ChinaMobile	CMi	50.71	0.07

A		B		C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z	
bridgeEnPtrs EEP		15.74		0.21		Invesco IVZ		34.23		0.03		NTTDoCoMo DCM		23.03		0.13		RoyalDutchR RDS/A		59.87		0.39		Broadcom BROADB R		62.00		0.51		AVGO 235.51		-3.73		LogMeln LULU		57.39		-1.80													
bridge ENB		41.23		0.19		IEIX IEX		123.58		0.46		NationalGrid NRG		64.70		0.28		SAP SAP		108.95		-1.92		CA CAA		33.01		0.33		Jululemon LULU		57.39		-0.79																	
Cana ECA		11.43		0.18		IllinoisToolWks ITW		147.07		-0.07		InfoSyst INFY		14.31		-0.28		Global SGP		155.52		-1.52		CBOE Holdings CBOE		106.31		-0.31		MarketAxess MKTX		175.50		-4.00																	
Americas ENIA		110.22		0.01		IngersollRand IIR		88.85		-0.07		NatOilWell NOV		35.86		0.32		SinopecShanghai SIS		58.40		-1.44		CDK Global CDK		62.90		-0.22		Marriott MARR		108.87		-0.97																	
Chile ENIC		5.92		0.05		Ingenred INGR		119.86		0.02		NewOrientalEduc EDU		82.29		-3.29		SK Telecom SKM		24.66		-0.25		UnitedContinental UAL		59.44		0.64		UnitedMicro UMC		24.9		-0.10		MarinTech MTRCH		23.39		-0.76											
ElgenChile ECOG		25.81		0.37		TgrFrEquity ETE		17.55		0.22		TransTech Transfer TPT		18.94		0.45		NewfieldExplor NFY		29.52		0.70		UnitedRentalRents UNR		132.21		-0.10		Salesforce.com CRM		92.47		-0.47		MaximProd MAXIM		46.70		-0.23											
InkMidPtns ENLE		16.52		0.34		InkMidPtns ENLE		17.65		0.34		Interpublic IPG		21.32		0.48		NewtonMining NMN		38.63		0.74		UnivReserve UNP		53.33		0.33		MelcoResorts MLDC		62.68		-0.85																	
EnergyProd EFD		26.38		0.48		Efax EFX		105.09		0.05		InvitationHomes INVH		22.50		0.35		NexstarMedia NXS		40.76		-0.03		Carlyle Group CSX		53.33		0.13		MarketAxess MKTX		175.50		-4.00																	
LifeJtLife ELS		85.76		-0.34		LifeJtResid EQR		66.08		0.20		PropTech WPS		255.57		0.57		IsraelChemicals ICL		4.53		-0.03		Avienter AVT		49.47		-0.12		Verizon VERIT		8.47		0.07		Broadcom BROADB		15.39		0.35											
LeaseLender ELD		107.98		0.40		LeaseReserve ERE		22.94		-0.22		JPMorganChase JPM		94.12		-0.17		NomuraHoldings NMR		5.60		-0.01		Unilever Unilever		106.31		-0.21		CBOE Holdings CBOE		106.31		-0.31																	
ResourceEner ES		61.47		0.76		JamesHardie JHX		13.92		0.03		NorfolkSouthern NSC		130.36		-0.63		Nordstrom NORD		181.37		-0.18		UnitedContinental UAL		159.44		-0.64		Marriott MARR		108.87		-0.97																	
SpaceReserve SpaceReserve		79.69		0.80		JanusHenderson JHG		33.88		-0.08		NorthropGrumman NOC		131.30		-0.63		NortheastHealth UHS		107.89		-1.40		UnitedHealthcare UHHS		137.45		-1.28		Avienter AVT		35.57		-2.72																	
ComMod XOM		80.18		0.06		FMC FMC		86.01		-0.34		GEICO GEICO		10.21		-0.05		IronMountain IRM		40.08		-0.05		ScottsMiracleGrove SGMD		97.11		-0.48		Middleby MIDL		121.73		-0.20																	
SetSet FDS		170.81		2.20		RealtyCorp FRT		124.80		1.66		JuniperNetworks JNP		27.86		-0.13		KeySpan KEY		18.27		-0.05		Cohere COHR		24.83		-0.17		VarianMed VAR		103.99		-1.20																	
RealtyCorp FRT		124.80		1.66		KAR ACTION		46.59		-0.53		NuSTAREnergy NS		40.48		-0.46		Omnicom OMC		75.87		-0.87		SempraEnergy SEM		116.88		-0.94		CinCinLatinoFin CIN		76.32		-0.44																	
KAR ACTION		46.59		-0.53		KBR KBR		48.30		-0.21		Oracle ORCL		47.47		-0.19		PenskeTrucks PTK		14.72		-0.29		SensataTech ST		47.42		-0.42		Verizon VERIZ		87.45		-0.64																	
KBR KBR		48.30		-0.21		Kohl's KSS		46.21		0.14		Kroger KR		43.11		-0.21		Kroger KR		43.11		-0.21		LamResearch LRCX		116.36		-0.32		Cigna CIGNA		113.76		-0.44																	
Kohl's KSS		46.21		0.14		KoinkinjakiPhi PHG		41.43		-0.31		KoreaElcPwr KEP		16.92		-0.45		KoreaElcPwr KEP		16.92		-0.45		KoreaElcPwr KEP		16.92		-0.45		KoreaElcPwr KEP		16.92		-0.45																	
Kroger KR		49.94		-0.21		Kyocera KYO		63.37		0.37		LATAMAirlines LTAM		13.70		-0.58		LBG LBG		40.90		-0.25		LG Display LGD		13.51		-0.23		Littelfuse LIT		17.25		-0.22																	
Kyocera KYO		63.37		0.37		L Brands LB		40.90		-0.15		LINE LINE		34.72		-0.55		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25																	
LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25																	
LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML		10.00		-0.25		LoyaltyMart LML																																	



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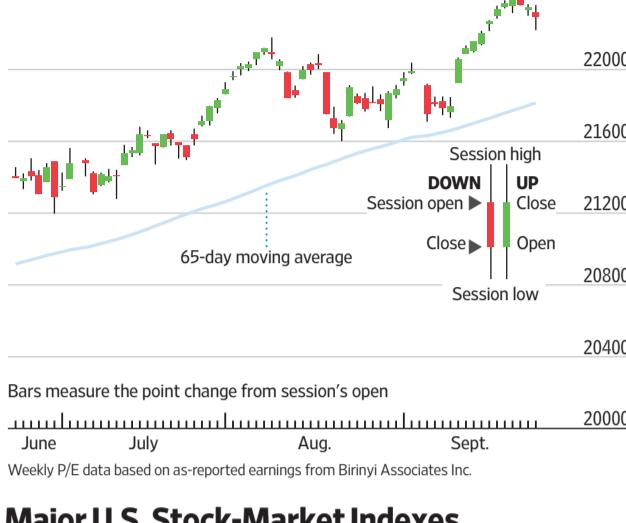


MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

22296.09 ▼53.50, or 0.24%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2496.66 ▼5.56, or 0.22%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

6370.59 ▼56.33, or 0.88%
High, low, open and close for each trading day of the past three months.



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	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	SPDR S&P 500	Alerian MLP ETF	AT&T	iShares Russell 2000 ETF	SPDR S&P O&G Exp Prd
Industrial Average	22359.88	22219.11	22296.09	-53.50	-0.24	22412.59	17888.28	23.2	12.8	9.6			
Transportation Avg	9725.43	9644.39	9715.10	10.72	0.11	9742.76	7914.69	22.7	7.4	5.0			
Utility Average	732.77	725.78	732.40	5.77	0.79	754.80	625.44	5.8	11.0	10.3			
Total Stock Market	25938.95	25789.20	25876.47	-50.35	-0.19	25972.08	21514.15	16.3	11.2	8.2			
Barron's 400	663.56	658.65	661.72	-0.63	-0.09	662.35	521.59	21.2	10.0	8.6			

Nasdaq Stock Market

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.			
Nasdaq Composite	6408.05	6343.96	6370.59	-56.33	-0.88	6461.32	5046.37	21.2	18.3	12.6			
Nasdaq 100	5908.57	5839.89	5867.35	-64.97	-1.10	6004.38	4660.46	21.8	20.6	13.5			

Standard & Poor's

	500 Index	MidCap 400	SmallCap 600	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
500 Index	2502.54	2488.03	2496.66	-5.56	-0.22	2508.24	2085.18	16.3	11.5	8.3			
MidCap 400	1773.73	1764.31	1771.85	3.20	0.18	1791.93	1476.68	14.9	6.7	8.8			
SmallCap 600	878.67	871.95	877.30	2.43	0.28	877.30	703.64	17.0	4.7	11.1			

Other Indexes

	Russell 2000	NYSE Composite	Value Line	NYSE Arca Biotech	NYSE Arca Pharma	KBW Bank	PHLX® Gold/Silver	PHLX® Oil Service	PHLX® Semiconductor	CBOE Volatility
Russell 2000	1455.22	1445.02	1451.96	1.18	0.08	1451.96	1156.89	17.0	7.0	9.4
NYSE Composite	12165.24	12108.01	12141.56	-10.23	-0.08	12151.80	10289.35	14.3	9.8	4.2
Value Line	531.99	528.80	531.06	0.78	0.15	533.62	455.65	11.0	4.9	3.5
NYSE Arca Biotech	4203.28	4148.91	4182.29	15.81	0.38	4232.90	2834.14	22.6	36.0	10.5
NYSE Arca Pharma	548.02	545.03	545.91	-0.79	-0.14	549.20	463.78	5.5	13.4	0.8
KBW Bank	97.38	96.11	96.78	-0.26	-0.27	99.33	69.71	38.8	5.4	10.6
PHLX® Gold/Silver	87.54	85.53	87.42	1.36	1.58	96.72	73.03	-7.4	10.9	1.0
PHLX® Oil Service	140.95	137.03	139.95	3.71	2.72	192.66	117.79	-6.5	-23.9	-19.4
PHLX® Semiconductor	1144.73	1122.16	1126.94	-22.65	-1.97	1164.98	796.64	41.5	24.3	21.0
CBOE Volatility	11.21	9.79	10.21	0.62	6.47	22.51	9.36	-29.6	-27.3	-13.3

\$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
VanEck Vectors Gold Miner	GDX	8,509.3	23.83	...	unch.	23.86	23.83	
Health Care Sel Sector	XLV	6,890.8	81.34	...	unch.	81.37	81.34	
iShares MSCI Emg Markets	EEM	6,580.8	44.67	0.06	0.13	44.98	44.61	
SPDR S&P 500	SPY	6,057.2	249.30	0.37	0.15	249.51	248.70	
Alerian MLP ETF	AMLP	5,663.9	11.30	-0.05	-0.44	11.36	11.30	
AT&T	T	4,894.0	39.13	0.01	0.03	39.19	38.89	
iShares Russell 2000 ETF	IWM	4,420.5	144.63	0.13	0.09	144.75	144.36	
SPDR S&P O&G Exp Prd	XOP	4,225.9	33.98	...	unch.	34.00	33.64	

Percentage gainers...

Actua	ACTA	5.8	15.65	3.40	27.76	15.85	12.25
Ascena Retail Group	ASNA	1,294.3	2.45	0.28	12.90	2.72	2.15
SYNNEX	SNX	44.3	127.00	10.50	9.01	135.06	116.05
ProQR Therapeutics	PRQR	212.9	6.80	0.35	5.43	10.00	

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Open		High hilo		Low		Settle		Chg interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.			March	3.240	3.277	3.227	3.234	-0.022	122,123			
Sept 2.970 2.9370 2.9065 2.9175 -0.0070 1,233			April	2.934	2.954	2.923	2.929	-0.018	122,514			
Gold (CMX) -100 troy oz.; \$ per troy oz.												
Sept 129.10 1309.20 1291.00 1306.80 13.50 539												
Oct 129.60 1311.20 1288.00 1307.10 13.80 21,756												
Dec 1301.50 1315.80 1291.70 1311.50 14.00 432,413												
Feb'18 1304.80 1319.80 1295.90 1315.70 14.10 49,119												
June 1308.40 1326.70 1306.60 1323.40 14.10 9,802												
Dec 1320.70 1336.10 1317.70 1334.90 14.10 10,743												
Palladium (NYM) -50 troy oz.; \$ per troy oz.												
Sept 914.95 914.95 910.05 910.35 -10.15 18												
Oct ... ▲ ... 910.80 -10.15 n.a.												
Dec 917.45 923.75 907.00 909.70 -10.15 29,879												
March'18 919.00 919.05 904.10 905.40 -9.40 1,081												
Platinum (NYM) -50 troy oz.; \$ per troy oz.												
Sept 991.20 991.20 991.20 940.00 8.20 100												
Jan'18 938.00 945.90 930.00 944.20 8.00 46,005												
Silver (CMX) -5,000 troy oz.; \$ per troy oz.												
Sept 16.850 17.090 16.810 17.059 0.156 192												
Dec 17.030 17.225 16.870 17.147 0.163 150,102												
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.												
Nov 50.68 52.28 50.39 52.22 1.56 580,896												
Dec 51.06 52.56 50.77 52.52 1.49 361,506												
Jan'18 51.31 52.79 51.06 52.74 1.43 215,179												
March 51.54 52.91 51.35 52.88 1.32 185,092												
June 51.52 52.73 51.34 52.71 1.13 181,464												
Dec 51.31 52.15 51.11 52.12 0.72 242,214												
NY Harbor USLD (NYM) -42,000 gal.; \$ per gal.												
Oct 1.8125 1.8596 ▲ 1.8046 1.8563 -0.040 41,624												
Nov 1.8046 1.8524 ▲ 1.7969 1.8495 -0.0409 126,553												
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.												
Oct 1.6700 1.7301 1.6631 1.7220 0.0536 42,764												
Nov 1.6285 1.6748 ▲ 1.6198 1.6674 -0.0413 147,832												
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.												
Oct 2.932 2.986 2.911 2.919 -0.040 29,239												
Nov 3.000 3.049 2.979 2.988 -0.033 294,292												
Dec 3.157 3.207 3.143 3.151 -0.029 122,194												
Jan'18 3.275 3.313 3.255 3.264 -0.025 157,705												

Cash Prices | WSJ.com/commodities

Monday, September 25, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Monday		Monday		Monday	
Energy						
Propane,tet,Mont Belvieu-g	0.9590		Coin,wholesale \$1,000 face-a	12920		
Butane,normal,Mont Belvieu-g	1.0778		Soybeans,No.1 yellw IL-bp,u	9.3350		
Natural Gas,HenryHub-i	2.970		Wheat, Spring,14%-pro Mnpls-u	7.2875		
Natural Gas,TranscoZone3-i	2.930		Wheat,No.2 soft red,St.Louis-bp,u	4.3650		
Natural Gas,TranscoZone6NY-i	3.040		Palladium,Engelhard industrial	9.300		
Natural Gas,PanhandleEast-i	2.580		Palladium,Engelhard fabricated	1030.0		
Natural Gas,Opal-i	2.560		Aluminum,LME,\$ per metric ton	*2137.0		
Natural Gas,MarcellusNE PA-i	1.380		Copper,Coxem spot	2.9175		
Natural Gas,HaynesvilleLA-i	2.870		Iron Ore,62% Fe CFR China-s	63.4		
Coal,CApcL,12500Btu,12S02-r,w	54.250		Shredded Scrap,US Midwest,s-w	316		
Coal,PwdrVrBsn,8800Btu,0.8502-r,w	11.550		Steel,HRC USA,FOB Midwest Mill-s	620		
Metals						
Gold, per troy oz.	1295.85		Fibers and Textiles	6150		
Engelhard industrial	1293.04		Burlap,10-oz,40-inch NY yd-n,w	0.6150		
Engelhard fabricated	1293.30		Cotton,11/16 std lw-mdMphs-u	0.6946		
Handy & Harman base	1435.56		Cotlook' A' Index	*78.55		
Handy & Harman fabricated	1297.00					
LBMA Gold Price AM	1294.80					
LBMA Gold Price PM	1294.80					
Kruegerand,wholesale-e	1360.84					
Maple Leaf-e	1373.93					
American Eagle-e	1373.93					
Mexican peso-e	1585.66					
Austria crown-e	1285.59					
Austria phil-e	1373.93					
Silver, troy oz.	16.9000					
Engelhard industrial	17.0300					
Engelhard fabricated	21.2800					
Handy & Harman base	17.0300					
Handy & Harman fabricated	17.0300					
LBMA spot price	£12,573					
(U.S.\$ equivalent)	16.9500					
Grains and Feeds						
Barley,top-quality Mnpls-u	4.70					
Bran,wheat middlings,KC-u	71					
Corn, No.2 yellow,Cent Il-bp,u	3.1650					
Corn gluten feed,Midwest,u-w	79.1					
Corn gluten meal,Midwest,u-w	472.9					
Cottonseed meal,u-w	220					
Hominy feed,Cent Il-u,w	88					
Meat-bonemeal,50% pro Mnpls-u,w	260					
Oats, No.2 milling,Mnpls-u	2.9675					
Rice, 5% Broken White,Thailand-l,w	392.00					
Rice, Long Grain Milled, No. 2 AR-u,w	n.a.					
Sorghum,(Milo) No.2 Gulf-u	7.7450					
Soybean Meal,Cent IL,rail,ton48%-u	312.60					
Fats and Oils						
Corn oil,crude wet/dry mill,u-w	36.7500					
Grease,choice white,Chicago-h	0.3150					
Lard,Chicago-u	0.3700					
Soybean oil,crude,Centl IL-u	0.3228					
Tallow,bleach,Chicago-u	0.3375					
Tallow,edible,Chicago-u	0.3500					

BANKING & FINANCE

Greenhill To Inject \$10 Million Into Firm

By LIZ HOFFMAN

Legendary Wall Street deal maker Robert Greenhill is throwing a lifeline to the firm he founded two decades ago, which has been largely left behind in the recent merger boom.

Greenhill & Co. said its founder, along with current Chief Executive Scott Bok, will each invest \$10 million in the company as part of a broader reorganization that will put a bigger chunk of the company's publicly traded shares back with the company and its executives.

Greenhill plans to borrow to repurchase more than one-third of its stock and said it would cut or eliminate its dividend, the cost of which is set to exceed operating profit this year.

The recapitalization "addresses a lot of the noise around our stock," Mr. Bok said Monday. He is taking a 90% salary cut as part of the revamp. He said that he and Mr. Greenhill "have great confidence in the future and think the stock represents good value."

Greenhill also said Monday it will borrow \$300 million from **Goldman Sachs Group Inc.** to buy back stock, starting with an open-market offer for up to nine million shares at \$17 apiece, 18% above its closing price Monday. The firm has about 30 million shares outstanding.

The borrowing will triple Greenhill's debt load. Already, some stock analysts had questioned whether the firm had enough cash coming to make its interest payments.

"Actual borrowings in the market are a much better measure of debt capacity than the comments of equity research analysts," Mr. Bok said Monday.

Greenhill was the first merger boutique to go public, doing so in 2004, and thrived over the next several years. But it has largely been left out of the most-recent M&A boom, even as boutique rivals have charged up the deal rankings.

Greenhill ranks 49th this year among global deal advisers, down from 16th in 2012, according to research firm Dealogic. Year-to-date revenue is 20% below 2016 and, with few big fees coming soon, executives have signaled the third quarter is likely to be another tough one.

The decline has been costly for Mr. Greenhill, who remains chairman of the company and still owns a 4.3% stake worth an estimated \$22 million. At the firm's peak share price in 2009, that same stake was worth \$120 million, according to FactSet.

A tireless deal maker who once snowmobilized 15 miles on vacation in rural Maine in search of cellphone reception, Mr. Greenhill has stepped back from the business in recent years, friends and employees say. Key relationships that spurred deals in the firm's early years have gone quiet as key contacts retire.

AIG Retools Structure to Expand

New CEO seeks to make acquisitions without oversight from the government

By LESLIE SCISM

American International Group Inc. is shuffling its structure and top leadership ranks as the insurance giant looks to begin an expansion that is expected to include acquisitions.

Chief Executive Brian Duperreault is reorganizing the company's business lines internally with two of his recent new hires taking on more responsibility, while one of his predecessor's top lieutenants is leaving.

The moves signal a reversal of efforts by prior CEO Peter Hancock at the insurance conglomerate, as Mr. Duperreault puts his stamp on the company and positions it to start expanding again, after years of shrinkage.

Mr. Duperreault's changes also follow the company's unsuccessful push last week in Washington to get it out from



MICHAEL BUCHER/THE WALL STREET JOURNAL

CEO Brian Duperreault is reorganizing AIG's business lines.

under federal supervision as a "systemically important financial institution." Discussions among regulators are expected to continue about the company.

One of the most important ramifications of a removal of the SIFI label is that it would make it easier for Mr. Duperreault to make acquisitions, without worrying about the

need to obtain Federal Reserve approval for sending large amounts of capital out the door.

In the new structure, Mr. Duperreault said in a news release that AIG no longer would have units focused separately on commercial and consumer segments but would transition to units that focus on type of insurance.

There will be a "general insurance" unit for the various property-casualty insurance products sold to businesses, wealthy homeowners and other clients, and a life-insurance and retirement-services unit. It also will have a stand-alone, technology-enabled insurance platform.

Two of the three heads of these units were brought on board by Mr. Duperreault since he arrived this spring, and they hail from companies where he previously worked: Peter Zaffino, formerly an executive at Marsh & McLennan Cos., will head the general insurance unit. Seraina Macia will run the technology unit.

Mr. Duperreault is credited with a successful turnaround of then-struggling insurance brokerage and consulting firm Marsh & McLennan from 2008 to 2012. Ms. Macia worked with Mr. Duperreault at his previous CEO job at Hamilton Insurance Group.

Mr. Zaffino joined AIG last month as chief operating officer. When Mr. Duperreault announced Mr. Zaffino's hiring in July, he told employees to expect changes to the company's

operating structure.

AIG's life and retirement unit will be led by Kevin Hogan, who has been running the existing consumer unit.

As a result of the structure changes, Rob Schimek, CEO of the commercial unit, will leave the company at the end of October. In an internal memo, the 12-year AIG veteran said he "could not be more proud of what this company has accomplished" during that period, "from navigating the financial crisis and winning back the confidence of our partners and clients, to focusing on innovations that have outpaced the market."

Meyer Shields, an analyst with Keefe, Bruyette & Woods, said in a note, "we don't think this augurs a split" of AIG into separate companies, "but we do believe it better aligns with how investors actually prefer to analyze AIG."

Among the factors why he doesn't see a breakup ahead is that AIG has substantial deferred tax assets on its books that are best utilized with AIG as a conglomerate.

—Cara Lombardo contributed to this article.

Beijing Curbs Hit China Property Shares

By ESE ERHERIENE

China-related property stocks, which have made strong gains this year, tumbled Monday as investors reacted to another wave of government measures to curb real-estate prices. But many analysts say the stock declines are likely to be short-lived.

The Hang Seng Index's property subindex fell 2.9% to a five-week low, notching its biggest one-day decline since Nov. 7.

"We're seeing a lot of profit-taking on caution," said Woon Tian Yong, an analyst at Informa Global Markets.

The drop weighed on the overall Hang Seng Index, which fell 1.4%, its biggest decline since mid-August. Early Tuesday, the index was down a further 0.3%.

The benchmark is still up 25% this year, thanks in part to huge gains by developer stocks. **China Evergrande Group**, for example, has risen 45% this year, despite an 8.8% drop on Monday.

The Hang Seng's property subindex is up 29% in the year to date.

Developer stocks have been



More than half a dozen Chinese provincial capitals released new rules to tame property speculation.

stoked by strong sales, which have nearly doubled from 2016 levels for a number of firms.

Over the weekend, more than half a dozen provincial capitals released new rules to tame property speculation. The measures follow tighter

housing regulations already put in place in the country's biggest cities.

The steps taken include raising mortgage rates by up to 10% for first-time purchasers in Beijing and requiring home buyers in Chongqing to wait for two years before selling

their property, said OCBC Bank.

The tighter policy in second-tier cities "could hurt housing sales in the next few months," said Daniel So, a strategist at China Merchants Bank International.

Chinese officials have for

months raised concerns about potential bubbles developing in smaller cities, with home-price gains there outpacing those in places like Beijing and Shanghai in recent months.

Still, most analysts say they don't expect the declines in property stocks to last long. Rather, the policy announcement was "an excuse in the short term" to pull back, Mr. So said.

The real-estate sector has been one of the strongest performers in Hong Kong's stock market this year. Optimism about trends in mainland China, as well as in Hong Kong, has helped fuel the rally. Hong Kong-focused firms have seen more modest stock gains than their mainland peers, though some have nearly doubled this year.

The sector rose more than 5% in both July and August on strong interim results and hopes for faster farmland conversion in the city, said Joyce Kwock, head of Hong Kong property research at Nomura.

Despite Monday's stock declines, there doesn't appear "to be any major changes in the [sector's] fundamentals."

—Cara Lombardo contributed to this article.

Sofi's Top Technology Executive to Step Down

By PETER RUDGEAIR

Social Finance Inc.'s top technology executive, who is also the wife of former Chief Executive Mike Cagney, plans to leave the firm.

Jane Ou has worked at Sofi since 2012 and most recently served as its chief technology officer and vice president of engineering. Her decision to resign follows the departure this month of Mr. Cagney.

San Francisco-based Sofi, one of the fastest-growing on-

line lending firms, has been grappling recently with executive turnover, as well as lawsuits and other accusations about its workplace culture.

Ms. Ou will be the fourth senior Sofi executive to leave the firm in recent months. She plans to remain in her role until she and the company determine her exit date, a person familiar with the company said. Ms. Ou didn't immediately respond to a request for comment.

Jane's leadership on the technical side has helped us

scale from a small startup to serving over 350,000 members and lending over \$20 billion in just six years," a Sofi spokesman said in a statement.

Mr. Cagney's resignation as Sofi's chairman and CEO followed legal filings and an article in The Wall Street Journal which said that company executives engaged in or tolerated what was described by current and former employees as improper behavior toward women.

A few months before Mr.

Cagney's departure, Sofi Chief Financial Officer Nino Fanlo and Chief Revenue Officer Michael Tannenbaum also left their positions at the company.

Now, the company is working to address concerns about its treatment of women in the workplace.

Last week, a former employee named Yulia Zamora filed a lawsuit against Sofi that accused a manager of propositioning her for sex and retaliating against her when she refused. Her complaint came

weeks after another former Sofi employee accused the company of wrongfully terminating him after he reported another manager had harassed female employees by making sexual or inappropriate comments.

Sofi declined to comment on Ms. Zamora's claims last week but said the company takes any allegations of sexual harassment seriously. Sofi has also said that it investigated the employee's allegations and found them to be without merit.

front, with no way to know how long it will be until a target company is found. When the target is found, they have the choice to pull out and get their money back, under the rules governing blank-check companies. But if they opt out, they might not be allowed into IPOB, C or D.

They are also expected to stick with the company after the deal, so they can't rely on a quick profit from what is known as "staging" the deal by selling out as soon as the shares leap.

Companies get a quicker listing with less administrative hassle, are likely to get a more stable stock price after the deal, and end up with a relatively small number of committed shareholders.

If it were purely a matter of matching investors willing to commit for the long term against a management eager to have long-term investors, it would be fine, if wildly overpriced (more on that later). But here the tension between investors and issuers comes back. Investors are giving up flexibility by handing over their cash now, with-

out even knowing what company might be the Social Capital Hedosophia target, and should expect to pay a lower price in return for such a long-term view.

Yet, a big part of the appeal from the company's point of view is that they don't have to offer the stock-

The best option would be to fix the existing initial public offering of shares.

price discount that the investment banks impose in a traditional IPO.

If the price comes in about the same, the promise of stock stability and less regulation might satisfy both sides—although the high fees that Social Capital Hedosophia is charging hardly seem worth it. After a deal, it gets 20% of the cash raised, paid in equity, against a typical 7% Wall Street underwriting fee, although post-listing advice

from Mr. Palihapitiya's private-equity group, Social Capital, is thrown in.

There are other alternatives. **WR Hambrecht & Co.** offers an auction where investors bid for stock and say what they are willing to pay. The process was used by Google for its 2004 IPO, underwritten by Morgan Stanley and Credit Suisse, but hasn't caught on.

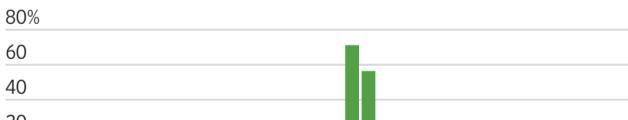
The best option would be to fix the existing IPO. Lockup periods on shareholders could easily be smarter. Investment banks could bring a variant of the auction process into their price-setting to reduce the first-day pop. And the company coming to market could get more say over the type of investor who gets stock, reducing the banks' ability to help their clients.

The willingness of investors to back Social Capital Hedosophia shows how fed up they are with the traditional IPO. But it also shows how ready they are to put their trust, and \$690 million, in a financial experiment. It is one more sign that the bull market is growing old.

IPOs: Priced to Go

On average IPOs make a solid first-day gain, suggesting a pattern of underpricing.

Average first-day return



Cash shells have raised the most since the end of the last bull market.

Total funds raised for cash shells*



*Excludes banks, penny stocks, REITs, closed-end funds and ARPs.

†Special-purpose acquisition companies, or blank-check companies.

Sources: Jay Ritter (IPOS); Dealogic (SPACs)

STREET

Continued from page B1
stricted from selling shares for a six-month lockup period.

Messrs. Palihapitiya and Osborne aim to fix this process. They want tech "unicorns" worth above \$1 billion to use a reverse takeover of the cash shell to gain a stock-market listing without all of the regulation and kerfuffle of an IPO.

The 25 big shareholders who hold almost all of the Social Capital Hedosophia stock would get to know the target company first, the price would be set by negotiation between the company's board, its big shareholders and the target, and—if they were right—there would be no first-day pop. Lockups would be smarter, with some employees able to cash in right away, while founders and late-stage venture capitalists might still be locked in.

The system is both beautiful and silly. There are drawbacks for shareholders: They have to commit their cash up-

front, with no way to know how long it will be until a target company is found. When the target is found, they have the choice to pull out and get their money back, under the rules governing blank-check companies. But if they opt out, they might not be allowed into IPOB, C or D.

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MARKETS

Saudis Ready Another Debt Sale

Country has raised billions of dollars in past two years as it battles budget deficit

By NICOLAS PARASIE

DUBAI—Saudi Arabia plans to tap international debt markets again as the Persian Gulf's largest economy extends a borrowing spree to cope with a budget deficit caused by lower oil prices.

The bond issue would mark the kingdom's latest effort to raise funds internationally. Saudi Arabia last year raised \$17.5 billion from debt markets, the largest debt sale ever from a developing economy. Earlier this year, the kingdom sold \$9 billion worth of Islamic bonds. There are also regular domestic Islamic bond sales, and the country has also borrowed from banks.

For more than a year, the country has been turning to the debt markets to raise fresh funds to offset falling oil revenues, plug a widening budget deficit and bankroll an economy-transformation plan aimed at making it less reliant on selling oil.

The kingdom is also involved in costly conflicts such as the war against Houthi rebels in Yemen and, more recently, is leading a blockade against Qatar, accusing its neighbor of fomenting extremism in the region.

Saudi Arabia's ministry of finance has hired U.S. banks **J.P. Morgan Chase & Co.** and **Gold-**



Faisal Al Nasser/REUTERS

A street in Riyadh, Saudi Arabia. The kingdom has burned through its foreign-exchange reserves.

man Sachs Group Inc., Bahrain-based Gulf International Bank, U.K.-based **HSBC Holdings PLC** and Japan's **Mitsubishi UFJ Financial Group Inc.** to lead the newest sale of an in-

ternational bond, which will have three tranches, according to bankers who have been briefed on the issue.

Meetings and calls with fixed-income investors were

slated to start Monday, and the sale could take place shortly after, depending on market conditions, said one of the bankers.

Saudi Arabia's debt-raising efforts will help reduce the

country's budget deficit, which the finance ministry said would come in at nearly 200 billion Saudi riyals (\$53 billion) this year. The country hopes to balance its finances by 2020.

As Saudi Arabia has tightened the purse strings, the kingdom has burned through its foreign-exchange reserves derived mostly from oil sales. Its foreign reserves resumed falling in July, according to central-bank data, extending a

\$9B

Amount of Saudi Arabian Islamic bonds issued this year.

drawdown that began in late 2014 when oil prices tumbled. That means Saudi reserves have now fallen by more than \$200 billion in less than three years.

The July drop came after a one-time recovery during June. Saudi Arabia will follow in the footsteps of fellow Gulf state Bahrain, which raised \$3 billion earlier this month with the sale of conventional and Islamic bonds.

Saudi Arabia's economy remains weak, with real gross domestic growth expected to contract by 0.3% this year, according to the Institute of International Finance.

In addition, Saudi Arabia expects unemployment to remain above 12% in the absence of the strong non-oil growth that is needed to create enough new jobs for Saudi citizens.

Treasury Prices Push Up

By DANIEL KRUGER

U.S. government bond prices rose as investors sought assets perceived as relatively safe following a fresh escalation of tensions between the U.S. and North Korea and fragmented results in the German elections.

The yield on the 10-year Treasury note slipped to 2.220% Monday from 2.262% on Friday, the largest one-day decline since Sept. 7. Yields fall as bond prices rise.

Demand for Treasurys accelerated after North Korea's foreign minister said the country interpreted recent remarks from President Donald Trump as a declaration of war and all responses were on the table, which could include shooting down U.S. warplanes. Investors often use U.S. government debt as a relatively safe store of value in times of heightened geopolitical tension.

"The declarations they made today are a little more aggressive than we've seen before," said Larry Milstein, senior managing director at RW Pressprich & Co. in New York. "It ratchets up the fear level."

Meanwhile, German elections over the weekend raised concerns about the possible weakening of Europe's established political parties. Chancellor Angela Merkel's party, the center-right Christian Democrats, garnered the most votes but fell well short of a majority. The second-place center-left Social Democrats also posted disappointing results, while parties on the far right and left each generated strong results.

The outcome is expected to lead to drawn-out negotiations as Ms. Merkel tries to form a coalition government and underscores the potential fragility of Europe's economic resurgence.

"Europe is worried about the rising of extremist parties," said Thomas di Galoma, a managing director at Seaport Global Holdings. "That might give Merkel a little bit of trouble."

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing rate. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$121,370,119,500	\$120,306,312,300
Accepted bids	\$42,000,519,500	\$36,000,632,800
*noncomp	\$569,802,500	\$434,618,600
*foreign noncomp	\$993,000,000	\$800,000,000
Auction price (rate)	99.734583	99.408500
Coupon equivalent	1.067%	1.193%
Bids at clearing yield accepted	75.70%	93.09%
Cusip number	912796MJ5	912796L56

Both issues are dated Sept. 28, 2017. The 13-week bills mature on Dec. 28, 2017; the 26-week bills mature on March 29, 2018.

Bond Insurer Offers to Help Out Hartford

By HEATHER GILLERS

Hartford's biggest bond insurer said it had offered to help the city postpone payments on as much as \$300 million in outstanding debt, in a move designed to help prevent a bankruptcy filing for Connecticut's capital.

The insurer, **Assured Guaranty Ltd.**, made the announcement before a Monday conference call between Hartford and its bondholders.

During the call, Hartford Mayor Luke Bronin said postponement of the city's debt would be inadequate without other fixes such as more revenue from the state, according to a statement released by the city.

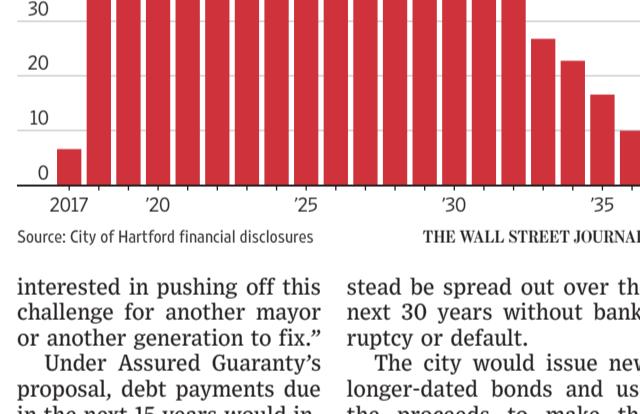
"I appreciate Assured's willingness to have constructive discussions," the mayor said, according to the statement, but "this administration is not

Deepening Debt

Beginning next year, Hartford's bond payments will jump.

Long-term bond payments

\$60 million



interested in pushing off this challenge for another mayor or another generation to fix."

Under Assured Guaranty's proposal, debt payments due in the next 15 years would in-

stead be spread out over the next 30 years without bankruptcy or default.

The city would issue new longer-dated bonds and use the proceeds to make the

near-term debt payments. Assured Guaranty and another insurer, **Build America Mutual**, would insure the new bonds, said an Assured Guaranty spokesman.

Assured Guaranty backs 57% of Hartford's roughly \$550 million in outstanding general obligation debt and would be on the hook for any shortfall in payments should the city enter bankruptcy. Build America Mutual backs \$103 million in Hartford debt. About \$163 million in Hartford bonds are held by U.S. mutual funds.

Hartford is in the middle of a fiscal emergency because of a weak tax base and a budget deficit of nearly \$50 million. It also has one of the lowest credit ratings in the nation.

Making matters worse, Connecticut lawmakers have been unable to reach agreement on a state budget more than two

months into the fiscal year, leaving Hartford short of state funding.

City officials have warned that the city would likely file for bankruptcy this fall unless the state provides more assistance.

Mr. Bronin has said the city can't afford to make its bond payments on time and will need to restructure its debt even if Hartford does receive state assistance.

The offer from Assured

Guaranty would provide Hartford with short-term budgetary relief but wouldn't reduce the city's total liabilities. In fact, it would add to them because delaying when the debt comes due would increase interest costs.

The city's debt payments are scheduled to jump from \$6.6 million to \$56 million in the next four years, according to city financial disclosures.

Tech Leads Stocks Lower; Facebook Posts Big Drop

By AKANE OTANI AND MARINA FORCE

Major U.S. stock indexes fell Monday, pressured by losses in technology companies' shares.

Stocks that have helped lead the market higher this year, including **Facebook** and several chip makers, were among the day's biggest decliners.

Some traders also attributed Monday's slide in major U.S. stock indexes to comments from North Korea's foreign minister, Ri Yong Ho, who said that President Donald Trump's recent comments constituted a declaration of war.

Gold for December delivery turned positive following the comments and closed up 1% at \$1,306.80 a troy ounce on the Comex division of the New York Mercantile Exchange. Gold had its worst week since early July last week.

An exchange of threats between North Korea and the U.S. has pressured major indexes and lifted assets considered havens, such as gold and government bonds, a few times over the summer.

But the stock market has largely been quiet in recent

weeks, with major indexes sticking to a narrow range and trading volumes mostly hovering below their averages for the year.

"The politics, the Washington drama—it causes a short-term bump up or down, but at the end of the day, it's really earnings that drives the market, and we've had good results there," said Karyn Cavanaugh, senior market strategist at Voya Investment Management.

The Dow Jones Industrial Average finished 53.50 points, or 0.2%, lower at 22,296.09, after losing as much as 130 points earlier in the session. It was the blue-chip index's biggest one-day decline since Sept. 5. The S&P 500 slipped 5.56 points, or 0.2%, to 2,496.66, and the Nasdaq Composite declined 56.33 points, or 0.9%, to 6,370.59.

Technology stocks slumped, with semiconductor company **Advanced Micro Devices** falling 69 cents, or 5.2%, to \$12.61 and **Nvidia** declining 8.00, or 4.5%, to 162.87—it's largest percentage decline since November.

Facebook was among the biggest decliners in the S&P 500 technology sector and the broader index, shedding 7.67, or 4.5%, to 162.87—it's largest percentage decline since November.

Some analysts linked the move to reports showing the company grappling with a series of controversies, including how it responded to Russian activity on its site before the U.S. election and its recent plan to change its stock structure, which it abandoned last week.

Meanwhile, shares of energy companies rose along with oil prices. The S&P 500 energy sector added 1.5%, with **Helmerich & Payne and Hess** among the biggest gainers.

U.S. crude for November delivery jumped 3.1% to \$52.22 a barrel, notching oil's eighth gain in 11 sessions.

Oil prices have rebounded recently as data have suggested an easing of a global supply glut and analysts have said the Organization of the Petroleum Exporting Countries looks likely to extend its pro-

duction-cut deal.

In Europe, stock indexes were largely steady after Angela Merkel's conservative alliance won the German election but lost ground to the nationalist Alternative for Germany group.

The Stoxx Europe 600 added 0.2% and Germany's DAX index edged up less than 0.1%. The euro fell 0.8% against the U.S. dollar.

"In the short term, I expect to see the euro a little bit weaker, but in a few days' time we won't be thinking about the German elections anymore," said Chris Iggo, global chief investment officer of fixed income at AXA Investment Managers, signaling this wasn't the first time Europe has seen a rise in anti-immigration parties' support.



Nvidia shares slid 4.5% on Monday as technology stocks fell. Expo attendees play a game on Nvidia graphic cards in June.

Low Tech

Declines in shares of technology companies weighed on major U.S. stock indexes Monday.



Source: FactSet

MIKE BLAKE/REUTERS

MARKETS

Bull Market for Oil: OPEC Efforts Pay Off

BY ALISON SIDER
AND CHRISTOPHER ALESSI

U.S. oil prices returned to bull-market territory while the global benchmark hit a two-year high, as investors gained faith that OPEC will successfully shrink a global supply glut.

A drumbeat of bullish data in September, including the International Energy Agency's upward revision to its demand outlook, has lifted prices. Investors have become more confident that the Organization of the Petroleum Exporting Countries will continue cutting production and that its efforts are helping bring oil's supply and demand into balance.

"It looks as though the market started to get convinced that the rebalancing is actually happening," Tamas Varga, an analyst at PVM Oil Associates Ltd. said in a note Monday.

U.S. crude prices settled Monday 23% above this year's low of \$42.53 a barrel on June 21, marking the sixth bull market for crude in four years and the first since February.

A bull market is typically defined as a gain of 20% or more from a recent trough, while a bear market is a decline of 20% or more from a recent peak.

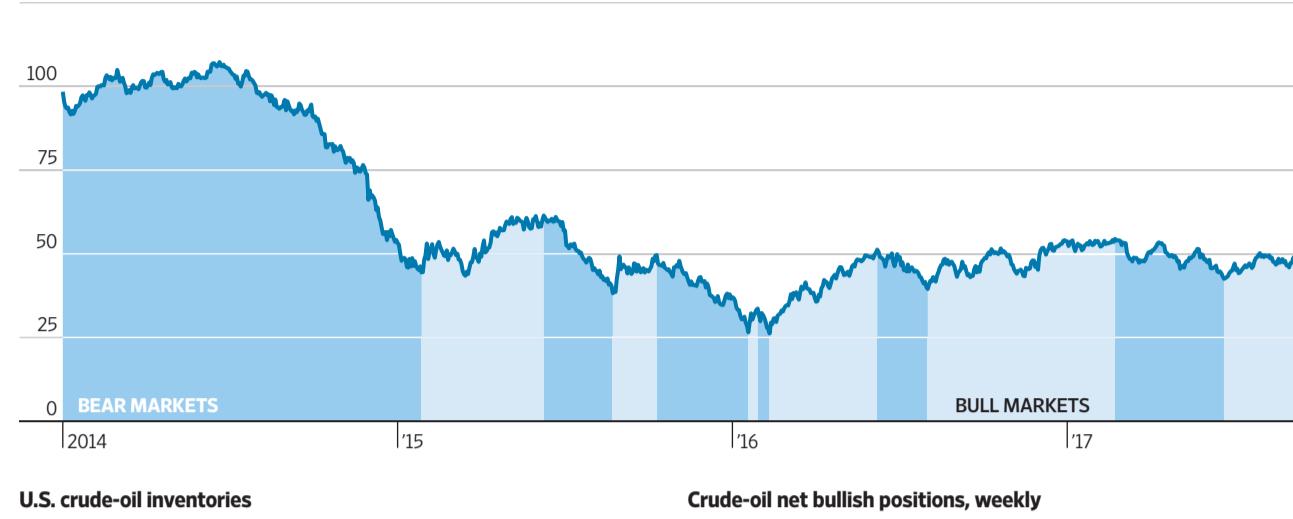
West Texas Intermediate, the U.S. benchmark, rose \$1.56, or 3.1%, to \$52.22 a barrel on the New York Mercantile Exchange, its highest settlement since April.

Brent, the global benchmark, rose \$2.16, or 3.8% to \$59.02 a barrel, its highest settlement since July 3, 2015, and its largest daily gain since December.

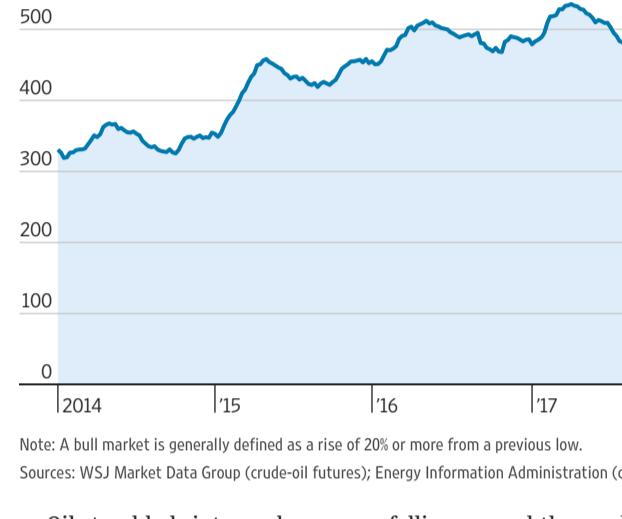
Iraqi Kurdistan's independence referendum played a role in boosting prices Monday, analysts said. Prices rose after Turkish President Recep Tayyip Erdogan made a veiled threat to close the pipeline that allows Kurdish oil to reach the global market.

On the Mend

U.S. crude climbed back into a bull market after stockpiles fell and speculators maintained bullish bets on prices.



U.S. crude-oil inventories



Note: A bull market is generally defined as a rise of 20% or more from a previous low.

Sources: WSJ Market Data Group (crude-oil futures); Energy Information Administration (crude-oil inventories); CFTC (net bullish positions)

Oil tumbled into a bear market in June as market participants became skeptical of OPEC's ability to bolster oil prices. Traders and investors were also wary that any rise above \$50 a barrel would only spur U.S. shale producers to start pumping out more crude.

But recently, investors have been encouraged by signs that shale activity is starting to level off and that stockpiles

are falling around the world.

Global demand has also been strong. The IEA earlier this month raised its forecast for demand growth this year and now expects an increase of 1.6 million barrels a day.

In a sign that prices could continue to recover, Brent crude has shifted into a market structure in which future prices are lower than near-term prices—an indication

that supplies are tight and it isn't profitable to sock away more oil in storage.

U.S. oil has also rebounded as U.S. refineries come back online in the wake of Hurricane Harvey. Prices still remain below the high of \$54.45 a barrel they reached in February.

Some hedge funds and other speculative investors are clinging to bearish bets on

U.S. crude. Earlier this year, their bullish bets outnumbered bearish ones by more than 11 to 1, data from the Commodity Futures Trading Commission show. That has shifted to less than 3 to 1, according to the most recent data.

"The short sellers haven't capitulated yet," said Donald Morton, senior vice president at Herbert J. Sims & Co., who oversees an energy trading

desk. "Those bears who are entrenched remain entrenched—they're not convinced this is over."

OPEC's continued cooperation is still far from assured. The group hasn't committed to extending its production cuts past March of next year.

And U.S. producers are once again likely to lock in higher prices for their future output—something that has capped previous rallies and worked against OPEC's efforts, said Michael Tran, director of energy strategy at RBC Capital Markets.

OPEC and 10 producers outside the cartel, including Russia, first agreed in late 2016 to cap their production at around

Investors 'started to get convinced that the rebalancing is actually happening.'

1.8 million barrels a day lower than peak October 2016 levels. The deal was extended in May through March 2018.

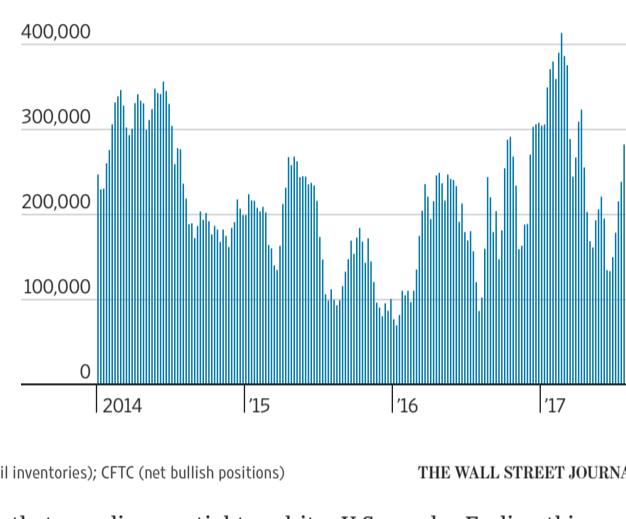
In recent weeks, a number of signatories to the deal have indicated a willingness to hold back production potentially through 2018.

The group is trying to restrain output from Nigeria and Libya, members that were initially left out of the deal because their oil industries were crippled by civil unrest that was expected to tamp down production there.

"Undeniably now, we're really seeing the fruits of OPEC's labor," Mr. Tran said. "But the key question is how much further can you go? This has given producers a key point to hedge. That could be troublesome; we've seen this movie before."

—Stephanie Yang
and Benoit Faucon
contributed to this article.

Crude-oil net bullish positions, weekly



THE WALL STREET JOURNAL.

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Funeral Stocks Still Have Some Life Left

Buried

Total shareholder returns of death-care companies



butions to unit holders, yet \$10,000 invested in StoneMor would be worth just one-seventh of an equivalent investment in SCI.

But cemeteries take a long time to pay off and each living person who buys a burial plot requires a slug of working capital to be put temporarily into a trust due to industry rules. A botched sales

force reorganization brought matters to a head last year and the distribution to unit holders was halved, savaging the stock. The entire top management has since been replaced and, with its quarterly distribution in limbo, its units hit a record low last week.

The fundamentals for death care overall are a

mixed bag. Aside from the obvious fact that everyone is a future customer, demographic trends are favorable. The number of deaths per 1,000 Americans ticked below eight at the end of the last decade. Aging baby boomers and the opioid crisis have pushed that to 8.4 for about 2.7 million deaths this year. Deaths should rise by one-third by 2040.

Sadly for funeral directors, though, the share of people requesting a cremation recently exceeded those opting for a more expensive burial.

The National Funeral Directors Association projects cremations will exceed 70% of the market by 2030.

SCI has been a good way to play the death business, but it now trades at over 22 times forward earnings, or nearly a 30% premium to its average over the past decade. Future gains should be less impressive.

Beaten-down, heavily in-

debted StoneMor is unlikely to pay anything but a token dividend for a while. Income investors have already abandoned the company, which needs to repair its balance sheet.

StoneMor can just about service its debt and fund working capital. If the company can boost revenue from the cemeteries it bought—some had no sales forces—it can chip away at leverage.

That would make it a compelling value play. There simply are no new cemeteries being commissioned these days.

Just getting back to where the units traded a year ago would mean quadrupling of the price. Indeed, the shares rallied briefly but sharply after two previous occasions that Heard on the Street spoke with the company about this investment thesis.

For the patient and intrepid, there is still a way to make a killing in death care.

—Spencer Jakab

OVERHEARD

Like borscht, revenge is a dish best served cold.

Despite two years of sanctions, many related to its oil-and-gas industry, Russia's state energy behemoth **Gazprom** has leapt to the top of a widely watched ranking of 250 global energy companies published by S&P Global Platts.

The energy research firm ranks companies on four asset and profitability measures, and Gazprom's victory wasn't the only surprise.

Exxon Mobil, which had been the reigning champ for the past 12 years, was bumped from the top by a foreign rival and also fell to ninth place.

Among its other woes, Exxon was fined \$2 million over the summer for allegedly violating sanctions on Russia.

It is a rich irony that the man running the company at the time now runs the U.S. State Department.

Unilever's Pricey Deal Is Worth the Risk

Deep Scrub

Enterprise value to Ebitda^a for Carver Korea's listed peers



*Earnings before interest, taxes, depreciation and amortization

Source: FactSet

comes the risk. Carver's sales almost tripled last year as Chinese consumers flocked to South Korea. This year geopolitics has intervened: After South Korea and the U.S. agreed to deploy a missile shield against North Ko-

rea, Chinese authorities urged their citizens to boycott South Korean products. Deutsche Bank expects profit to fall 20% this year at **Amorepacific**, one of Carver's listed peers.

Unilever is betting that Korean skin care has a bright future. Korean skin-care routines and products are rapidly developing a following in the U.S. and Europe.

Unilever's latest deal looks riskier than most, but acceptably so for a company with low leverage and an enterprise value of \$190 billion. Emerging-market brands are pluckier than they used to be. If they want to stay ahead, consumer groups such as Unilever have to be daring deal makers.

—Stephen Wilmot

AIG's Delicate Dance With Regulators

American International Group

in its current form has a solid case for escaping federal supervision. But the company's strategy could change that.

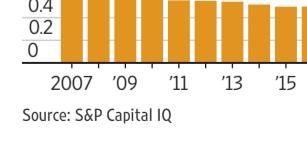
The insurer will continue to be designated as a systemically important financial institution, despite efforts by the company to get out from under government supervision, The Wall Street Journal reported.

The company argues it has transformed and shrunk dramatically since the financial crisis. Indeed, the company's total assets have fallen to around \$500 billion from over \$1 trillion in 2007.

However, AIG's new chief executive, Brian Duperreault, has signaled a shift in the company's strategy. He wants

Shrinking Systemically

AIG total assets



Source: S&P Capital IQ

AIG to return to growth, possibly through acquisitions. Being under government oversight makes this more difficult, and even laying out plans for big acquisitions could undermine his case for lighter regulatory scrutiny.

Investors shouldn't get too distracted by the debate over

the company's regulatory status, though. The capital requirements for systemically important insurers still haven't been laid out in detail by regulators and what has been outlined wouldn't be too onerous.

What matters far more for shareholders is if Mr. Duperreault's overall strategy yields better returns. His recent moves are encouraging. AIG said Monday it is replacing the head of its commercial insurance unit and restructuring the unit slightly.

Still, this restructuring could prove to be quite small compared with whatever future acquisitions Mr. Duperreault has in mind. AIG's future lies in its management's hands, not the government's.

—Aaron Back