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What's News

Business & Finance

The Fed said it would begin to shrink its bond portfolio in October and hinted it could raise rates again this year. A1

◆ Toshiba's board voted to sell its memory-chip business to a group that includes Apple and Dell for \$18 billion. A1

◆ Germany's Thyssenkrupp and India's Tata Steel unveiled plans to fuse their steelmaking businesses in Europe. B1

◆ The number of U.S. bank deals announced so far this year has dropped to 173 from 178 at the same time last year. B1

◆ Dubai's malls combine entertainment and shopping to support a healthy clip of economic growth. B1

◆ Maersk said it would sell its tankers unit to its controlling shareholder for \$1.17 billion. B3

◆ Fox News filed a motion to dismiss a defamation lawsuit from a contributor who claimed he was misquoted to bolster a conspiracy theory. B4

◆ Guggenheim's CEO is considering giving up his role as the firm contends with internal unrest. B5

◆ One of China's largest tire makers is moving forward with plans to develop a plant in LaGrange, Ga. B4

◆ FedEx said a cyberattack earlier dented earnings in its latest quarter by roughly \$300 million. B4

World-Wide

◆ Hurricane Maria slammed into Puerto Rico as a Category 4 storm, the most powerful storm to hit the island since 1928. A6

◆ U.S. cities will soon face a ballooning bill as new accounting guidelines require recording the full cost of health care promised to retirees. A1

◆ Rescuers worked to find both the living and the dead beneath rubble left by a 7.1-magnitude earthquake in Mexico's capital. The death toll topped 200. A3

◆ Trump pressed Senate Republicans to get behind the party's latest proposal to repeal the ACA. A6

◆ Japan and South Korea offered cautious praise for Trump's tough talk against Pyongyang. A4

◆ International security dominated the annual gathering of world leaders at the U.N., as they jockeyed for support to resolve global divisions. A4

◆ Republicans reached a deal that would allow tax cuts over the next decade. A7

◆ Italy's antiestablishment 5 Star Movement is set to choose Di Maio as the party's candidate for prime minister. A5

◆ Scientists in Chengdu, China are collecting and analyzing genetic data from Chinese citizens to help understand causes of cancer and schizophrenia. A3

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Fed to Shrink Its Bond Holdings

Central bank plans to start trimming \$4.5 trillion portfolio; hints at December rate rise

By NICK TIMIRAO

The Federal Reserve announced it would initiate in October its long-telegraphed plan to shrink the portfolio of bonds acquired after the 2008 crisis and kept alive the possibility of raising interest rates by December.

The Fed left rates un-

changed Wednesday and hinted it could raise rates again in 2017 even though persistently low inflation has given some officials second thoughts about a move by then.

The decision to reduce the bond portfolio has been signaled for months by the Fed, which is attempting to close the books on an unprecedented and sometimes controversial bond-buying experiment to support the U.S. economy and financial markets. The vote was unanimous.

The bigger question heading into this week's meeting

centered on how the Fed would frame the debate over raising rates in December and beyond. Fed officials' newest economic projections indicated officials still largely expect to raise rates one more time this year.

But they showed slightly less urgency about the level of rates over the long run, and more officials now see the Fed undershooting its 2% inflation target for longer than they did in June, the last time they released economic projections.

Some 12 of 16 officials said they expected the Fed would

need to raise rates at least one more time before the end of the year, the same as in June. Policy makers continued to expect three more rate increases next year, but only two more in 2019 and one in 2020.

The median projection for the longer-run level of interest rates also edged down to 2.75% in the latest projections versus 3% in June. Officials released their projection of interest rates for 2020 for the first time, and they implied many officials see little need to raise rates after 2019.

The Fed has raised rates by

a quarter percentage-point four times since late 2015, most recently in June to a range between 1% and 1.25%, after keeping them near zero for seven years.

Since officials met in July, the unemployment rate has held near a 16-year low but inflation has stayed soft, challenging the expectation of top officials including Fed Chairwoman Janet Yellen that a deceleration in price pressures this spring would prove transitory. While the labor market and economic output has

Please see FED page A6

Death Toll Expected to Rise From Powerful Mexico Quake



SEARCH IS ON: Rescuers search debris Wednesday in Mexico City, where a 7.1-magnitude earthquake the day before killed at least 227 people, authorities said. The figure was expected to rise, as an unknown number of people remain trapped in collapsed buildings. A3

INSIDE



WHAT TO DO WHEN A STORM STRANDS YOU

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PFIZER FILES ANTITRUST SUIT AGAINST J&J

BUSINESS & FINANCE, B1

ANTIFA VIOLENCE SPLITS THE LEFT

Liberals' bind: whether to denounce radicals whose aims they often share

BERKELEY, Calif.—Thousands of protesters converged on Martin Luther King Jr. Civic Center Park one Sunday late last month to confront far-right activists. Among them were dozens dressed in black with faces masked.

Organizers on bullhorns called for the

By Ian Lovett,
Jennifer Levitz
and Cameron McWhirter

crowd to be "defensive," but matters didn't stay nonviolent for long. Using clubs and wooden shields emblazoned with "no hate," groups of around half a dozen of the masked protesters beat and chased some of the small number of far-right activists who showed up at the "No to Marxism" rally, even though it had been canceled.

Broadly labeled antifa, for "antifascist,"

such protesters are part of a loose affiliation of far-left groups and individuals who unite around a willingness to confront, sometimes violently, anyone they perceive to be an agent of racism, anti-Semitism or fascism—whether white nationalists, far-right extremists, or in some cases members of the media or the police they claim protect those groups. At times, antifa activists have been credited with defending peaceful protesters; they have also been criticized as instigators.

Last month, demonstrators wearing black and promising violence in self-defense showed up at major rallies in Charlottesville, Va., Boston and Berkeley and at President Donald Trump's Phoenix campaign rally. Berkeley is bracing for more clashes starting this weekend, when conservative activists have said they are planning a series of "free

Please see ANTIFA page A8

TOKYO—Toshiba Corp.'s board voted to sell its memory-chip business to a group that includes Apple Inc. and Dell Technologies Inc. for ¥2 trillion (\$18 billion), moving the deal closer to final agreement despite objections from a Toshiba business partner.

The troubled Japanese in-

By Takashi Mochizuki,
Peter Landers
and Dana Cimilluca

dustrial conglomerate said it hoped to conclude a final contract soon with the bidder group, which is led by U.S. private-equity firm Bain Capital. Toshiba outlined a plan to keep a role in the chip unit even after the sale, reflecting its desire to stay involved in a business that has been growing quickly thanks to demand for the chips in smartphones, computer servers and other electronics.

Toshiba said it chose the Bain group over two rival groups, one that includes Western Digital Corp. and the other represented by Taiwan's Foxconn Technology Group. The decision Wednesday comes a week after Toshiba and the Bain group signed a nonbinding document saying they intended to reach a deal by Sept. 30.

At least two hurdles remain to a deal: antitrust review by authorities around the globe, and objections from Western Digital, Toshiba's partner in the chip business. Western Digital says it has the right to veto any sale, while Toshiba says no such right exists. The two parties are headed for international arbitration.

Toshiba said that under its interpretation, it could carry through with the sale of the chip unit even if Western Digital wins a favorable ruling in arbitration. Western Digital said it was disappointed by

Please see CHIP page A2

States Face Ballooning Bill for Health Care

BY HEATHER GILLERS

When Aurora, Ill., closed its books in December, about \$150 million disappeared from the city's bottom line.

The Chicago suburb of 200,000 people hadn't become poorer. Instead, for the first time it recorded on its balance sheet the full cost of health care promised to public employees once they retire.

States and cities around the country will soon book similar losses because of new, widely followed accounting guidelines that apply to most governments starting in fiscal 2018.

The new Governmental Accounting Standards Board principles urge officials to record all health-care liabilities on their balance sheets instead of pushing a portion of the debt to footnotes.

The adjustments will show that U.S. states as a group have promised hundreds of billions more in retiree health benefits than they have

Medical Attention

Net retiree health-care liabilities for all U.S. states



Source: The Pew Charitable Trusts

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saved up. The shortfall amounts to at least \$645 billion, according to a new report from the Pew Charitable Trusts based on 2015 data.

That is in addition to the \$1.1 trillion states need to pay for

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◆ Trump urges Senate GOP to back latest repeal plan..... A6

Please see BIRDS page A8

Lisbon's Luxury Resort For Pigeons

* * *

To control spread of birds, city tries pampering them

BY PATRICIA KOWSMANN

The pigeon, a ubiquitous civic irritant whose garbanzo-sized brain make it a byword for witlessness, finally has something worth bragging about.

A safe space.

For €12,000, the city of Lisbon has restored a towering birdhouse replete with fresh water, gourmet bird food and a wood-paneled interior designed, city officials say, to promote pigeon wellness.

The two-story roost, known as a "contraceptive pigeon house," is part of a growing European effort to control pigeon populations by means that are

Please see BIRDS page A8

Oracle #1 SaaS Enterprise Applications Revenue

#1

Oracle Cloud 14.5%

#2

Salesforce Cloud 12.4%

1,000+ Employees Segment, 2015

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oracle.com/applications

Source: IDC Worldwide SaaS Enterprise Applications Market Shares, 2015: The Top 15 by Buyer Size, doc #USA1913816, Dec. 2016; Table 4. For the purposes of this report, SaaS enterprise applications include the following application markets: CRM, engineering, ERP, operations and manufacturing, and SCM.

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WORLD NEWS

CAPITAL ACCOUNT | By Greg Ip

Buyer Beware for Mayors Courting Amazon



When Amazon.com Inc. announced this month it was searching for a home for a second headquarters, it made it clear the winning city should expect to dole out big incentives.

Mayors should think twice before writing a big check because the playing field between cities and companies has changed.

As the U.S. economy has shifted from manufacturing to knowledge-intensive products, that has also altered where companies decide to locate.

Countless places could host a factory or the sort of distribution center Amazon opens several times a year. In that case it makes sense for cities to outbid each other with hefty incentive packages.

But Amazon's head office operation will produce ideas, patents, and software, the product of human rather than physical capital. That significantly limits its options.

Whereas physical capital can be anywhere, including overseas, human capital clusters in a handful of cities defined by deep pools of innovative workers and companies and the quality of life that keeps them there. Such cities don't need to offer cash to attract the likes of Amazon.

Back in the 1990s, it was thought the internet would be the "death of distance." Since employees could work from almost anywhere, they would move to cheap, low-tax cities, fleeing the costly, congested, overtaxed coastal enclaves of California's Bay Area, New York and Boston.

In fact, as Enrico Moretti, an economist at the University of California, Berkeley, notes in his 2012 book, "The New Geography of Jobs," the opposite happened: The wealthiest cities have pulled further ahead while the laggards have fallen further behind. The divergence has grown since the last recession.

Mark Muro and Sifan Liu of the Brookings Institution noted in a March article that between 2010 and 2015, 14 of the country's 100 largest metropolitan areas materially increased their share of the nation's tech jobs. The three biggest share gainers—the San Francisco, San Jose and Austin areas—are already home to clusters of such jobs.

Mr. Moretti attributes this to the "network effects" of knowledge work: "Being around smart people makes us smarter and more innovative....Once a city attracts some innovative workers and

The Techie Get Techier

Job creation in the technology industry in recent years has favored cities where the sector is already entrenched. Tech job growth, 2013-15

San Francisco-Oakland-Hayward	31,500
San Jose-Sunnyvale-Santa Clara	27,500
New York-Newark-Jersey City	24,200
Dallas-Fort Worth-Arlington	15,400
Austin-Round Rock	11,200
Seattle-Tacoma-Bellevue	11,100
Los Angeles-Long Beach-Anaheim	10,900
Chicago-Naperville-Elgin	10,300
Atlanta-Sandy Springs-Roswell	10,000
Phoenix-Mesa-Scottsdale	9,500

Note: Includes software publishing, data processing and hosting, computer system design
Source: Brookings Institution analysis of Moody's Analytics data

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on the bids and less on the characteristics of the community."

Foxconn isn't about to turn Wisconsin into a hotbed of innovation; public largess virtually never does.

Innovative people, top-notch universities and serendipity can.

Silicon Valley owes its pre-eminence to the decision by William Shockley, one of the transistor's inventors, to start a semiconductor business there in 1956. Seattle was a run-down, declining city when Paul Allen and Bill Gates moved Microsoft to the area to be close to their families in 1979. Microsoft's presence, in turn, encouraged Jeff Bezos to start Amazon there since it guaranteed access to a lot of software engineers.

World-class universities are usually essential, as Boston and Austin demonstrate. This is a relatively modern phenomenon. The demise of Boston's factories turned the city into a "hollowed-out hull" by the 1970s, Harvard University economist Edward Glaeser wrote in his 2011 book, "Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier." Its universities made possible the city's resurgence on "education-oriented industries."

tries" such as engineering, computers, financial services, management consulting and biotechnology.

Those educational disparities are growing: Mr. Moretti has found that since 1980 the best educated cities have expanded their college-educated workforce share much faster than others, defying expectations of convergence.

Mark Sweeney, whose firm McCallum Sweeney Consulting advises companies on where to locate, says there's a good chance the winner of the Amazon headquarters project will pay more than Wisconsin did for Foxconn: "This really is a transformational project."

For any city not already brimming with knowledge workers, landing Amazon's second headquarters, which it says will bring up to 50,000 high-wage jobs and \$5 billion in construction spending, could indeed be transformational.

But what if your city already has them? The case for paying a rich company to do what is in its own interest is much weaker. If Amazon passes you by, odds are another company will come along.

Or, says Mr. Glaeser, "You'll create your own Amazon."

RETIRE

Continued from Page One
future pension benefits, according to Pew.

The new level of transparency around retiree health expenses for public workers could lower municipal-bond prices and force new decisions to reduce or scrap retiree health benefits as a way of coping with ballooning future costs, some analysts and researchers said.

"I think the market has understated the concern," said Richard Ciccarone, president and CEO of Merritt Research Services LLC.

Rising retiree health-care costs are compounding government pressures at a time when many state and local officials are struggling to manage their ballooning pension liabilities and balance their budgets. Waves of baby boomers are already wrapping up their working lives, and expenses are expected to rise more in the coming years.

Most states have almost nothing saved up for future retiree health-care costs.

"By not dealing with it we could be setting ourselves up for a very unwelcome surprise," said New York state Comptroller Thomas DiNapoli.

The change will lower bottom lines by tens of billions for some states. In New York, the state's health-care liabilities as reported on its balance sheet will jump to \$72 billion once the new accounting rules are in place, up from \$17 billion.

Mr. DiNapoli said New York has been upfront with bond-rating firms about its retiree health liabilities, but he hopes the new numbers will provide a wake-up call for policy makers. For the past 10 years he has helped draft legislation annually that would establish a fund to set money aside for retiree health costs, but he said those bills have stalled.

Most states have almost no money saved up for future retiree health-care costs and treat the benefits as an operating expense. States had just \$48 billion in assets set aside as of 2015 as compared with \$693 billion in liabilities, according to Pew.

One state that has been setting aside more is Michigan, where retiree health care liabilities have dropped by roughly \$20 billion since 2012 partly because of added state payments. The state also stopped offering retiree health care to new employees, instead contributing an additional 2% of salary to their defined contribution plans to limit the state's exposure to

rising health costs.

"It's transferring the risk for those inflationary items from the state to the employees," said Kerrie Vanden Bosch, director of Michigan's Office of Retirement Services.

Even so, states' retiree health obligations are still much smaller than future pension promises. Even if states were to start setting aside money for future costs, annual state spending on retiree health care would still be just 3.4% of expenditures as compared with 1.4% today, according to a study by the National Association of State Retirement Administrators and the Center for State and Local Government Excellence.

States that want to bring their liabilities down will likely face fewer legal hurdles to benefit cuts than they have with public pensions, which enjoy ironclad legal protections in many states. Courts have often upheld employers' rights to increase health-care costs and reduce coverage unless the benefits are laid out in explicit detail in a collective bargaining agreement or protected by a state constitution, said University of Minnesota Law School Professor Amy Monahan.

Among more than 80 state and local governments surveyed last year by Segal Consulting, 57% said they were somewhat or very likely to reduce benefits in response to the new accounting standards. The guidelines aren't mandatory, though they are widely followed and ignoring them can complicate audits.

The American Federation of State, County and Municipal Employees, which represents public-sector workers, opposed the new Governmental Accounting Standards Board guidelines. It said in a comment letter that "implementing new standards during a fragile recovery may lead to hasty and unwarranted decisions about retiree health benefits."

"If you're going to tell people that you're going to give the best years of your life as a firefighter or cop, you have to figure out a way to bridge those people to Medicare," said Steven Kreisberg, director of research and collective bargaining for the union. "These are manageable expenses if you want to manage them."

Training Day in Belarus



UNDER FIRE: A tank participates in the joint Russian-Belarusian military exercises at a training ground near the town of Borisov, Belarus.

CHIP

Continued from Page One
Toshiba's decision and confident that it would prevail in arbitration.

While Toshiba's statement Wednesday didn't mention Apple and Dell, Bain has said its consortium includes those two companies as well as Kingston Technology Corp. and Seagate Technology PLC. Apple plans to offer a loan guarantee of some \$3 billion to support the Bain group, a person familiar with the matter said. The person cautioned that final terms have yet to be set.

Meanwhile, Seagate, which helped assemble the Bain consortium, will contribute as much as \$1.25 billion in the form of nonconvertible preferred securities, the person said. The disk-drive maker is expected to sign a long-term supply agreement with an independent Toshiba chip business.

By joining the deal, big cus-

tomers for Toshiba's chips such as Apple may find it easier to secure supply in a market with high demand. They would also prop up a rival to the memory-chip leader, Samsung Electronics Co., which competes with Apple in smartphones.

\$7B

Toshiba's approximate after-tax profit if the deal goes through

Under the procedure outlined by Toshiba on Wednesday, it would sell the chip unit for about \$18 billion to a special-purpose company set up by Bain. Once the deal closes, Toshiba would invest ¥350.5 billion (\$3.2 billion) in that company. A Toshiba spokesman said if those steps happened as planned, Toshiba would hold a stake of between 20% and 50% in the chip unit. The sale process, which be-

gan in January, has gone through many twists and turns as a divided Toshiba board considered the offers, bidders revised their terms and the Japanese government weighed in. Japanese officials expressed caution about the bid by Foxconn, formally known as Hon Hai Precision Industry Co., because of its extensive operations in China.

Toshiba needs the money because of huge losses from its U.S. nuclear subsidiary, Westinghouse Electric Co., which filed for bankruptcy protection in March. As of June 30, Toshiba's liabilities exceeded assets by about \$4.5 billion.

If the deal with the Bain group goes through, Toshiba said it expected to earn after-tax profit of nearly \$7 billion, which it said would put its balance sheet back in the black by next March 31. That would clear the way for its shares to remain listed on the Tokyo Stock Exchange.

But the schedule is tight, even if Toshiba reaches a definitive agreement soon with

the Bain group. Toshiba's chip business has the second-largest market share by revenue after Samsung, according to research firm IHS Markit, and a sale of such a big business is normally reviewed intensively by antitrust authorities of various nations. The process often takes more than six months.

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CORRECTIONS & AMPLIFICATIONS

"collapsing." A Page One article Wednesday about Mr. Trump's speech incorrectly quoted him as saying Venezuela is "crumbling."

Open-air shopping centers and mixed-use property developments are adding outdoor entertainment programs to their projects to attract more shoppers. A Property Report

article Wednesday about landlords' efforts to increase foot traffic inaccurately referred to strip malls in the headline and article.

Patent holders have exclusive rights on an invention for 20 years after the filing date. A Business & Finance article Tuesday about auto-industry patents incorrectly said the

exclusive rights period started from the grant date.

Bordeaux, France, produced about 770 million bottles of wine last year. A Mansion article in the Friday-Sunday edition about homes in southwestern France incorrectly said Bordeaux produces almost one million bottles of wine a year.

WORLD NEWS

Mexico Scrambles to Find Quake Victims

Death toll reaches 227 as rescuers race to save the living and retrieve the dead around the capital

BY JUAN MONTES
AND ROBBIE WHELAN

MEXICO CITY—Soldiers, rescue workers and volunteers worked early Wednesday to find the living and the dead beneath rubble left by a 7.1-magnitude earthquake that destroyed scores of buildings in Mexico's capital and surrounding states.

By dawn on Wednesday, the death toll had risen to 227 people, the Mexican Civil Defense Agency said. The toll was expected to rise as an unknown number of people remain trapped in collapsed buildings.

Mexico City officials said 44 buildings collapsed, most of them multistory apartment or office buildings that fell sideways or pancaked upon themselves. Social media was full of messages seeking the whereabouts of loved ones.

In the south of the capital, a heart-wrenching scene played out at a primary school that collapsed.

Twenty children and two adults were killed at the Enrique Rebsamen school, Mexican President Enrique Peña Nieto said late Tuesday after visiting the site. At least 30 second-grade students were still missing along with eight adults, some of them teachers, authorities said.

Scores of parents and other students, as well as volunteer rescue workers, surrounded the school awaiting news into the morning hours.

The timing of the quake stunned Mexicans—coming on the anniversary of a devastating 1985 earthquake and less



Rescuers searching the debris of collapsed buildings in Mexico City, which bore the brunt of damage from the 7.1-magnitude quake.

than two weeks after another big quake struck the country.

Overnight in the hard-hit neighborhood of Condesa, army soldiers and hundreds of volunteers used big spotlights to try to find people trapped in the debris. When they heard a cry, they used shovels and picks to try to break apart concrete slabs. Smaller pieces were patiently removed by hundreds of volunteers forming a human chain.

"Is there anyone down there?" shouted a rescue worker on the top of the debris. The people gathered on the spot remained completely silent, hoping to obtain some response.

A man and his dog are believed to be still alive under the debris, said Santiago Sánchez, a lawyer who lives in

Condesa and had been helping rescue efforts since minutes after the quake.

"This is a disaster zone. A black September. But we Mexicans haven't forgotten the spirit of '85, when we helped each other," said Mr. Sánchez, his face full of dust and carrying a shovel by his shoulder. "Solidarity is everything, united we will pull out of this."

The largest toll so far was in Mexico City, where at least 96 people have died. That was unsurprising given the geography of the city, built on an ancient lake bed that often magnifies the effects of an earthquake. The bordering southern state of Morelos had 71 dead, and nearby Puebla had 43 killed. Other states accounted for the rest.

While most earthquakes that hit Mexico are centered on or near the country's Pacific coast, this quake's epicenter was unusually close to Mexico City, located just 60 miles south of the capital in Chiautla de Tapia, a small town in neighboring Puebla state, according to Mexico's seismological service.

Dramatic video footage from the capital soon after the quake showed large plumes of dust rising up from collapsing buildings. Thousands of residents gathered in the streets, many crying and frantically trying to contact loved ones. Within minutes, many rushed to help haul away rubble from toppled buildings and listen for the cries of those trapped beneath.

Tuesday's quake came just

hours after authorities staged the capital's annual earthquake drill commemorating the 1985 quake, which destroyed large sections of central Mexico City and killed at least 6,000 people.

It was the second big earthquake in less than two weeks, following an 8.1 magnitude quake that struck southern Mexico on Sept. 7, killing nearly 100 people in Chiapas and Oaxaca states. Tuesday's quake was felt much more strongly in Mexico's densely populated capital because of the proximity.

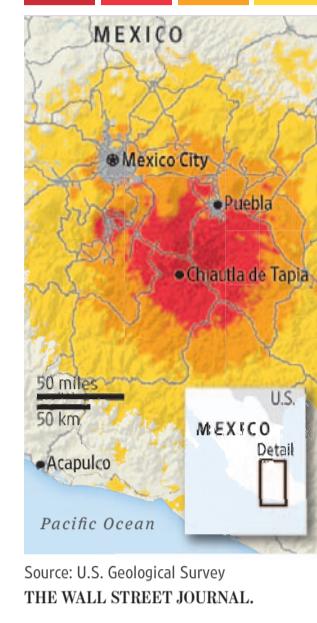
Several people recounted dramatic tales of escaping buildings that fell. Gabriela Magaña, who works in an art gallery in Condesa, was inside one building when the quake hit. She managed to make it to

Mexico Earthquake

The epicenter was reported in Chiautla de Tapia.

Perceived Shaking

Very strong Strong Moderate Light



Source: U.S. Geological Survey
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the street just before it fell.

"I just saw an immense black cloud of dust and heard a big bang. Then I started to hear crying, and the smell of gas was unbearable. It was a nightmare," she said.

When the earthquake hit, Micaela Guillén lifted her 85-year-old mother from her wheelchair and carried her down the stairs and out of her building.

"I managed to get down the stairs as glass broke all around us. I thought for sure the ceiling was going to fall on me," she said, crying as she spoke. Behind her, the building's exterior had several gaping holes, one showing an exposed bedroom.

—Dudley Althaus
and Anthony Harrup
contributed to this article.

Myanmar's Fleeing Rohingya Flood Neighbor

BY SYED ZAIN AL-MAHMOOD

TEKNAF, Bangladesh—Rashida, 20 years old, stood in the driving monsoon rain, trying to shelter her 10-day-old son with the end of her head scarf. She jostled with a crowd of about 100 people trying to reach a truck where volunteers were handing out packets of food.

She had no chance of getting close while cradling the infant. "I won't be able to eat today," she said. "If I can't get those packets, I have to go hungry."

Rashida is one of more than 410,000 Rohingya, a Muslim minority in Buddhist-majority Myanmar, who have fled to Bangladesh in recent weeks to escape a military crackdown in their home state of Rakhine. Many are camped out around the tiny border town of Teknaf, overwhelming support systems. Aid groups have warned of a humanitarian catastrophe.

Myanmar leader Aung San Suu Kyi said in a speech on Tuesday that the military hadn't conducted "clearance operations" in Rakhine since Sept. 5 and questioned why Rohingya were fleeing to Bangladesh.

Rashida said on Monday that she saw attacks after that date. "She is lying. They are



Rashida, a Rohingya woman, carries her newborn in Bangladesh.

still burning our villages, killing people," she said.

Flames and smoke were visible on Wednesday in a Rohingya village on the bank of the Naf River, which separates the countries. The Myanmar government didn't respond to questions about reports of continuing operations.

Rashida, who goes by one

name, spends nights on the ground with a dozen other refugees, under a piece of tarpaulin propped up by bamboo.

The army came to Rashida's village near Rathedaung on the morning of Sept. 5, she said. She and her husband Muhammad Yunus, a farmer, had sat down for breakfast when a neighbor burst in. Their village

would be attacked, he said, and everyone had to leave.

Before Rashida, heavily pregnant, could gather her belongings, the village was surrounded by troops and a Buddhist mob, she said. "They came in shooting and setting homes on fire with flamethrowers," she recalls.

Rashida and her husband were separated as panicked villagers tried to escape. She hasn't heard from him since and doesn't know if he is alive.

She joined other Rohingya women and children in a five-day trek through rice fields and wooded terrain to the Bangladesh border. Along the way, she gave birth in the woods.

Such accounts are common in the makeshift camps here, and are consistent with reports by human-rights groups that have accused the Myanmar military and army-backed Rakhine militias of carrying out ethnic cleansing. The United Nations has backed that description.

Myanmar Defense Minister Sein Win said the government "did not do any kind of ethnic cleansing."

People fled to Bangladesh because they had links with terrorists, he said. Some Muslim

villagers were still in the border town of Maungdaw and weren't fleeing anywhere, he said, adding that the military was providing security for everyone there, including Muslims.

Amnesty International used satellite imagery, fire-detection data, photographs and videos to support a statement on Sept. 14 that there had been at least 80 large-scale fires in inhabited areas across northern Rakhine since Aug. 25.

"The evidence is irrefutable—the Myanmar security forces are setting northern Rakhine state ablaze in a targeted campaign to push the Rohingya people out of Myanmar," said Tirana Hassan, Amnesty's crisis-response director.

The latest violence erupted after Rohingya militants raided 30 police posts on Aug. 25. More than 3,000 people have been killed in the military crackdown that followed, according to the Bangladesh government and rights groups; Rohingya survivors say the number could be far higher.

Myanmar says the army is battling militants and trying to restore peace and stability. Government spokesman Zaw Htay said civilians hadn't been targeted.

Refugees Set To Arrive In U.S. From Australia

BY ROB TAYLOR

CANBERRA, Australia—The first refugees from Australia's offshore detention centers will soon arrive in the U.S. under a resettlement deal that President Donald Trump blasted as "dumb," before his administration agreed to honor it.

Immigration Minister Peter Dutton said about 50 refugees from Australian-backed detention camps in the South Pacific nations of Papua New Guinea and Nauru would receive confirmation letters under the U.S. Refugee Admissions Program in coming days.

The U.S. State Department confirmed on Wednesday that 54 refugees had been given approval. Mr. Dutton said decisions on some 1,200 other refugees were expected "in due course."

Australian Prime Minister Malcolm Turnbull said it was up to the U.S. to decide how many people were accepted under the "extreme vetting" processes ordered by Mr. Trump.

Chinese Scientists Aim to Map Mutations in Disease Fight

BY PREETIKA RANA

CHENGDU, China—In this western Chinese city famed for panda conservation, scientists are advancing the world's most ambitious effort to save a far-less-endangered species: humans.

Their goal is to collect and analyze vast amounts of genetic data from Chinese citizens to help unearth the causes of diseases from cancer to schizophrenia, and pave the way for novel treatments.

Scientists here hope to identify mutations, or glitches in genes, that contribute to disease, then eventually personalize medicine based on the genetic blueprint of each individual—an emerging and lucrative field known as precision medicine.

China's President Xi Jinping has made such scientific innovation a centerpiece of his national goals. In this case, scientists at state-run Sichuan

University in Chengdu are part of a nationwide plan to decode the genetic makeup of at least one million citizens. The multi-billion-dollar program is designed to catapult China to the forefront of a field now dominated by the West.

China is betting it can meet its data-collection goal by 2020—two years earlier than the U.S. says it expects to achieve the same target, even though the U.S. unveiled its precision-medicine initiative more than a year before Beijing did in March 2016. Other countries including the U.K., France and Qatar are pursuing smaller programs.

"It has the potential to place us at the frontier of modern medicine," said Zhan Qimin, a scientist who was involved with drafting China's plan.

Success can pay huge public-health dividends by pointing patients to the drugs best suited to their needs, thereby reducing unnecessary government cost.

China has raced ahead with amassing people's genetic samples, as the U.S. is still preparing the needed infrastructure to formally begin that process. However, China's haste is outpacing its ability to iron out basic procedural details, such as where the data collected from participants can be stored.

Stark differences exist between participants' rights in China compared with those overseas. In the West, concerns about patient privacy, control over data and fears of employer discrimination can make it tougher to persuade people to hand over their genetic samples for research.

"Patients rarely ever say no to their doctors, and it's viewed as doing social good," said Shi Hubing, a professor leading the study at Sichuan University's West China Hospital. While volunteers' consent is sought before drawing samples, most participants agree and don't expect much in return, he said. "We can't promise to share anything with them. At this stage, we don't know what we may find ourselves," Mr. Shi said.

The U.S. plans to share per-

sonal results with participants, who will also get aggregated group results relating to the study they are taking part in.

Mr. Shi is among the first batch of scientists to receive a

Gene Race

China is bidding to leapfrog to the front of genetic research, but its data-collection program lacks the rigor of the U.S. plan.

Five national precision-medicine programs

Announced Country Genetic data expected to be drawn from Collected by year

2016 China At least 1 million people 2020

2015 U.S. At least 1 million 2022

2013 Saudi Arabia 100,000 2018

2012 U.K. 75,000 2017

2015 Qatar* 6,000 2017

*Pilot program

Source: staff reports

THE WALL STREET JOURNAL

grant to take part in China's effort. The nation's population of 1.4 billion offers a huge resource for scientists, who are primarily studying cancers, cardiovascular diseases and neurological disorders. Samples are separately drawn from healthy volunteers so that scientists can map different ethnic groups and understand whether a group is more prone to a certain disease.

At the West China Hospital, Mr. Shi's team is focusing on extracting tumor tissues and other samples from colon cancer patients. The samples are packed in dry ice and flown to Beijing, where two other state-run universities analyze them using sequencers—machines that break genetic information into a readable code.

Scientists will try to deduce which mutations, and in which genes, contributed to each patient becoming sick so that drugs can be tailor-made to treat them.

WORLD NEWS

Trump's North Korea Threat Buoys Allies

Japan and South Korea offer cautious praise for tough talk against Pyongyang

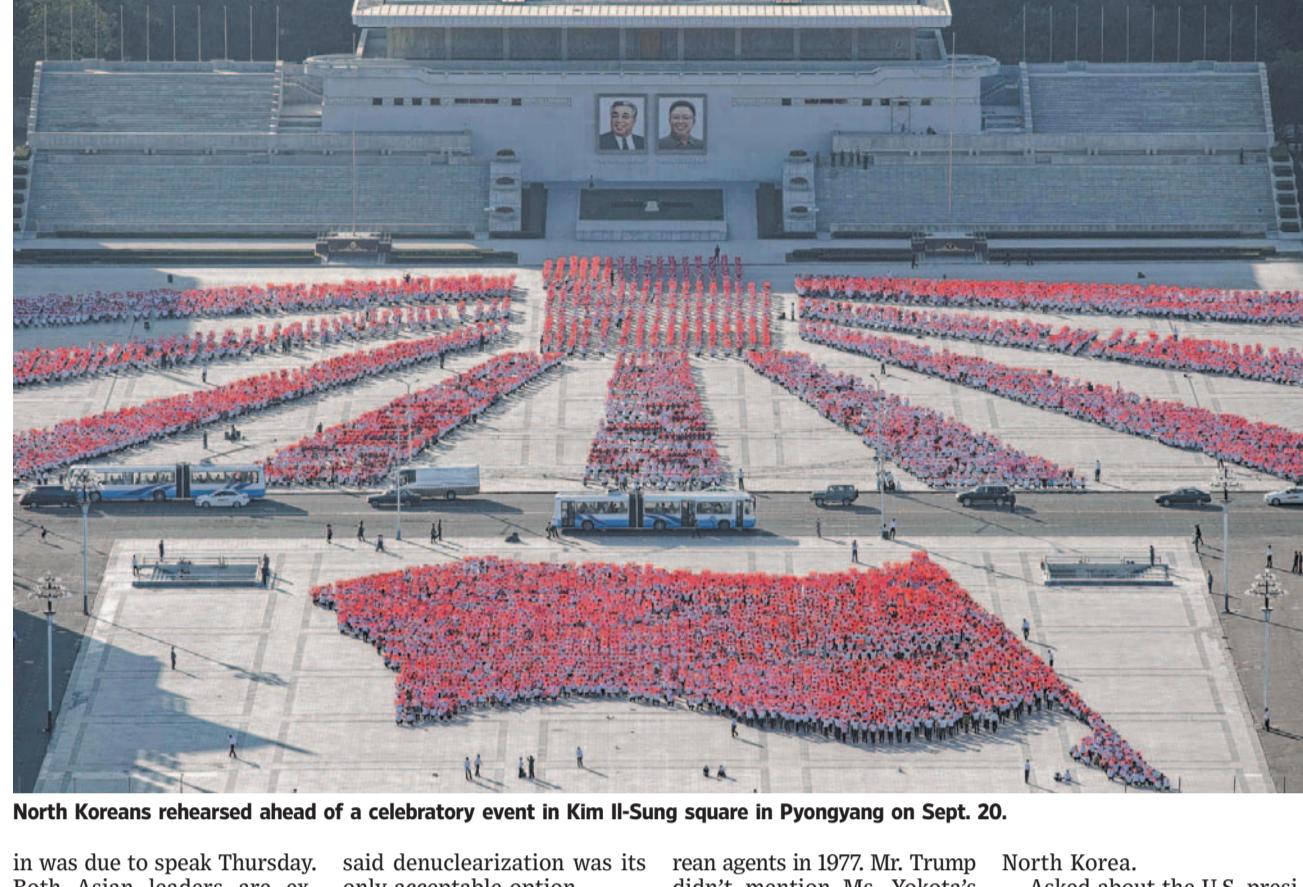
Japan and South Korea offered cautious praise for President Donald Trump's tough talk against Pyongyang in his first address to the United Nations General Assembly, where he threatened to "totally destroy" North Korea should it attack America or its allies.

China, meanwhile, reiterated its calls for the standoff to be resolved through dialogue, while Chinese state media criticized the U.S. president's remarks.

"We hope relevant parties can exercise restraint," said foreign ministry spokesman Lu Kang, who said that U.N. resolutions aimed at Pyongyang reflected the "common will and consensus" of the international community.

While angered by Pyongyang's provocations, Beijing is wary of actions that could trigger the regime's collapse, send a flood of North Korean refugees into northeastern China and bring U.S. troops based in South Korea closer to its border.

Japanese Prime Minister Shinzo Abe was scheduled to address the General Assembly in New York on Wednesday, while South Korea's Moon Jae-



North Koreans rehearsed ahead of a celebratory event in Kim Il-Sung square in Pyongyang on Sept. 20.

seriousness with which Washington regards the North Korean nuclear crisis. He reaffirmed Seoul's commitment to using "maximum sanctions and pressure" to steer Pyongyang toward giving up its nuclear arsenal.

Mr. Moon walks a delicate line in his relationship with Mr. Trump. The left-leaning South Korean president, who took office this year calling for more engagement with North Korea, has been forced to tack to the center on security issues, disappointing many members of his political base.

Amid criticism from Mr. Trump that Mr. Moon was pursuing a policy of "appeasement," Mr. Moon has emphasized his shared goal with the U.S. of using sanctions and pressure in response to the North's weapons tests. Mr. Moon, however, has stressed that pressure is only a means to bring Pyongyang to the negotiating table.

Mr. Moon's attempts to make common cause with Mr. Trump, in turn, have opened him up to criticism from North Korea that South Korean officials are engaged in "collusion with outside forces."

China has consistently urged the U.S. to negotiate with North Korea and has more recently pushed for a "dual freeze," under which Pyongyang would agree to freeze its missile and nuclear programs in exchange for Washington and Seoul halting major military exercises.

—Jonathan Cheng contributed to this article.

in was due to speak Thursday. Both Asian leaders are expected to have individual discussions with Mr. Trump as well as a trilateral meeting this week.

In a combative speech to the U.N. Tuesday, Mr. Trump blasted North Korea's pursuit of nuclear weapons and its missile program. He warned that Kim Jong Un's regime was "on a suicide mission," referring to the North Korean leader as "Rocket Man," and

said denuclearization was its only acceptable option.

There was no response from North Korea on Wednesday specifically to Mr. Trump's remarks. But Pyongyang has said in recent weeks that it wouldn't give up its nuclear weapons under any conditions.

Japan's chief government spokesman, Yoshihide Suga, praised the speech, including Mr. Trump's reference to Megumi Yokota, a Japanese girl kidnapped by North Ko-

rean agents in 1977. Mr. Trump didn't mention Ms. Yokota's name but said Pyongyang "kidnapped a sweet 13-year-old Japanese girl from a beach in her own country to enslave her as a language tutor for North Korea's spies."

North Korea has said Ms. Yokota is dead but hasn't provided proof. Mr. Abe, the Japanese leader, has long made the return of her and other Japanese abductees one of his priorities in dealing with

North Korea.

Asked about the U.S. president's "totally destroy" comment, Mr. Suga said: "It goes without saying that the strong deterrent force of the Japan-U.S. alliance is necessary to secure peace and stability in the region. From that perspective, we view favorably President Trump's stance that all options are on the table."

A spokesman for South Korea's presidential office said the speech demonstrated the

World Leaders Air Policy Disputes

BY EMRE PEKER
AND PAUL SONNE

UNITED NATIONS—International security dominated the annual gathering of world leaders Tuesday, as they delivered addresses while jockeying for support to resolve a variety of crises that highlight global divisions.

The opening salvo at the United Nations General Assembly came from President Donald Trump, who threatened to "totally destroy" North Korea if necessary, and harshly criticized the 2015 international agreement to prevent Iran from acquiring nuclear weapons.

In his wake, U.S. allies in the Middle East from Israel to Qatar and Turkey presented competing priorities and thorny policy questions. The range of issues demonstrated challenges facing the U.N. at a time members led by the U.S. question its relevance and call for reforms. On Monday, Mr. Trump unveiled a revamp that would lead to a less bureaucratic and more effective U.N., drawing some support from leaders on Tuesday.

"It doesn't benefit anyone to insist on sticking with this crooked structure that is incapable of taking concrete steps for the good of humanity," Turkish President Recep Tayyip Erdogan said, calling for a more equitable U.N. Security Council, comprising 20 members and rotating every two years.

In recent years, major



Turkey's Recep Tayyip Erdogan, left, with Donald Trump on Tuesday.

power rivalries have gridlocked the Security Council. The five permanent members—Britain, China, France, Russia and the U.S.—couldn't clinch compromises on a range of international crises led by the Syrian conflict, now in its seventh year, and North Korea's nuclear arms push.

One bright spot for the U.N. has been the Iran nuclear deal, negotiated by the permanent Security Council members plus Germany, and with European Union involvement. That achievement, however, came under renewed threat Tuesday as the U.S. president denounced it, amid a continuing administration policy review.

Israel aligned closely with Mr. Trump, calling for major powers to "fix or nix" the Iranian nuclear deal that Prime Minister Benjamin Netanyahu said stoked Tehran's regional rise.

"An Iranian curtain is de-

scending across the Middle East," Mr. Netanyahu said, vowing to fight what he described as Iran's bid to dominate the region.

But Qatar, home to a U.S. military base, advocated engaging Iran for stability and instead attacked other Washington allies—Saudi-led Arab nations—for blockading the tiny Gulf emirate.

Sheikh Tamim bin Hamad al-Thani appealed for an unconditional dialogue to end what he said was a betrayal to end Qatar's sovereignty. The Saudi-led bloc abruptly severed ties with and moved to isolate Qatar early June, accusing it of "financing, adopting and sheltering extremists."

"I stand here while my country and my people are subjected to a continuing and unjust blockade," Mr. al-Thani said at the U.N., adding the move amounted to human

rights violations.

Turkey, a longstanding North Atlantic Treaty Organization ally of the U.S., called on Saudi Arabia to resolve the issue as "the older brother" in the Gulf.

Mr. Erdogan also said that peace in the Middle East would be only possible with a two-state solution between Israelis and Palestinians, calling on Israel to halt settlement construction in disputed territories.

The Syrian conflict, the refugee crisis and terrorism were top of the agenda for Turkey. Mr. Erdogan said the crises all were interlinked and that their global ramifications could only be resolved with a political settlement in Syria. The U.S. and Russia's backing for opposing sides in the Syrian conflict has ground U.N. efforts to a stalemate.

The plight of Rohingya Muslims in Myanmar and fleeing to Bangladesh, Mr. Erdogan said, "amounted to ethnic cleansing" and posed the latest test to the international community. If the world fails to act, he said, it would repeat the mistakes that fueled the Syrian war, and with it the refugee crisis and Islamic State terrorism.

"If this tragedy in Myanmar is not stopped, the history of humanity will face the embarrassment of another dark stain," Mr. Erdogan said. "We need to develop a new perspective for world peace; no crisis or threat can be resolved by leaving it on its own."

Trump: Decision Made on Iran Deal

BY ELI STOKOLS

NEW YORK—President Donald Trump told reporters that he has reached a decision about whether the U.S. will continue to adhere to the Iran nuclear deal, although he declined on Wednesday to reveal what the decision is.

At the outset of a meeting with Palestinian leader Mahmoud Abbas, Mr. Trump, who on Tuesday criticized the 2015 agreement between Iran and six world powers as "an embarrassment to the United States," responded to a question from a reporter who asked if he has decided what to do on the matter. "I have decided," the president said.

Mr. Trump's comment came ahead of a meeting among U.S. officials and other world leaders in a session that is expected to focus on the Iran agreement. The meeting will take place on the sidelines of the annual United Nations General Assembly meeting.

The president's address to the General Assembly on Tuesday, in which he denounced the deal largely orchestrated by former President Barack Obama, drew an angry rebuke on Twitter from Iran's foreign minister, Javad Zarif, who called it "ignorant hate speech."

Secretary of State Rex Tillerson, who was scheduled to meet with Mr. Zarif on Wednesday, said late Tuesday that the U.S. would remain a part of the agreement only if it is modified to tighten restrictions on Iran's nuclear program that loosen after the year 2025 under the deal.

Mr. Tillerson's demand for modifications, made in an interview on Fox News, was the most specific such U.S. demand yet and comes as European officials have pressed the Trump administration to remain part of the deal.

The White House also has said it wants to broaden inspections permitted under the nuclear agreement to non-nuclear sites, a proposal Iran strongly opposes.

The Trump administration by October must issue a determination on whether it believes Iran is complying with the 2015 agreement. Despite the president's public comments that Iran isn't complying with the spirit of the agreement, the White House has twice certified to Congress that the country is complying with terms of the deal.

Other world powers that are party to the deal—the U.K., Germany, Russia, China and France—continue to support it and say that it is working.

Proposed Catalan Vote Prompts 13 Arrests

BY JEANNETTE NEUMANN

MADRID—Spanish police arrested 13 people in the region of Catalonia and in Madrid for their alleged involvement in planning a vote to secede from Spain, the boldest move yet by Spanish authorities to stop the Oct. 1 ballot.

Early Wednesday morning, Spain's Civil Guard police forces searched 22 properties, including offices of Catalonia's regional administration in Barcelona, and arrested an official in charge of the region's economy, Josep Maria Jové, according to a spokesman for the Catalan government.

Twelve others, most of them regional-government officials, were also arrested on suspicion of abetting the organization of the unauthorized independence referendum, according to a police spokesman. One of those arrested was detained in Madrid.

Hundreds of people gathered in central Barcelona to

protest the arrests, reflecting deepening tensions in one of Spain's most-severe political crises in a generation.

Catalan President Carles Puigdemont said the arrested officials had the support of the regional government. "We think the Spanish government has crossed the red line that separated it from authoritarian and repressive regimes," he said in televised remarks.

The arrests are the latest response by Spanish authorities, who are seeking to squelch the independence referendum without further fueling separatist sentiment in Catalonia. Last week, the central government said it was taking greater control of Catalonia's finances to guarantee regional authorities weren't dedicating any funds to organizing the referendum.

Catalan regional administration leaders have insisted they will hold a referendum on independence from the rest of Spain on Oct. 1.

WORLD WATCH



BAZ RATNER/REUTERS

KENYA

Court Criticizes Electoral Officials

The country's Supreme Court lambasted electoral officials in a detailed account of the reasoning behind its unprecedented annulment of last month's presidential

election, casting doubt on whether a repeat vote can go ahead when expected.

Incumbent President Uhuru Kenyatta was declared the winner of the Aug. 8 elections, but the result was challenged by his long-time opponent Raila Odinga, who maintained there were deliberate irregularities, including hacking of the

electoral commission's computer system.

The country's top court for the first time in African history overturned an election, siding with Mr. Odinga's petition and calling for a new poll, which is now scheduled in October.

The Electoral and Boundaries Commission, known as the IEBC, didn't upload all the legal forms verifying electoral results in thousands of polling stations and shouldn't have put out official results without them, the court said. A study by the court of a random sample of those forms found that many lacked proper watermarks, stamps and other marks of validity.

—Matina Stevis-Gridneff

UNITED KINGDOM

Police Continue Bombing Inquiry

Police are investigating whether an 18-year-old refugee suspected of planting a bomb on a London subway car practiced building the device in a shed in

his foster home's backyard, a Western security official said.

Investigators over the weekend searched the house in Sunbury-on-Thames, a London suburb where neighbors said the young man arrested in connection with the attack had been living. The Western security official confirmed neighbors' description of him as a refugee from the Middle East. Police haven't released his name.

Investigators are sifting through the man's online and phone records for clues on how he was allegedly radicalized and how he learned to build the hydrogen-peroxide-based TATP bomb, the official said.

Police arrested a 25-year-old man on Tuesday and two others, a 48-year-old man and a 30-year-old man, on Wednesday in Newport, Wales, in connection with the attack, bringing the total in custody to five. On Saturday, police arrested a 21-year-old man in West London.

—Jenny Gross and Jason Douglas

WORLD NEWS

Italy 5-Star Courts Broader Support

BY GIOVANNI LEGORANO

ROME—Italy's antiestablishment 5 Star Movement is picking a new standard-bearer with a key qualification: He looks and talks like a mainstream politician.

The 5 Star Movement—one of Europe's largest upstart political parties—is set to choose Luigi Di Maio, the 31-year-old deputy speaker of the lower house of parliament, as its candidate for prime minister in Italy's next general election, which must occur by May. He is running in an online vote this week, with the winner to be anointed on Saturday as 5 Star kicks off its campaign.

In Mr. Di Maio, an observant Catholic who prefers a suit and tie to the jeans worn by many 5 Star proponents, the group is choosing a figure who could pick off voters angry with established parties but wary of the movement's firebrands and its more radical ideas.

"We absolutely don't want to create a populist, extremist and anti-European Italy," he told a group of Italian business leaders early this month. "Our objective is creating [and] building, not destroy-

ing....We have always repudiated populism."

Fuelled by discontent over the country's slow growth, high unemployment and a political class many voters see as self-serving, the movement founded by comedian Beppe Grillo has rocketed to prominence. It took a quarter of votes in its first national election bid in 2013, then won mayoral races in Rome, Turin and elsewhere last year.

Even as anti-establishment movements fade elsewhere in Europe, the movement's popularity has remained robust despite a series of high-profile stumbles from its outsider politicians, who have included students and unemployed workers.

But the rise of a man whose first paid regular job was as a member of parliament has fed into criticism that the movement—which brandishes inexperience like a badge of honor—is unprepared to govern.

Nicola Biondo, a former 5 Star spokesman, said Mr. Di Maio "embodies the weaknesses of the movement....Giving large responsibilities to people who have never had any responsibility—they are

just too young—will be a disaster."

Mr. Di Maio said that regardless of the party's experience, Italy needs change. The 5 Star Movement "wanted more time to learn, to grow, to demonstrate it can run this country," he said during an appearance at Harvard University in May. "But given that experts have reduced the country to these conditions, we had no time." Mr. Di Maio declined requests for an interview.

An Ipsos poll this month for the *Corriere della Sera* daily asking voter intentions put support for the 5 Star Movement at about 27%, matching the Democratic Party—whose Paolo Gentiloni is currently premier—as Italy's largest.

The movement has vowed tougher anticorruption laws and a minimum guaranteed income if it emerges from upcoming elections as head of a minority government.

Some of its most prominent figures, chiefly Mr. Grillo, have called for Italy's exit from the eurozone and a repudiation of the fiscal constraints imposed by the European Union. Mr. Di Maio, while promoting many of the same ideas, has taken a



Luigi Di Maio became deputy speaker of the lower house of Parliament at the age of 26.

MATTEO BAZZI/EPA/SHUTTERSTOCK

less incendiary tack.

In a step toward clarifying the movement's position on a signature issue, Mr. Di Maio told business leaders this month that a 5 Star government would view a referendum on Italy's membership in the euro as "a last resort."

"We are not against the European Union," said Mr. Di Maio. "We want to stay at the table and renegotiate some rules that are suffocating our economy."

The remark cut through a cacophony of voices within the 5 Star Movement on its position as the group works to refine its program. It also comes after hardline anti-euro positions failed in elections in the

Netherlands and France.

A spokesman for the movement didn't return a request for comment.

Mr. Di Maio, a technology aficionado who made his first activist splash with a web-based documentary supporting a protest by shopkeepers in his hometown of Pomigliano d'Arco, helped found local 5 Star chapters there while studying law at university.

In 2010, while still a university student, Mr. Di Maio ran for city council in his hometown outside Naples as a candidate for the newly formed group. He lost, getting just 70 votes.

In parliamentary elections three years later, Mr. Di Maio

rode the populist wave that saw 5 Star win a quarter of all votes cast and 17% of seats in Italy's legislature.

He won 189 votes in an online vote among 5 Star activists held to choose parliamentary candidates, enough to put his name on the ballot. He went on to win a parliamentary seat and became deputy speaker of Italy's lower house, at 26 years old.

Defenders say Mr. Di Maio has performed well as deputy speaker of the parliament. "From the very beginning he managed the works of the chamber with a steady hand," said Danilo Toninelli, a 5 Star deputy and close ally of Mr. Di Maio

OECD Urges Politicians to Step Up as Stimulus Ends

BY PAUL HANNON

A pickup in global economic growth will prove short-lived unless governments increase spending on projects that boost productivity and push through overhauls that deal with the legacy of the financial crisis, including the problem of "zombie" firms.

That is the verdict of the Organization for Economic Cooperation and Development in its quarterly report Wednes-

day. The Paris-based think tank's new growth forecasts come as leading central banks prepare to wind down their stimulus measures and places the onus on politicians to take advantage of a synchronized upturn to tackle the enduring problems of insufficient investment, weak productivity and wages growth, and high levels of income inequality.

The OECD said the global economy would grow by 3.5% this year and 3.7% next, up

from 3.1% in 2016. It left its growth forecasts for the U.S. unchanged, but raised its projections for both France and Italy, although it expects Germany to continue to lead the eurozone's recovery. It now expects the French economy to grow 1.7% this year and 1.6% next, while Italy is seen expanding by 1.4% and 1.2% respectively. "Headwinds from the recent euro appreciation on activity are expected to be modest," it said.

While central banks have spent the past nine years supporting demand growth, the OECD now wants to switch the focus to policies that boost supply, or the economy's capacity to produce goods and services.

"We want to exhort policy

makers to undertake reforms

that are needed to ensure pro-

ductivity growth is more robust

going forward," said Catherine

Mann, the OECD chief econo-

mist who has worked at the

U.S. Federal Reserve and the

Council of Economic Advisers.

Its only significant growth downgrade was to India, reflecting the impact of the new Goods and Services Tax. Even so, it still expects the Indian economy to grow by 6.7% this year and 7.2% next.

With global economic growth strengthening, central banks see less need for stimulus. Later Wednesday, the Fed was expected to announce the beginning of a yearslong program to shrink its bond portfo-

lio. The European Central Bank is likely to announce in October that it will start to reduce its monthly purchases of government bonds early in 2018. And November is likely to see the first increase in the Bank of England's key interest rate since 2007. If each delivers, it will be the first time that they have moved together to withdraw stimulus since adopting extraordinary measures to revive economies scarred by the financial crises of recent years.

Peter Paul Rubens, detail from "Portrait of Albert and Nikolaus Rubens", c. 1626/27.

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VALUES WORTH SHARING

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U.S. NEWS

GOP Urged to Support Health Bill

Trump singles out Rand Paul in a tweet as Graham-Cassidy push continues

By KRISTINA PETERSON
AND LOUISE RADNOFSKY

WASHINGTON—President Donald Trump pressed Senate Republicans on Wednesday morning to get behind the party's latest proposal to repeal the Affordable Care Act and singled out for criticism the only GOP senator who has stated his opposition to the bill.

"I hope Republican Senators will vote for Graham-Cassidy and fulfill their promise to Repeal & Replace ObamaCare," Mr. Trump, a Republican, tweeted Wednesday, referring to a bill from GOP Sens. Lindsey Graham of South Carolina and Bill Cassidy of Louisiana. "Money direct to States!"

Senate Majority Leader Mitch McConnell (R., Ky.) can afford to lose only two Republican votes to pass the health bill, because no Democrats are expected to support it. So far, Sen. Rand Paul of Kentucky is the only Republican to publicly say he would oppose the legislation, drawing Mr. Trump's fire as a result.

"Rand Paul is a friend of mine but he is such a negative force when it comes to fixing healthcare," Mr. Trump tweeted. "Graham-Cassidy Bill is GREAT! Ends Obamacare!" Mr. Trump said, using shorthand for the ACA's nickname, Obamacare.

Mr. Trump's effort to cajole Mr. Paul marks his latest criticism of members of his own party on health legislation. After the Senate came one vote short of passing an earlier



Sen. Rand Paul is the only Republican to say he would oppose the legislation, drawing Mr. Trump's fire.

ANDREW HARRER/BLOOMBERG NEWS

"skinny repeal" health-care bill, Mr. Trump sharply criticized Mr. McConnell and Sen. John McCain of Arizona, who cast an unexpected no vote that helped scuttle the bill.

The Graham-Cassidy bill would largely turn federal funding from the ACA into block grants that states could use to set up their own health systems. It would also significantly cut funding for Medicaid, a federal-state program for low-income and disabled people.

A week ago, many lawmakers of both parties dismissed the proposal as a long shot. But it has rapidly gained momentum as GOP senators have scrambled to take advantage of a closing window for passing a Republican-crafted health plan.

After Sept. 30, Republicans would no longer be able to take advantage of a procedural shortcut tied to the budget that would enable them to

pass the health-care bill with 50 votes, which would then require a tiebreaking vote from Vice President Mike Pence. Most bills take 60 votes to clear the Senate, where Republicans hold 52 seats.

Sen. Susan Collins (R., Maine) has said she has serious concerns over the bill and the rush to try to pass it before Sept. 30. Other GOP senators remain undecided, including Lisa Murkowski of Alaska and Mr. McCain, both of whom voted "no" on the earlier health-care bill in July.

Mr. Paul said this week that the Graham-Cassidy bill wouldn't do enough to dismantle the ACA and would saddle Republicans with political responsibility for the health-care system.

"You have a lot of people

who are walking around in this paranoid fashion saying we just have to do something

before the 2018 election. But you can do the wrong thing. We don't want to do the wrong thing," Mr. Paul told reporters this week.

Mr. Paul has long been a thorn in the side of party leaders seeking to cobble together 50 votes, typically raising objections that differ from other conservatives and that are hard to reconcile with centrist lawmakers' demands. GOP leaders have indicated they are frustrated by what they see as Mr. Paul's inconsistent demands and uncertain commitments. But he remains a target to reach the 50 vote cutoff.

The White House alternately needled and cajoled Mr. Paul during the seven months of negotiations leading up to the failed July repeal bid in the Senate, investing hours in scathing tweets and rallies in his home state. But it also held private meetings and tele-

phone conversations to win him over. He ultimately supported the latest version GOP leaders pushed in July.

The Graham-Cassidy bill faces some of the same challenges that sank the earlier repeal effort, such as the concern of centrist Republicans that the proposal goes too far in cutting funding for the Medicaid federal-state program, which has accounted for most of the current law's coverage gains. Estimates by the Congressional Budget Office have said millions would lose coverage under the GOP's various bills.

Because of the Graham-Cassidy bill's constrained timeline, there would be no time for debate on the Senate floor or for a full updated analysis by the CBO of what the bill would mean for the uninsured rate and for U.S. health-care spending.

To help concentrate support for the Graham-Cassidy bill, Republican leaders sought to sideline bipartisan negotiations between Sens. Lamar Alexander (R., Tenn.) and Patty Murray (D., Wash.) to shore up the ACA's individual insurance market because of concerns that the effort would compete with the repeal push. That came right as Ms. Murray moved toward Mr. Alexander's requests for more state flexibility, putting a bipartisan deal in closer reach, according to people familiar with the talks.

In a statement late Tuesday, Mr. Alexander said he and Ms. Murray had "worked hard and in good faith, but have not found the necessary consensus among Republicans and Democrats to put a bill in the Senate leaders' hands that could be enacted."

—Michelle Hackman contributed to this article.

FED

Continued from Page One
largely performed in line with officials' expectations this year, inflation has been a puzzle. In recent years, factors such as a decline in commodities and energy prices, a stronger dollar and labor-market slack helped explain why inflation undershot the Fed's target, but those influences have faded and yet inflation hasn't rebounded.

The Fed's preferred annual inflation gauge, excluding volatile food and energy categories, stood at 1.4% in July, down from 1.9% in January and below the central bank's 2% target.

Officials boosted their projection of gross domestic product for this year. They now expect economic output to rise 2.4% this year, versus a projection of 2.2% in June, and they still expect the unemployment rate to fall to 4.3% this year. But they revised down their projection of core inflation to 1.5% for the end of this year, from 1.7% in June, and to 1.9% for the end of next year, versus 2% in June.

The Fed isn't expected to alter rates at its next meeting, Oct. 31-Nov. 1, leaving a mid-December policy meeting as the Fed's last scheduled chance to push rates higher this year.

Meantime, the Fed has managed to formulate plans to shrink its \$4.5 trillion portfolio of bonds and other assets without provoking much concern from investors. How Ms. Yellen navigates this final chapter could shape how future policy makers view the relative merits of the bond-buying episodes in subsequent downturns and could offer a road map for other central banks that are preparing their own retreat.



Maria knocked down trees in a parking lot at Roberto Clemente Coliseum in Puerto Rico. The hurricane made landfall on the island Wednesday as a Category 4 storm.

Maria Pummels Puerto Rico With 155 MPH Winds

BY JOSÉ DE CÓRDOBA
AND JOSEPH DE AVILA

SAN JUAN, Puerto Rico—Hurricane Maria slammed into Puerto Rico early Wednesday, pounding the island with huge waves, massive rain and lashing winds as the storm buzzed its way through the mountainous island.

Maria made landfall on the island's southeast section early Wednesday as a Category 4 storm with sustained winds of 155 miles an hour, the most powerful hurricane to hit Puerto Rico since a 1928 storm that killed more than 300 people.

Maria could dump as much as 18 inches of rain on the island and is likely to trigger flash floods and mudslides. More flooding is likely to come in coastal areas hit by a storm surge, predicted to be up to 9 feet, accompanied by large and destructive waves.

Puerto Rico Gov. Ricardo Rosselló said Wednesday morning that conditions on the island were deteriorating rapidly. "This is clearly going to be the most devastating storm in the history of our island," Mr. Rosselló said in an interview on NBC.

The National Weather Service said Wednesday morning that several rivers in Puerto Rico have begun to overflow, leading to flash-flood emergencies for several municipalities on the island.

Michael Brennan, a senior hurricane specialist with the National Hurricane Center, said Puerto Rico was facing "very dangerous conditions"

Wednesday with flash-flood emergencies from all major rivers on the island.

On the island of Dominica where Hurricane Maria hit Monday night, Hartley Henry, principal adviser to Prime Minister Roosevelt Skerrit, said the storm had claimed seven lives and knocked out all telephone services on the island.

"It's really very grim," said Mr. Henry in an interview with ABS TV Radio Antigua & Barbuda. "We now have far more persons who are now homeless and now without a roof over their head and little or no hope of having one in the short or medium term."

Hours before the storm made landfall in Puerto Rico, its winds knocked out power in many places throughout the island. Puerto Rico's electricity

grid had been hit hard two weeks ago when Hurricane Irma passed off the island's north coast, knocking out power for more than one million people. Thousands who lost power during Irma never had it restored before Maria hit.

The National Hurricane Center forecast that Maria's center would move off Puerto Rico's northern coast in the early afternoon Wednesday.

"It scares you. One is not used to seeing the fury of nature like this," he said.

This is clearly going to be the most devastating storm in the history of our island.'

Before dawn Wednesday, Maria's howling winds pelted San Juan with driving rain. The conditions knocked down street signs and broke streetlights in the historic old city in two. By midmorning, winds had changed course and were blowing from the south, turning the bay into a cauldron of whitecaps.

"This is the worst I've seen," said Walter Pedreira, a solar-energy developer who was riding the storm out in a house in a San Juan suburb

Eric Gavilan 37, who works in the pharmaceutical-drug industry took refuge in a San Juan hotel with his French bulldog after he saw Maria gain strength and reach Category 5 strength.

Mr. Gavilan, who lives with a roommate in a 13th-floor apartment facing the sea, decided it was too much of a risk to ride out the storm after seeing images of the destruction brought upon smaller Caribbean islands by Irma. "The apartment is all windows," he

said. "We saw it was a 5 and we decided to get out."

The two storms will add pressure on Puerto Rico's already strained finances. Both the island's government and its state-owned public-power monopoly are under bankruptcy protection after years of overborrowing and a decade of economic recession. The U.S. Congress installed an oversight board last year to renegotiate about \$73 billion in debt and coax business interests back to the island.

Puerto Rico's economic woes have caused the government to slash its budget, cutting deeply into education and shutting schools. The island's downward spiral has led to a mass migration of residents to the U.S.

Before hitting Puerto Rico, Maria struck the island of St. Croix, one of the U.S. Virgin Islands that had been largely spared major damage when Hurricane Irma decimated its sister islands of St. John and St. Thomas two weeks ago.

And on Monday night, the storm—then a Category 5—took into the Caribbean island of Dominica with maximum sustained winds near 160 miles an hour, ripping away roofs,

knocking out electricity and inundating streets and mountainsides with heavy rain.

Dominica's prime minister was scheduled to board a helicopter to view the destruction on the hard-hit eastern side of the island, Mr. Henry said. The damage likely will far exceed the damage from Tropical Storm Erika, which battered the island in 2015, he said.

Erika killed about 30 people there and left hundreds homeless. In 1979, Category 3 Hurricane David killed an estimated 56 people on the island and left three out of every four homes uninhabitable.

Maria blew the roof off many of the shelters on the island of 74,000 that is heavily reliant on agriculture, offshore banking and some tourism, Mr. Henry said. "The housing stock is severely damaged if not destroyed in many instances," he said.

A hurricane warning remained in effect for the northern coast of the Dominican Republic, Turks and Caicos Islands and the Bahamas where the storm was expected to bring dangerous winds, storm surge and heavy rains.

—Anthony Harrup contributed to this article.

U.S. NEWS

Republican Senators Cite Budget Deal

By RICHARD RUBIN
AND SIOBHAN HUGHES

WASHINGTON—Senate Republicans reached a deal that would allow tax cuts over the next decade, bridging party divides over trade-offs between tax cuts and budget deficits and taking an important step toward tax-overhaul legislation.

Sens. Pat Toomey (R., Pa.) and Bob Corker (R., Tenn.), representing opposing fiscal-policy viewpoints in the Senate Budget Committee, said Tuesday they struck the agreement, which senators said could lead to a committee vote as early as next week.

Mr. Toomey had been seeking tax cuts that might reduce revenue by as much as \$2 trillion over a decade. Mr. Corker, more wary of budget deficits, had been arguing for a smaller number. The number could be as much as \$1.5 trillion in revenue-reducing tax cuts, but neither senator would confirm the figure in advance of a formal announcement.

Mr. Corker said he was willing to let the budget move ahead to get the tax bill started. He said he would judge the eventual tax plan by how much it encouraged economic growth and avoided increasing budget deficits.



Sen. Bob Corker (R., Tenn.) said a tentative budget deal reached by Senate Republicans would set up passage of a tax-overhaul bill.

this budget agreement does, the only thing it really does is begin the tax reform discussion," Mr. Corker said.

The full Senate would need to vote on the budget, and Republicans could lose only two votes from their 52 members. Then they would need to align it with the House budget that came out of committee in July.

As written, the House budget likely doesn't allow for as large a tax cut as the Toomey-Corker pact and is tied to more than \$200 billion in cuts. Those gaps will require a House-Senate negotiation.

Then, using the size of the tax cut in the budget as the maximum, the House and Senate would each write their own tax bills. Those measures are likely to diverge from each other and force lawmakers into the trade-off debates and lobbying fights that have prevented a major rewrite of the tax code since 1986.

The tax-writing committees plan to work off a blueprint being released next week by top negotiators from the House, Senate and White House.

They face the challenge of offering enough detail to make congressional Republicans comfortable voting for the budget without placing too-tight constraints on the tax bill.

Rosenstein Interviewed About Comey's Firing

By ARUNA VISWANATHA
AND DEL QUENTIN WILBER

Special Counsel Robert Mueller's office has interviewed Deputy Attorney General Rod Rosenstein about President Donald Trump's firing of former FBI Director James Comey, according to people familiar with the investigation.

The interview, which occurred in June or July, presents the unusual situation of investigators questioning the person

a sign that Mr. Mueller's team doesn't view Mr. Rosenstein as a central witness in its probe, as the deputy attorney general hasn't withdrawn himself from overseeing it since that interview. A key witness likely would have to take such a step.

"It is unusual," said Peter Zeidenberg, a former federal prosecutor. "But my inference is that they are not viewing him as a potential critical witness, because either the testimony isn't that critical or there are other people that can say the same thing."

Ian Prior, a spokesman for the Justice Department, said in a statement, "As the deputy attorney general has said numerous times, if there comes a time when he needs to recuse, he will. However, nothing has changed."

Mr. Mueller's office declined to comment.

The federal probe initially was led by Mr. Comey. After the president fired him, Mr. Rosenstein named Mr. Mueller to serve as special counsel.

Mr. Trump has denied any involvement with Russia. Russia has denied U.S. intelligence agencies' findings that it sought to influence the presidential election.

In the interview with the special counsel's office, Mr. Rosenstein said that in a May 8 meeting with Mr. Trump, the president said that he knew that firing Mr. Comey wouldn't end the Russia investigation, according to a person familiar with the interview.

Campaign Funds Go To Trump Legal Bills

President Donald Trump is using funds raised for the Republican National Committee and his 2020 presidential campaign to help pay for the team of private attorneys representing him in the probe of Russian interference in the 2016 election, according to two people familiar with the payments.

The payment arrangement isn't permanent, and representatives of the campaign and party committee are still exploring whether they will continue to pay for Mr. Trump's legal team, or whether he will consider other payment options, such as a legal-defense fund, according to one of the people familiar with the plans.

The RNC paid more than \$230,000 to help pay Mr.

Trump's legal fees, according to a person familiar with the payments. That included \$131,250 paid to Jay Sekulow and \$100,000 to John Dowd, two lawyers who joined the president's legal team in June.

The RNC also paid two lawyers for Donald Trump Jr., the president's eldest son. The committee paid \$166,527 to Alan Futerfas, who was paid \$50,000 by the Trump cam-

Storms Strain Aging Sewage Systems

By KATE KING
AND VALERIE BAUERLEIN

In the days after Hurricane Irma slammed Brunswick, Ga., most businesses and restaurants were shut down. The problem wasn't just flooding or hurricane damage, it was also untreated sewage mixing with floodwater, seeping out of manholes and overwhelming an aging system of pipes and pumps.

Residents were asked not to take showers, wash dishes or flush toilets for four days, and schools were closed for more than a week. Crews, facing extensive power outages, worked to bring the sewage system back online in order to restore service.

Downtown sandwich shop Wrap Happy had no damage or flooding, but lost days of business because the water and sewer restrictions made it difficult for evacuees to return home and kept life from getting back to normal.

"It shut down our customer base," said Taneka Beasley, whose family owns Wrap Happy. "We took a really big hit financially."

The Brunswick-Glynn Joint

Water & Sewer Commission, which serves about 30,000 residential and commercial sewer customers and treats about eight million gallons of wastewater a day, said on its website that the area saw widespread sewer overflows but the wastewater "contained very dilute and minimal human waste."

Hurricanes Harvey and

Irma killed dozens of people,

destroyed thousands of

Irma made landfall in southwest Florida.

In Texas, two wastewater treatment facilities in Harris County were destroyed by

Harvey, and eight others remain nonoperational in five counties including Harris

three weeks after the record-setting rainfall.

It is impossible to design

sewage-treatment facilities

that can handle every storm,

experts said, and recent hur-

Underfunded wastewater plants also have to cope with new federal environmental rules.

homes, and caused flooding that has lasted weeks in some cases. They also exposed the failings of aging sewer systems that were unable to cope with the heavy rainfall and flooding. As a result, many of those systems released untreated sewage into streets, rivers and homes of affected towns and counties.

Local governments in Florida have filed more than 250 notices of pollution with state regulators in the days since

canes have delivered unprecedented rainfall and flooding in some areas.

But the recent storms magnified a problem that occurs regularly across the U.S. albeit on a smaller scale: sewage spills from overburdened and underfunded wastewater-treatment systems.

"We're still in a place where

there's not enough funding to

really take care of this under-

ground infrastructure," said

Rebecca Shelton, an Atlanta-

based member of the American Society of Civil Engineers specializing in wastewater treatment.

Sewage spills can contaminate drinking water, kill fish and close beaches to swimmers. The Environmental Protection Agency, which regulates water quality under the federal Clean Water Act of

1972, said that while sewage spills have significantly de-

creased over the past 40 years, 23,000 to 75,000 sewer overflows still occur in the U.S. every year.

The EPA works with states to provide low-cost loans to municipal treatment plants for capital and environmental projects, and last year the agency awarded \$7.6 billion in funding. But the brunt of operation and infrastructure costs for the nation's sewer systems are paid by customers.

Costs have increased in recent years as sewage systems grapple with meeting new federal environmental regulations and more-consistent or extreme weather events as well as regular maintenance costs,

said Matt Fabian, a partner at the research firm Municipal Market Analytics.



Untreated sewage mixing with floodwater has been a health hazard in hurricane-hit states. A home in Georgia damaged by Irma.

U.S. WATCH

ADDICTION

Makers of Opioids Are Asked for Data

A group of states investigating the opioid painkiller industry and the causes of widespread addiction stepped up its probe with a fresh demand for documents from drugmakers and distributors.

States including New York, California and Tennessee announced the moves, saying a group of 41 attorneys general served subpoenas on five manufacturers and demanded docu-

ments from the three companies that account for about 90% of the U.S. opioid distribution:

AmerisourceBergen Corp., Cardinal Health, and McKesson Corp.

"For millions of Americans, their personal battle with opioid addiction did not start in a back alley with a tourniquet and syringe," New York Attorney General Eric Schneiderman said.

"They got hooked on medicine they were prescribed for pain or that they found in a medicine cabinet."

States including Ohio and Mississippi have filed lawsuits against drug companies, alleging

they misrepresented the risks of their painkillers.

Representatives for the three

distributors said they were coop-

erating with the investigation.

—Thomas MacMillan

ECONOMY

Existing-Home Sales Tumbled in Month

Sales of previously owned homes fell in August to the lowest level in a year, reflecting a shortage of properties on the market and a sharp drop in

Houston home purchases be-

cause of Hurricane Harvey.

Existing-home sales declined 1.7% from a month earlier to a seasonally adjusted annual rate of 5.35 million, the National Association of Realtors said Wednesday. That marked the third straight monthly drop. Sales rose just 0.2% over the 12 months ended in August.

Economists said that while demand remains strong, sluggish new construction and the reluctance of owners to put their homes on the market means there simply isn't much to buy.

—Laura Kusisto and Josh Mitchell

JACQUELYN MARTIN/ASSOCIATED PRESS

Deputy Attorney General Rod Rosenstein oversees the probe.

CURTIS COMPTON/ATLANTA JOURNAL-CONSTITUTION/ASSOCIATED PRESS

—Rebecca Ballhaus

IN DEPTH

ANTIFA

Continued from Page One
speech week" events.

The antifa tactics are testing the liberal movement that has galvanized in opposition to Mr. Trump—creating a rift among its leaders, organizers and demonstrators about whether to denounce a radical fringe, some of whose antidiscrimination objectives, if not tactics, they share.

James Hannon, a psychotherapist and liberal organizer in Massachusetts who marched at a recent Boston rally against racism, said elements of the antifa movement that use confrontational tactics allow others to blur the line between leftist groups and the hate groups against which they protest.

"The social justice, the peace movement, the left or just progressives really have to start calling out the antifa and say, 'Hey, hey, hey, you don't represent us,'" said Mr. Hannon, 67 years old. "We're surrendering a moral high ground."

Following the Berkeley outbursts, House Minority Leader Nancy Pelosi, a California Democrat, condemned "the violent actions of people calling themselves antifa." Berkeley Mayor Jesse Arreguin, a Democrat, said "progressives need to disavow black bloc," a term used broadly for protesters wearing black who in recent years have used violent tactics like those espoused by some in the antifa movement.

Others on the left, however, are uncomfortable condemning such activists, particularly after last month's "Unite the Right" rally in Charlottesville. Seth Wispelwey, a United Church of Christ pastor, said he and a group of clergy who tried to block white supremacists from entering a city park were attacked and were saved only because protesters he identified as antifa stepped in and fought back.

"If antifa had not been there," said Mr. Wispelwey, who helped organize the Charlottesville clergy protest, "we could have been trampled."

Conservatives have blamed antifa for violence at a series of recent protests. Mr. Trump has consistently blamed "both sides" after confrontations, including in Charlottesville, where a driver with a history of Nazi sympathies allegedly rammed his car into a crowd, killing a woman.

'Bad dudes'

"Especially in light of the advent of antifa," Mr. Trump said last week, "if you look at what's going on there, you know, you have some pretty bad dudes on the other side also."

Mr. Trump's remarks, in particular after Charlottesville, were criticized by many on the left and right for not more clearly condemning neo-Nazis and white supremacists. Today, some liberals worry the antifa movement is undermining their efforts by, in effect, lending support to the president's claims that both the far left and far right are to blame.

During the civil-rights movement, the Rev. Martin Luther King Jr. and Malcolm X openly clashed over methods. Dr. King espoused nonviolence. Malcolm X pushed a more militant ap-



Demonstrators at the August rally in Berkeley, Calif., during which antifa protesters clashed with far-right activists.

Berkeley's Clash With Antifa

The late-August rally in Berkeley, Calif., showed the dilemma the antifa movement presents the left. The "No to Marxism in America" event was planned for Sunday, Aug. 27. Groups planning to protest organized counter-rallies.

In the weeks leading to it, some organizers—including the **National Lawyers Guild**, a protest group called Showing Up for Racial Justice, or SURJ, and representatives of groups identifying themselves as antifa—gathered to discuss tactics, said Dan Siegel, a member of the National Lawyers Guild and longtime leftist organizer.

Jeff Conant, a spokesman for SURJ's Bay Area chapter, said organizers decided against condemning any actions, including "physical confrontations," by demonstrators on the left. "We feel it serves the interests of white supremacists to divide progressive movements," he said.

Organizers took to internet message boards to ask protesters not to initiate any violence.

The right-wing event's organizer called it off two nights before it was to happen. Some sympathizers showed up anyway, and protesters went ahead with their counter-rally.

John Cookenboo, a 28-year-old warehouse worker, and Vincent Yochelson, a 23-year-old line cook, came to the Berkeley protest from neighboring Oakland with body armor, helmets and shields they had bought on eBay. They said they had hoped they wouldn't need the gear.

"I'm not going to let my friends get beat over the head or pepper sprayed," said Mr. Yochelson. "I'm going to do what I



John Cookenboo of Oakland, Calif., attended the Berkeley rally.

can to protect them."

Though the young men both identified as antifa, they said they weren't part of any organized group. This loose structure makes protests such as the one in Berkeley hard to control. The protesters are all dressed alike, but no one is in charge. Much of the coordination, Mr. Cookenboo said, is done by word-of-mouth and on closed internet message boards using pseudonyms.

"I try not to openly incite violence," he said. "I don't feel like, at the end of the day, that accomplishes too much."

Nonetheless, there was violence. One man pepper sprayed a group of masked protesters who appeared to be antifa and was quickly set upon and beaten by at least five people dressed in black, one of them using a shield fashioned from a plastic trash can. When the young man was on the ground, another black-clad activist kicked him.

Protesters in dark get-ups set off smoke bombs, toppled

police barricades and smashed the cameras of some journalists and bystanders. "You do it again, I'll break your phone," a man in a Spider-Man mask told a Wall Street Journal reporter who was taking photographs.

City officials said 13 were arrested and two hospitalized. After the event, organizers and some demonstrators said that those who behaved aggressively didn't represent the majority and that things had gone well.

"It went wonderfully," said Tur-ha Ak, a leader of Community Ready Corps, an organization devoted to fighting white supremacy, though he acknowledged "some situations here and there." He said that he didn't identify as antifa but that "they were there to protect the crowd, just like in Charlottesville."

Berkeley Mayor Jesse Arreguin disagreed: "We saw a large group of black-clad extremists who really turned a peaceful protest on its head."

—Ian Lovett

Weather Underground, said left-wing groups today are grappling with the same question: How much violence, if any, is acceptable?

Antifa protesters are even more loosely organized than the far-right-wing groups they clash with, but they are united in their willingness to use physical force. And while some

groups identify themselves by that name, the term also is used more broadly to describe the tactics used by a range of groups—some of whom may reject the antifa label.

Most people associated with the movement appear to be young men, but women and older activists also take part. Many are involved in other

causes, such as socialism or anarchism. The term also can denote opposition to capitalism.

Tactics of people calling themselves antifa have ranged from shouting down those they deem bigots to more-aggressive measures. Police linked them to damaging property and throwing Molotov cocktails in February demonstrations that led University of California, Berkeley, to cancel an appearance of a speaker who was a Breitbart News Network writer at the time.

These tactics echo those that emerged more than a decade ago among radicals on the political far-left who committed violence at major demonstrations against world leaders, such as at the 1999 World Trade Organization's meetings in Seattle. Black-garbed protesters clashed there with police and hurled bricks through bank windows.

Brian Levin, a former New York City police officer and director of the Center for the Study of Hate and Extremism at California State University, San Bernardino, said multiple studies show that in the past 15 years, extremists with far-right ideologies have committed more violence—including homicides—"by a long shot" than have extreme leftists.

An August analysis by the Cato Institute, a libertarian think tank, using data from multiple sources reached a similar conclusion, finding that since 1992, 219 people have been killed in attacks by "nationalist and right wing terrorists"; 23 were killed by "left wing terrorists," including 13 since the start of 2016.

Mr. Levin said the resurgence of these competing extremes is still dangerous and is leading to an escalating number of violent confrontations between the two sides.

At protests in Boston and Berkeley, far-left groups initiated confrontations, leading to bipartisan complaints that antifa is imposing mob rule and denying others their rights to assemble—even though antifa protesters have made up only a small proportion of the crowds.

Some activists on the left, leery of mayhem, said they would no longer march with

Antifa Rumbles

A look at some of the movement's clashes in 2017

Feb. 1: Police link antifa to damaging property in demonstrations that lead University of California, Berkeley, to cancel an appearance by a Breitbart News Network writer.

June 4: Masked, black-clad counterprotesters clash with police at a free-speech rally in Portland, Ore.

Aug. 12: In Charlottesville, Va., white nationalists and antifa who oppose them engage in a violent confrontation.

Aug. 19: Wearing bandanas over their faces, antifa counterprotesters in Boston confront anyone they deem to be fascist.

Aug. 27: A mass protest opposing a 'No to Marxism' rally in Berkeley, Calif., turns violent as black-clad activists clash with a few conservative activists.

groups they call antifa. Samantha Pree-Stinson, a Green Party candidate for the Minneapolis City Council, said she finds the movement too unpredictable.

At a March antiracism rally in Minneapolis, she said, activists chanted "punch a Nazi in the face" and litigated on fire a scarecrow dressed as a white nationalist. "The people who end up taking the rap for it are black organizers," said Ms. Pree-Stinson, 36, who described herself as a black Latina.

In Boston, masked counterprotesters distributed fliers titled "WHY ANTIFA?" The leaflets criticized the "liberal" approach of believing that elections, courts, the Constitution, a free press and other institutions would "prevent things from going too far." They called for "uncompromising militancy" against fascists and said antifa "must force their hate out of public spaces by any means necessary."

'I try not to openly incite violence,' says John Cookenboo, who identifies as antifa.

The approach worries Democratic political consultant and activism trainer Stefanie Coxe, 35, who joined more than 30,000 in Boston to counter a "free speech" rally. The initial lineup of attendees overlapped with headliners at the deadly Charlottesville rally. Organizers said the event had no links to white supremacy.

Boston's police commissioner said the event was overwhelmingly peaceful. Ms. Coxe agreed but said she felt unsettled at times by aggressive, masked activists. Anytime one of them spotted someone they considered a "fascist," she said, they rushed to "get in people's faces."

"I had never felt unsafe because of my own side before," said Ms. Coxe. "I really think we have to ask ourselves, 'Are we helping to put down white supremacy, or are we helping to give them talking points?'"

sensitive creatures."

Her proposal to create the shelters was met with resistance by neighborhood councils responsible for overseeing them, said Celia Costa, who coordinates the project for city hall. The technique's adoption, she added, was "far from being consensual."

Pigeon caretakers have clashed with the city at times. Their demand to install a fire alarm and video surveillance to protect the birds from potential saboteurs was rejected. When the city tried to equip the house with a data-gathering sensor, Ms. Antunes and her cohorts nixed the idea, saying the devices emitted harmful radiation.

Since the shelter opened in May, the birds haven't flocked to it. As a result, only 111 eggs have been confiscated. The city continues to catch and gas the birds, killing anywhere between 20 and 400 on a given day for a cost of €500.

Nevertheless, Ms. Antunes and her colleagues are already planning the next phase of pigeon pampering. "Soon we want to get a box to house the babies, to raise them and make sure they like it here enough to lay their own eggs," she said.

BIRDS

Continued from Page One gentler than gassing them to death or feeding them to reptiles at the zoo.

The scheme involves plying the birds with ground corn until they settle in luxuriant nests. When the unsuspecting birds lay eggs there, caretakers sneak in when they're not looking to replace them with fake ones.

To ensure mother pigeons don't get suspicious, at least one real egg is left in place.

Since the birdhouse opened, however, its mission has crept beyond mere population control. Caretakers have equipped the facility, which costs €250 a month to maintain, with a pigeon first-aid station, and there is talk of offering services such as deworming and, paradoxically, a nursery.

"We want to give the pigeons security and a space that is only theirs," says Joana Antunes, a 28-year-old lawyer who oversees the house with five other volunteers. "Pigeons deserve and need dignity and quality of life."

Across Europe, cities have been experimenting with pigeon



Approach. In the late 1960s and early 1970s, groups such as the Black Panthers and Weather Underground condoned violence against authorities to further goals such as ending the Vietnam War.

Arthur Eckstein, a University of Maryland professor who was an activist at that time and wrote a recent book on the



Lisbon's 'contraceptive pigeon house' (left) cost €12,000 to outfit. Above, caretakers will

replace real pigeon eggs with fake ones (such as the one on the right) in hopes of slowly reducing the number of births.

hold down the population. So far, only a dozen have moved into the house, and Mr. Vieira, the hygiene director, said his office still gets 300 to 400 calls a month from citizens whose homes, cars and clothing have been slathered in droppings.

Cristina Saigao, who is fighting a losing battle to keep bird feces off the flowers hanging from her balcony, is one of many Lisboners whose view of the birds is considerably less munificent. "Pigeons are flying rats," she said.

Regina Gato, a retiree in Benfica, said it took only days for a

officials say the bird population is above the normal level of five for every human; pigeons swarm cafes in search of scraps. Their droppings cover statues and coat antique architecture.

The contraceptive birdhouse, which opened as a pilot program in the northwestern neighborhood of Benfica, has a bright future. The city plans to open 23 more pigeon houses—one for each of its districts—aiming to build the next seven of them for €75,000.

The obvious question, of course, is whether coddling pigeons is an effective way to

recently renovated fountain there to become crusted in pigeon poop. "I just want authorities to sort it out," she said. "I'm very animal friendly, but don't we kill pigs, cows and chickens without flinching?"

Miguel de Sepulveda Velloso, a member of Movimento Fórum Cidadania Lisboa, a civic group that seeks to safeguard Lisbon's historic buildings from hazards, including droppings, said he thinks treating pigeons humanely is a bit much. "Pigeons are a plague and should be treated as such," he said.

A few years ago, Ms. Antunes, the caretaker, said she first noticed the plight of pigeons when she was volunteering to help stray cats and dogs. She began rescuing some of the birds but discovered they had no support network. "I couldn't find organizations that accepted them," she recalled.

In 2015, Ms. Antunes delivered a speech at an animal rights march in Lisbon, calling for pigeon protections. That attracted followers who helped her found a pigeon rights group called "For the Life and Dignity of the Pigeons."

"I realized how affectionate and intelligent they are," Ms. Antunes said. "They are very

LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney

The Stranded Traveler's Disaster Plan

When a hurricane or other emergency happens, you often must get creative to get safe; when hunkering down is the best move

YOU'RE TRAVELING and a big storm is coming. It's days away but you're stuck with no way home.

Before each of the recent hurricanes, airlines added some extra flights and switched some scheduled trips to larger airplanes to help evacuate. But seats were scarce as demand surged from major destinations. "People from five days' worth of flights want to get out in one day, and it's not going to happen," a spokesman for American Airlines says.

Ferries and other boats that might be used for island evacuations get moved out of storm areas quickly. No one wants to risk having expensive equipment damaged or employees injured. And chartering a private plane cost tens of thousands of dollars. Experts say hunkering down is often the best option for travelers.

Travel insurance often isn't much help in these situations. Basic policies typically cover "trip interruption" and the costs to get home, but there's a catch. Your location has to have an official hurricane warning or mandatory evacuation order before most policies pay. If you wait for that, seats are already filled.

This year's major storms have highlighted the difficulty of evacuations, especially from island or remote vacation destinations. There are some precautions travelers can take. Some services can help if hired in advance for an annual membership fee. The cost is usually about \$1,000 or less.

Naomi Ayala of Dallas was vacationing on the U.S. Virgin Island of St. Thomas with her boyfriend when they heard that Irma was about five days out. They started to hunt for flights out on Sunday, Sept. 3—one day before an official hurricane warning was issued for St. Thomas. The only option they could find: buying new tickets for a Tuesday flight on Spirit Airlines to Fort Lauderdale, plus a Southwest flight home to Dallas from there.

On Tuesday, they watched one flight after another get canceled, including their Spirit flight. They looked for flights to Mexico, Belize and other countries out of the storm's path, but couldn't get seats. So they stocked up on water and dried food and got a room at the **Bunker Hill Hotel**, a small, family-run downtown hotel built on a hillside with thick concrete walls that have withstood many storms.

For those who don't want to stay put, evacuation services are sprouting up. Medical evacuation services such as MedjetAssist, where you pay an annual membership fee for emergency medical evacuation services when needed, have been around for many years. Nonmedical evacuation services are growing. Medjet says it's considering adding optional coverage for natural disasters and pandemics.



Evacuation flights were arranged after Hurricane Irma hit to get travelers home, including this WestJet flight from St. Maarten on Sept. 11, above. Travelers in Miami, right, waited hours to get flights out.

Global Rescue offers both medical and nonmedical evacuation protection. The Lebanon, N.H.-based company helped find ways out of the path of the hurricane for about three dozen clients, including some on St. Maarten evacuated by Dutch military ships.

An annual membership for medical and security evacuations costs \$655 for an individual and \$1,155 for a family. Sales have been growing about 30% a year the past several years, says chief executive Dan Richards.

iJet International, a security advisory firm for corporations, universities, government and nongovernmental agencies, organized evacuations for about 900 people from several areas of Texas, Florida and the Caribbean.

iJet sent a team to Antigua to coordinate evacuations and move from island to island to get people out. Chartered aircraft and boats took evacuees to Puerto Rico, normally a good staging place for evacuees because it has lots of hotels and a big airport.

Still, not everyone got out. "In some cases we needed to tell clients, 'You need to hunker down,'" says George Taylor, vice president of global operations for the An-

napolis, Md., company.

Both Mr. Taylor and Global Rescue's Mr. Richards say one of the best precautions to take if you are traveling to a hurricane zone in hurricane season is to invest in reliable communications. Mr. Richards recommends a satellite texting device. It costs about \$400—cheaper than a satellite phone—and requires a monthly service fee, usually under \$20. (The fee usually can be suspended and activated for trips.)

Airlines say there are limits to how many extra flights they can add on short notice, and how close to the storm they can get. Spare planes and crews are few. Positioning hundreds of planes and thousands of pilots and flight attendants out of the storm's path can take a couple of days when big hubs are affected, forcing early cancellations from storm-impacted areas.

There are other reasons airlines shut down early, too. Outer bands of the storm can bring winds that exceed airplane limits for takeoff and landing. Airport security screeners, ground handlers, agents and other essential workers evacuate to take care of their own families and homes. And airlines and airports figure an early shutdown



minimizes the number of people left stranded at airports, which may not be secure shelters for major storms.

People involved in the evacuation say JetBlue pushed hard to get extra flights in. The airline says it flew 54 extra trips from the Caribbean and Florida ahead of Irma, carrying 4,500 extra passengers. And Delta got props from aviation bloggers for a flight from New York that slipped into San Juan between storm bands, loaded up quickly and flew 173 passengers out.

Pricing is another issue. As last-minute business travelers know, when demand surges for the last seats, ticket prices soar. That led to accusations of price gouging, and airlines capped ticket prices out of Florida and other Irma-impacted areas, usually under \$200.

A TENSE SIX DAYS AFTER HURRICANE IRMA

WHEN NAOMI AYALA realized flights kept getting canceled and she'd be stuck on the island of St. Thomas for Hurricane Irma, she knew just where she wanted to be: the Bunker Hill Hotel, a solid concrete structure built in a hillside high enough to avoid major flooding and walking distance to a town and ferry.

The hotel housed 11 guests who hadn't been able to get out, plus the proprietor's family. Ms. Ayala, who works for a major liquor distributor, had survived a Texas tornado but found that seemed to pale in intensity compared with Irma. Early Wednesday morning the electricity went out. Wind and rain peaked in the afternoon. Palm trees were uprooted; the roof was damaged. "There were four hours that were pretty terrifying," she says.

Once the storm passed St. Thomas, Ms. Ayala and other guests spent Thursday helping clean up, mopping water out of the hotel. On Friday afternoon, a friend got a text message through that Marriott was chartering a large ferry to evacuate its stranded guests from St. Thomas that evening. At the time, Hurricane Jose appeared to be about 36 hours away from the Vir-

gin Islands.

The boat took 620 Marriott guests from three St. Thomas resorts to Puerto Rico. About 35 people from other hotels showed up at the dock and begged to board. They were asked to wait until all Marriott guests had boarded. Then Ms. Ayala says one Marriott worker told them they could board. A second employee said no, insisting the local Port Authority denied permission because they weren't on the manifest Marriott had compiled in advance.

Confusion erupted. Some port officials told them the port had granted permission but Marriott didn't want to take them. The boat pushed off and port officials turned out the lights, leaving the three dozen stranded travelers to disperse in the dark. "It was heartbreaking and devastating to see everyone in tears watching that boat go away," Ms. Ayala says.

On social media, travelers accused Marriott of abandoning them because they weren't customers. Marriott says it had room on the boat and agreed to take the stranded travelers, but local officials refused. "As grateful as we are that we were able to transport our guests, we are saddened that we were not able to do the same for more people," a Marriott spokes-



Hurricane Irma did serious damage St. Thomas, in the U.S. Virgin Islands, when it passed through this month.

woman says.

The Virgin Islands Port Authority couldn't be reached for comment by phone or email. However, Beverly Nicholson-Doty, commissioner for the U.S. Virgin Islands Department of Tourism, confirms that local officials blocked

boarding because there wasn't time to process additional passenger names before the ship had to sail. "We had to follow protocol," she says. "It was not possible to accommodate passengers who have not undergone the registration process."

On Saturday, Ms. Ayala waited six hours at a port and got on a Puerto Rico-bound boat that had brought in relief supplies. She got a flight home late Tuesday, six days after the storm.

—Scott McCartney

OPINION

REVIEW & OUTLOOK

Trump Shock at Turtle Bay

Donald Trump's method has been to use his speeches on the world stage to roil diplomatic convention, and he did it again Tuesday in his address to the United Nations. No coterie of complacency deserves candor more, and perhaps Mr. Trump's definition of "America First" is even evolving to recognize the necessity of American global leadership.

The President abandoned any nuance, even by his standards, in denouncing the "rogue regimes" in North Korea and Iran. He was especially unabashed in describing North Korea's offenses, calling it a "depraved regime." These aren't words typically heard at Turtle Bay, where others among the depraved sit on the Human Rights Council, as Mr. Trump also had the effrontery to point out.

But he really rattled the seats with his threat to act against North Korea if the U.N. fails to do so. "No nation on Earth has an interest in seeing this band of criminals arm itself with nuclear weapons and missiles," Mr. Trump said. "The United States has great strength and patience, but if it is forced to defend itself or its allies, we will have no choice but to totally destroy North Korea. Rocket Man is on a suicide mission for himself and for his regime."

The threat to destroy the North offended the foreign-affairs cognoscenti, who view Mr. Trump as a barbarian. And at first hearing the "Rocket Man" reference to dictator Kim Jong Un does sound like an insult better left to teenagers in the school yard.

Then again, Mr. Trump inherited the North Korean nuclear crisis, and he is trying to get a cynical world's attention that he intends to do something about it. Traditional diplomacy isn't getting through to Mr. Kim and his entourage, or to their patrons in Beijing. After years of Barack Obama's diplomatic niceties that ducked the problem, maybe the world needs to be told some unpleasant truths about an evil regime with a weapon of mass murder and the means to deliver it.

Mr. Trump added a challenge that most of the media ignored: "The United States is ready, willing, and able, but hopefully this will not be necessary. That's what the United Nations is all about. That's what the United Nations is for. Let's see how they do."

A survey finds U.S. college students are clueless about free speech.

James Madison Weeps

Freedom of speech is a principal pillar of a free government," wrote Ben Franklin. "When this support is taken away, the constitution of a free society is dissolved." Imagine what Franklin, James Madison and the other Founders would make of a new Brookings Institution survey showing that American college students have no clue what the First Amendment means.

John Villasenor surveyed more than 1,500 undergraduates, and among the alarming findings: Most American college students don't know that even hate speech is constitutionally protected; half agree that it's okay to shout down a speaker whose views they don't agree with; and nearly one in five believe it is acceptable for a student group opposed to a

This is another hard truth. The U.N. was founded on the promise to provide what Mr. Obama often called "collective security." But the

U.N. has nearly always failed in that duty amid Russian vetoes at the Security Council, as during the Cold War and this decade in Syria, or out of indifference as in the Rwanda genocide of the 1990s.

The great exception was the first Iraq war, after the fall of the Berlin Wall, when George H.W. Bush rallied the U.N. to resist Saddam Hussein's invasion of Kuwait. The U.S. provided the military muscle to enforce the U.N.'s will, but at least the U.N. wasn't an obstacle. Alas, Turtle Bay has since returned to its previous habit of abetting the world's rogues by preventing collective security.

Mr. Trump on Tuesday also tried to make a case for national "sovereignty" as the basis for U.N. purpose, and here he was less successful. He is right that national interests can be the basis for global action, but Mr. Trump defines that interest too narrowly.

"We do not expect diverse countries to share the same cultures, traditions, or even systems of government," he said, "but we do expect all nations to uphold these two core sovereign duties, to respect the interests of their own people and rights of every other sovereign nation."

How about the *rights* of their own people? Defined in such narrow terms, "sovereignty" and "interests" don't include room for how nations govern themselves, which matters to how dangerous they are to their neighbors. In his own speech Mr. Trump rightly spent many sentences deplored how North Korea and Iran treat *their* people.

This view of "sovereignty" also leaves authoritarians too much room to claim dominant spheres of influence. China's Xi Jingping and Vladimir Putin might both say they are exercising Trumpian sovereignty in the South China Sea and Ukraine. Yet those leaders are the main obstacles now to defanging North Korea and Iran. This is the contradiction of narrow Trumpian national interest.

Mr. Trump is right to challenge the U.N., but the hard truth he may be learning is that there is no substitute for U.S. leadership on behalf of American values and interests if he wants to build a more peaceful world.

speaker to use violence to keep him from speaking. Some of the answers vary by political identification, but overall the findings suggest great confusion.

Mr. Villasenor's conclusion is blunt. "Freedom of expression," he says, "is deeply imperiled on U.S. campuses."

We'd take that further. Given that a functioning democracy rests on free expression, what do these results say about America's future when these students leave school and begin to take their places in public life?

It's easy to mock the students for their ignorance. But what about the people responsible for teaching them? These results suggest that the failures of America's education system are beginning to have terrible consequences for America's civic life.

All Mr. Comey's Wiretaps

When Donald Trump claimed in March that he'd had his "wires tapped" prior to the election, the press and Obama officials dismissed the accusation as a fantasy. We were among the skeptics, but with former director James Comey's politicized FBI the story is getting more complicated.

CNN reported Monday that the FBI obtained a warrant last year to eavesdrop on Paul Manafort, Mr. Trump's campaign manager from May to August in 2016. The story claims the FBI first wiretapped Mr. Manafort in 2014 while investigating his work as a lobbyist for Ukraine's ruling party. That warrant lapsed, but the FBI convinced the court that administers the Foreign Intelligence Surveillance Act (FISA) to issue a second order as part of its probe into Russian meddling in the election.

Guess who has lived in a condo in Trump Tower since 2006? Paul Manafort.

The story suggests the monitoring started in the summer or fall, and extended into early this year. While Mr. Manafort resigned from the campaign in August last year, he continued to speak with Candidate Trump. It is thus highly likely that the FBI was listening to the political and election-related conversations of a leading contender for the White House. That's extraordinary—and worrisome.

Mr. Comey told Congress in late March that he "had no information that supports those [Trump] tweets." Former Director of National Intelligence James Clapper was even more specific that "there was no such wiretap activity mounted against—the President-elect at the time, or as a candidate, or against his campaign." He denied that any such FISA order existed. Were they lying?

The warrant's timing may also shed light on the FBI's relationship to the infamous "Steele dossier." That widely discredited dossier claiming ties between Russians and the Trump cam-

paign was commissioned by left-leaning research firm Fusion GPS and developed by former British spy Christopher Steele—who relied on Russian sources. But the Washington Post and others have reported that Mr. Steele was familiar to the FBI, had reached out to the agency about his work and had even arranged a deal in 2016 to get paid by the FBI to continue his research.

The FISA court sets a high bar for warrants on U.S. citizens, and presumably even higher for wiretapping a presidential campaign. Did Mr. Comey's FBI marshal the Steele dossier to persuade the court?

All of this is reason for House and Senate investigators to keep exploring how Mr. Comey's FBI was investigating both presidential campaigns. Russian meddling is a threat to democracy but so was the FBI if it relied on Russian disinformation to eavesdrop on a presidential campaign. The U.S. Justice Department and FBI have stonewalled Congressional requests for documents and interviews, citing the "integrity" of Special Counsel Robert Mueller's investigation.

But Mr. Mueller isn't investigating the FBI, and in any event his ties to the bureau and Mr. Comey make him too conflicted for such a job. Congress is charged with providing oversight of law enforcement and the FISA courts, and it has an obligation to investigate their role in 2016. The intelligence committees have subpoena authority and the ability to hold those who don't cooperate in contempt.

Mr. Comey investigated both leading presidential campaigns in an election year, playing the role of supposedly impartial legal authority. But his maneuvering to get Mr. Mueller appointed, and his leaks to the press, have shown that Mr. Comey is as political and self-serving as anyone in Washington. No investigation into Russia's role in the 2016 campaign will be credible or complete without the facts about all Mr. Comey's wiretaps.

Democrats Collude With Moscow Don



BUSINESS WORLD

By Holman W. Jenkins, Jr.

OK, Mr. Schumer in particular has known Donald Trump for decades. He knew there was little real substance to the Trump-Russia accusations. It was Mr. Schumer who publicly warned Mr. Trump of the folly of making a political enemy of the intelligence agencies.

Which brings us to Special Counsel Robert Mueller. If he hasn't been asking himself some big-boy questions, he should start now. The FBI handed over to Mr. Mueller a counterintelligence investigation—not a hunt for a Trump crime, but a hunt for the truth about Russia's role in the election.

The problem with the word "collusion" is that when Russia stirs up U.S. politics in its own interest, its actions can be convenient for different parties. That includes a U.S. intelligence community with its own ideas about what needs to happen.

More than ever, the story line that Kremlin efforts were aimed with winsome simplicity at helping Mr. Trump seems largely a fabrication of the U.S. intelligence agencies.

If so, the moment of true political corruption may have come with Mr. Trump's improbable, unexpected victory, when the agencies suddenly switched their diagnosis of Vladimir Putin's motives. On Oct. 31, voters hadn't yet gone to the polls. The New York Times summarized the Obama administration view that Russia's effort "was aimed at disrupting the presidential election rather than electing Mr. Trump."

Then came Mr. Trump's unanticipated triumph, and the administration quickly revised its judgment from "Putin meddled" to "Putin meddled to elect Trump." Stories in the Times and elsewhere, mostly citing Obama CIA chief John Brennan or people close to him, went further, hammering vaguely at the idea that Mr. Trump directly conspired with Russia.

The Trump dossier, in government hands for months, suddenly leaked into public view. Secret intelligence about Mike Flynn's phone call with the Russian ambassador leaked into public view. Increasingly pathetic intelligence leaks tried to paint now-President Trump as betraying Israeli sources and "leaking" terrorism secrets to Moscow.

The media picked up and believed the fantastical claim that 17 intelligence agencies had agreed on the new explanation of Russia's role. It turns out that handpicked personnel from three agencies drafted the finding.

LETTERS TO THE EDITOR

What's Worse, the Left or Right? Hard to Tell

Alan Dershowitz explains how

"The Hard Right and Hard Left Pose Different Dangers" to America (op-ed, Sept. 12). The hard-right agenda of a fascist utopia appeals only to a sliver of extremists, while the hard-left agenda of a state-regulated economy producing fair outcomes for all resonates on the left, particularly among university faculty and students. Many reasonable people in the center left are amenable to using censorship and intimidation to stifle opposition in the interest of bringing justice to oppressed groups.

Using hateful language to demonize others as haters is legal and permissible, as Mr. Dershowitz would passionately argue, but should be abhorrent to reasonable people who are not on the fringe of the left or right.

JEFF ADAMS

Atlanta

I disagree that the hard right and hard left pose qualitatively different dangers or that the hard left's ultimate goals are more commendable than those of the hard right. There is no difference between a Hitler, Stalin,

JOHN A. CHRISTIANSEN

Kansas City, Mo.

Your editorial "The Pelosi-Schumer-Trump Congress" (Sept. 8) speaks factually but misses the mark. Belittling President Trump's deal on the federal debt ceiling by alleging it came out of pique at Republican congressional leaders perpetuates media fixation with the president's emotions. Reality speaks otherwise: The deal avoided a manufactured crisis (the debt ceiling) in the midst of two natural calamities.

Recent experience shows that the demands of House special-interest Republican caucuses could never be satisfied if their votes controlled extended debt-ceiling deadlines. Combined with Senate Never Trumper, GOP leaders had no chance of enacting their extended debt-ceiling proposals. We "deplore"

ables" support the decision, conceding that since the GOP can't govern legislatively, our president must engage enough votes in Congress from any source to move, yes, even a diluted agenda forward.

The Deferred Action for Childhood Arrivals issue belongs to Congress.

We'll have to see if what used to be our party learns any lessons.

ILSE AND FRED EHMANN

New Milford, Pa.

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Give Us Real Tax Reform, Not a Pig In a Poke

By Jim Jordan
And Mark Meadows

Reconciliation is a parliamentary vehicle linked with the budget and designed to achieve specific revenue and spending requirements. This is the preferred approach for certain policy objectives because only 51 votes are required for passage in the Senate. Republicans plan to use this process for tax reform. There's one concern: This was the same approach attempted for ObamaCare repeal.

In January, Congress passed a budget with reconciliation instructions for fiscal 2017. The House Freedom Caucus and Republicans across the country believed the legislation to address ObamaCare would be the same as the bill that passed both chambers in 2015 with only one Republican "no" vote. Everyone assumed we would send the same bill to President Trump that we put on President Obama's desk.

Congress shouldn't repeat the errors that killed the plan to repeal and replace ObamaCare.

But that's not what happened. After the budget passed, first we got secrecy. Remember Sen. Rand Paul, searching the Capitol for the hidden bill? When it turned up, it wasn't clean repeal. It wasn't what Congress had passed in 2015. It wasn't what we promised the voters.

Members were told we couldn't change the legislation—no real amendment process, no witness testimony. Take it or leave it, we were told—"it's a binary choice!"

After intense debate, the Freedom Caucus did change the bill, and all but two of our members supported the much-improved version that passed the House but still sits in the Senate.

Now comes tax reform, and the same play is being run again. The Freedom Caucus has been told: Don't introduce your tax reform. Wait for ours. But we won't show it to you until you vote for the 2018 budget.

If a car salesman shows you a picture of a car and demands a non-refundable down payment, you'd probably say, "Wait a minute. I've got a few questions." You might even ask to see the car. That's the situation we face with tax reform—except we haven't even seen a picture.

The House Freedom Caucus will gladly start the process if we are confident the tax plan will actually cut taxes for families, simplify the code and create jobs. We will gladly pass the budget when basic questions are answered: What are the personal rates? What's the corporate rate? What's the repatriation rate? How are small businesses treated?

The biggest question: Why the reluctance to show the American people the plan? Is the bill being written behind closed doors because it will only help the connected class and their high-paid consultants? Congress has been in session 8½ months. Is the plan being hidden away only to be rolled out at the last minute when members will be told again to take it or leave it, it's a binary choice?

The House Freedom Caucus wants government to operate on a budget, preferably a balanced one. We want to cut taxes and reform our broken tax code. Show us a plan that allows families to keep more of their money and one that grows our economy, and we will gladly vote to pass a budget.

Reps. Jordan (R., Ohio) and Meadows (R., N.C.) are, respectively, former and current chairman of the House Freedom Caucus.

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By Douglas A. Irwin

So far, the Trump administration's trade policy has seen an internal division among economic nationalists and "globalists" on the president's senior staff. The economic nationalists, and the president himself, believe protectionism will strengthen the American economy. "Look at the 19th century," said former White House chief strategist Steve Bannon in his recent "60 Minutes" interview. "What built America's so called 'American system,' from Hamilton to Polk to Henry Clay to Lincoln to the Roosevelts? A system of protection of our manufacturing, financial system that lends to manufacturers, OK, and the control of our borders."

In the nationalists' narrative, high tariffs were responsible for America's growth and industrialization in the 19th century. This isn't only a misreading of history, it's a bad policy prescription for the 21st century. A return to high tariffs would sap America's economy today.

Mr. Bannon's simple story is historically and economically off base. As Treasury secretary, Alexander Hamilton wanted moderate tariffs, not protectionist duties. In his day, tariffs accounted for nearly all federal revenue. He wanted to keep imports flowing so he could finance the federal government's Revolutionary War debt and secure the young nation's credit. President Polk, far from being a protectionist, was a small-government Democrat. He slashed tariffs dramatically in 1846.

Mr. Bannon even gets the Roosevelts wrong. Theodore Roosevelt recognized the need to reduce tariffs but was uncharacteristically afraid of crossing old-guard Republicans in Congress, leaving the dirty work to his Republican successor, William Howard Taft. And Franklin D. Roosevelt

OPINION

Steve Bannon's Bad History



Sen. Reed Smoot (left), actress Mae Murray and Rep. Willis Hawley, 1929.

The South nearly revolted after the "Tariff of Abominations" in 1828, which was aimed at protecting industry in the Northern states. South Carolina threatened to secede from the Union. The Compromise of 1833 defused the crisis, putting tariffs on a downward trend for nearly three decades.

Post-Civil War tariffs were just as controversial because they bred political corruption. Producers lobbied Congress for higher tariffs on their foreign competitors, while other special interests wanted the revenue spent on port projects. Protectionism didn't drain the swamp; it created it.

The claim that protectionism made America's economy great in the past, and can do so again today, is wrong. When the government boosts domestic steel prices to protect a few firms from foreign competition, it also hurts domestic steel users who need cheap inputs to remain competitive in a global marketplace. Making the U.S. a "high price island" for steel, semiconductors, sugar and solar panels favors some businesses at the expense of others.

Protectionism can even push manufacturers to leave the country in order to remain competitive. And protectionism hurts exporters—not just the many American farmers who sell to foreign markets, but big manufacturers, such as Boeing and General Electric, which produce goods for sale abroad.

Economic nationalists say their protectionist program will ignite an economic boom. In fact their poor understanding of history will damage the U.S. economy and leave the country weaker.

Mr. Irwin is a professor of economics at Dartmouth and author of "Clashing over Commerce: A History of U.S. Trade Policy," to be published in November by the University of Chicago Press.

velt was a "globalist" who got Congress to delegate tariff authority to the executive so that import duties could be cut in trade agreements with other countries.

Immigration and rapid industrialization—not tariffs—made the 19th-century economy great.

Economic nationalists always conveniently skip the story of the 1930 Smoot-Hawley tariff, probably because it doesn't fit their narrative. Smoot-Hawley—passed by Republicans and signed by a Republican president—didn't cause the Great Depression, but the trade wars it inspired certainly damaged the world economy and backfired badly against the U.S.

More important, America didn't boom during the 19th century be-

cause it was a closed economy. The U.S. industrialized rapidly between 1833 and 1860, when tariffs were being cut. While tariffs were high after the Civil War, the U.S. was open to foreign capital inflows.

It was also open to the best industrial technology from Britain and Germany, and—importantly given Mr. Bannon's assertion that the U.S. had control of its borders back then—to massive immigration. The textile mills and steel furnaces of the late 19th century were largely staffed by foreign-born workers. As in our own era, many native-born Americans weren't interested in doing tedious and grinding jobs at low wages.

Economic nationalists also ignore the more sordid history of American protectionism. Clay—who served as a senator, House speaker and secretary of state—was a staunch advocate of protection, but he overplayed his hand. High tariffs meant high taxes, and Clay failed to anticipate how politically divisive they would be.

Iran Remembers the Murderous Summer of 1988

By Shabnam Madadzadeh

As Iran's President Hassan Rouhani spoke to the United Nations Wednesday, I thought about the events of 1988, which the regime has tried to erase from history. In school our lessons contained no reference to that summer of blood. But I heard one firsthand story in 2012 from Maryam Akbari Monfared while we were both being held in Tehran's Evin Prison for our political activities.

"They brought my brother's belongings—a bag containing his clothes, bloodied and torn from torture," I recall Ms. Akbari saying. "I will never forget that moment. My parents had gone to visit him, returning instead with his effects. Neither of them could talk. As if they had no words to describe that horrible scene."

By 1988 her brother had been a prisoner for eight years. She said he had been arrested at age 17 for distributing the opposition newspapers of the Mujahedin-e Khalq, or MEK.

The look on Ms. Akbari's face conveyed the whole scene: the grim mother and father, with no corpse to

bury or grave to mourn over. "We will not let this be forgotten," she whispered.

I am an Iranian political activist. In 2009, as a 21-year-old university student, I was arrested on suspicion of being sympathetic to the opposition. For five years I languished in prison, three months in solitary confinement. Two years after being released in 2014, I was smuggled out of the country by the MEK.

Although the regime has tried to force Iranians to forget 1988, the crimes committed were so vast that this was impossible. An estimated 30,000 people, mainly MEK activists, were executed. Their "trials" usually lasted minutes.

How could their families possibly forget? Before my arrest I met a young woman whose uncle was executed that summer. "To this day," I remember her telling me, "my entire family stands up in respect whenever his name is mentioned. My uncle was the most human of humans."

The mass burial sites of 1988 remain largely unknown, and the public is banned from visiting any that have been uncovered, like those in Tehran's Khavaran area. Neverthe-

less, mothers and fathers, sisters and brothers have been doing so for the past 29 years.

The massacre exemplified the ruthlessness of Iran's leaders, many of whom still hold power today. Moustafa Pourmohammadi, justice minister during President Rouhani's first

The regime executed an estimated 30,000 people. Their 'trials' usually lasted minutes.

term, was a member of the 1988 "death commission" in Tehran. The current justice minister, Alireza Avayi, was on the "death commission" in the southwestern province of Khuzestan.

Despite the regime's efforts, the taboos on discussing the massacre are being weakened, little by little, by young people who hadn't even been born in 1988. In line with a call by Maryam Rajavi, the leader of the National Council of Resistance of Iran (an MEK-affiliated group), peo-

ple across the country have been writing, talking and asking questions about the summer of blood. Families who had remained silent for fear of reprisals have begun discussing the victims and revealing the locations of secret graves.

This social movement gained momentum last year when an audio file surfaced of a 1988 meeting between Tehran's "death commission" and Hosseini-Ali Montazeri, who was then the heir-apparent to Iran's supreme leader. Montazeri decried what he called the regime's worst crimes, telling the perpetrators that they would go down in history as murderers.

The Iranian people's demands are simple: Break the silence and stop refusing to admit the mullahs' atrocities. Talk of a new era in Tehran can be taken seriously only when the ayatollahs are held accountable. The first step is to establish an independent international investigation into the 1988 massacre to bring the perpetrators to justice.

Ms. Madadzadeh is a political activist and former political prisoner in Iran.

Ta-Nehisi Coates and the Politics of Contempt



UPWARD MOBILITY
By Jason L. Riley

"They brought my brother's belongings—a bag containing his clothes, bloodied and torn from torture," I recall Ms. Akbari saying. "I will never forget that moment. My parents had gone to visit him, returning instead with his effects. Neither of them could talk. As if they had no words to describe that horrible scene."

Reading Ta-Nehisi Coates's new essay on Donald Trump in the Atlantic magazine brought Davis to mind.

The great jazz musician Miles Davis was known for his boorishness, especially toward his white fan base. Davis would play his trumpet with his back to the audience and curse at people between sets. "If somebody told me I only had one hour to live, I'd spend it choking a white man," he once told a newspaper reporter. "I'd do it nice and slow." His admirers ate it up.

Mr. Coates, who couldn't be more highly regarded among the left-liberal intelligentsia, doesn't have anything especially new or interesting to add to the never-ending debate on the left about how Mr. Trump got elected. As ESPN anchor Jemele Hill and countless other liberals have done for the past 10 months, he blames white racism.

If you don't have time to read Mr. Coates's lengthy article, just browse Ms. Hill's controversial tweets from last week, in which she insisted that the president is a "white supremacist" and that his "rise is a direct result of white supremacy. Period." Ms. Hill's argument is no different and no less sophisticated than Mr. Coates's, and she demonstrates a better economy of words.

Mr. Coates has distinguished himself as a racial polemicist, and his analysis of the 2016 presidential campaign is in the service of advancing his view that Mr. Trump's rise, first and foremost, is evidence of racial retrenchment in the U.S. Never mind the far likelier reality that the 63 million voters who went for Mr. Trump did so not out of some "commitment to whiteness," as Mr. Coates alleges, but because they wanted to stop Hillary Clinton from becoming president.

According to Gallup, Barack Obama's approval rating was 57% on Election Day last year, and it was 59% 10 weeks later when he turned the White House keys over to his successor. A Wall Street Journal/NBC News poll released last week found that 51% of the country still have a positive view of the nation's twice-elected first black president, a finding that doesn't square with Mr. Coates's view

that antiblack bias is ascendant. It's true that white turnout increased for Mr. Trump, but it's also true that the president won a smaller percentage of the white vote—and a larger percentage of the black and Hispanic vote—than Mitt Romney in 2012.

The polemicist attributes Trump's election to 'white supremacy,' and liberals can't get enough.

The more plausible argument is that Mr. Trump beat Mrs. Clinton by winning the support of more than eight million swing voters—in places like Michigan, Pennsylvania and Wisconsin—who previously had voted for Mr. Obama. Mr. Coates ignores these voters in his essay, much as Mrs. Clinton ignored them on the campaign trail.

That's not analysis via Breitbart. It comes from, among other places, the number-crunchers at the New York Times. The "big driver" of Mr. Trump's gains "was persuasion," the paper explained back in April. "He flipped millions of white working-class Obama supporters to his side. The voter file data make it impossible to ignore this conclusion."

But what's most striking about Mr. Coates's article, and the reason it recalled Miles Davis, is the borderline contempt he displays for his admirers and fellow travelers on the political left. The author's primary targets are the "white pundits and thought leaders" whom he deems insufficiently

anti-Trump. Joe Biden and Bernie Sanders, along with journalists and academics who sport impeccable left-wing credentials, are taken to task for indulging alternative explanations for Mr. Trump's win. In Mr. Coates's telling, there's no acceptable way to view the Trump phenomenon other than through a racial prism.

Not everyone is letting Mr. Coates get away with this bullying. One of his victims, George Packer, who writes for the New Yorker magazine and who will never be mistaken for George Will, pushed back (gently) in a reply that was published on the Atlantic's website.

Mr. Packer was gobsmacked by the suggestion that he was playing down racism in a pre-election New Yorker essay about the economic anxieties of working-class whites. "I didn't excuse or extend comfort to anyone," Mr. Packer writes in his response. "Analysis isn't justification—unless you think, as Coates does, that the entire subject is illegitimate for scrutiny because it's an evasion of the truth about white supremacy."

Mr. Packer almost certainly gives Mr. Coates too much credit. Mr. Coates has little use for analytical reasoning and even less interest in changing anyone's mind on racial matters. He exaggerates black victimization and tells people who already agree with him exactly what they want hear.

In the end, racial discourse is worse off. All this reckless use of "white supremacy" only serves to devalue the term in the same way that the word "racist" already has been devalued. Soon, we'll need a new term to refer to actual white supremacists.

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LIFE & ARTS

EXHIBITION REVIEW

Finding Fashion in Inhospitable Climes

The first major exhibition to show how designers were inspired by clothing developed to preserve life in extreme environments

BY LAURA JACOBS

New York

THOSE FAMILIAR with the habitat dioramas at the American Museum of Natural History will feel a jolt of recognition at the entrance of "Expedition: Fashion From the Extreme," the Museum at FIT's gallant new show. There it is, the Serengeti Plain diorama—same gnarled tree, same golden grasslands—but instead of zebras and gazelles we have five khaki safari outfits. Two are the real thing: a suit made by Abercrombie & Fitch (1913-15) and a jacket by Burberry (1940). The other three are playful appropriations that include a tawny pair of lace-up safari tunics by Yves Saint Laurent (1968) and a Ralph Lauren-meets-Karen Blixen ensemble (1984). What a perfect metaphor for an exhibition that heads off into uncharted territory.

"Expedition" is the first major exhibition to show how clothing that was developed to preserve life in extreme environments went on to inspire couture and ready-to-wear fashion. As Patricia Mears, FIT deputy director and the curator of this show, writes in the exhibition brochure: "Expeditions to the North and South poles, the highest mountain peaks, the depths of the ocean, and outer space have been widely covered in the press for more than a century. But it was not until the 1960s that these endeavors began to influence fashion."

Leaving the sunny cradle of mankind behind, Ms. Mears divides the show into four areas of exploration: Arctic, Mountaineering, Deep Sea and Outer Space. The main gallery is painted a deep blue-black that here glows ultraviolet, there oceanic teal. White icebergs and snowcaps create frigid landscapes, blanched reefs invoke leagues under the sea, and in the center of the gallery a circular metal scaffold supports a hovering cylinder of light, the abstraction of a spaceship. A white noise of howls, wind



A pair of Yves Saint Laurent safari tunics (1968), left, and a Ralph Lauren ensemble (spring/summer 1984), right

and water sounds the elemental. The show contains 65 ensembles—the most historic and fragile presented in plexiglass cubes, as if preserved in blocks of ice.

"Expedition" begins in the Arctic because polar navigation came first, cresting in the years 1880 to 1920. This section contains two stunning touchstones: the head-to-toe fur ensemble of blue fox and polar bear that Matthew Henson wore in 1909, when he reached the North Pole with Robert Peary and four Inuit men; and a Siberian funerary robe of intricately patterned fur piecework, dating to about 1900 and exceedingly rare because these robes were burned

with the body. Both these garments speak to a time when skins and furs were vital for polar survival. (The exhibition's superb companion book tells of how Robert Scott and his team, unwisely outfitted in Western textiles, perished in 1912 in Antarctica.)

In the 1960s, Vogue editor Diana Vreeland pushed geographical boundaries with fashion shoots that were themselves expeditions to harsh yet breathtaking climes, and even the great couturier Madame Grès, famous for Grecian pleating, acknowledged expeditioners with a 1969 après ski outfit that included wolf-fur pants, here on display. Issey Miyake's white

felt and faux fur jacket (1997) is pure Sherpa chic, while Karl Lagerfeld, in 2010, channeled Pearly and Henson with an outrageous Chewbacca-like faux fur suit for men. A black silk gown from Yohji Yamamoto's acclaimed fall/winter 2000 collection suggests a snow queen in Victorian mourning.

Mountaineering takes us into thin air, where heavy furs would hinder attempts to climb Everest and K2, respectively summited in 1953 and 1954. Eddie Bauer's goose-down Skyliner jacket (1936)—to-the-waist, with diamond-shaped quilting, volumetric yet lightweight—led the way. Juxtaposed with Bauer's trim little

Skyliner is Charles James's 1937 masterpiece, a white silk and eiderdown evening jacket, its quilting of biomorphic arabesques both fantastical and frightening. Down would go hip-hop with Tommy Hilfiger's "puffers," this one in gold (1999); sci-fi with Junya Watanabe's puffer of predatory black ribbing (2014); and haute with Demna Gvasalia's red puffer for Balenciaga (2016), designed with the drop-away Watteau back that Balenciaga himself so loved.

Deep Sea diving, originally a cumbersome and treacherous affair with spherical helmets and long hoses (think Diver Dan), advanced to lightweight technology in the 1950s—scuba gear and the wet suit. By the '60s, the fashion glossies were awash in modern mermaids. Neoprene, a synthetic rubber invented by DuPont in 1930 and taken up by surfers in the '50s, caught a wave to dry land in 1989, as an overcoat by Junko Koshino. Donna Karan's pretty-in-pink neoprene dress of 1994 is here, as are Thom Browne's recent neoprene riffs on menswear classics.

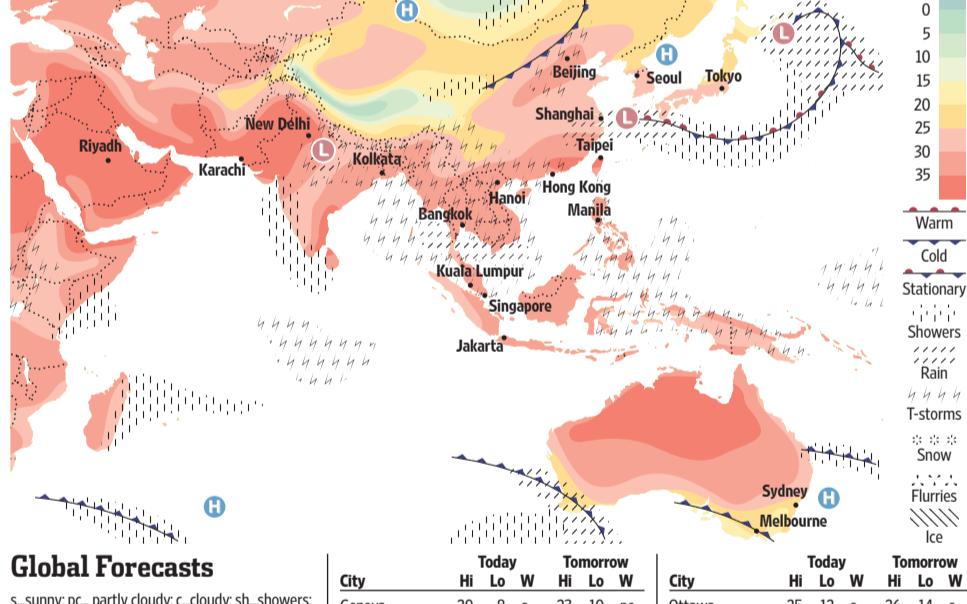
The Space Race spanned 1957 to 1972. This section is dominated, as ever, by the modernism of André Courrèges, Pierre Cardin and Paco Rabanne. Metals, plastic and silver (a nod to NASA's use of Mylar) accented the era's space-capsule A-line silhouettes—Cardin's tan shift of 1967 actually sports a "Star Trek" insignia. Helmut Lang's silk gauze jumpsuit of 1999, its cowl neck just begging for a space helmet, is the ghost of an astronaut. As for Philipp Plein's beaded, sequined catsuit of 2016, this is what Seven of Nine, the glam blond Borg of television's "Star Trek: Voyager" series, might wear to the next Met Gala.

—Ms. Jacobs writes about culture and fashion for *Vanity Fair*.

Expedition: Fashion From the Extreme

The Museum at FIT, through Jan. 6, 2018

Weather



Global Forecasts

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

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

City Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 19 10 pc 18 9 pc

Anchorage 10 9 r 13 10 r

Athens 27 19 s 27 19 s

Atlanta 32 21 pc 30 20 pc

Bahrain 45 27 s 41 25 s

Baltimore 30 18 s 28 16 s

Bangkok 33 24 sh 33 25 t

Beijing 30 16 pc 27 11 s

Berlin 16 7 pc 17 8 pc

Bogota 20 9 r 21 10 r

Boise 13 4 pc 14 3 pc

Boston 23 15 pc 18 15 pc

Brussels 19 9 pc 18 7 pc

Buenos Aires 13 7 r 17 9 pc

Cairo 37 24 s 34 22 s

Calgary 5 0 r 6 2 r

Caracas 32 26 pc 32 26 pc

Charlotte 31 19 pc 30 18 c

Chicago 32 22 s 34 21 s

Dallas 36 24 pc 35 23 pc

Denver 31 14 s 29 8 pc

Detroit 29 18 pc 29 17 s

Dubai 41 29 s 40 30 s

Dublin 15 8 pc 17 11 r

Edinburgh 15 6 r 14 10 r

Frankfurt 18 6 pc 20 9 pc

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Honolulu 31 24 s 31 24 pc

Houston 33 23 pc 33 22 s

Istanbul 28 17 s 22 17 r

Jakarta 33 24 pc 34 25 pc

Johannesburg 26 12 pc 28 13 s

Kansas City 32 21 pc 30 21 s

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Minneapolis 27 21 pc 32 22 t

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Nashville 32 20 pc 32 20 s

New Delhi 35 25 pc 29 23 t

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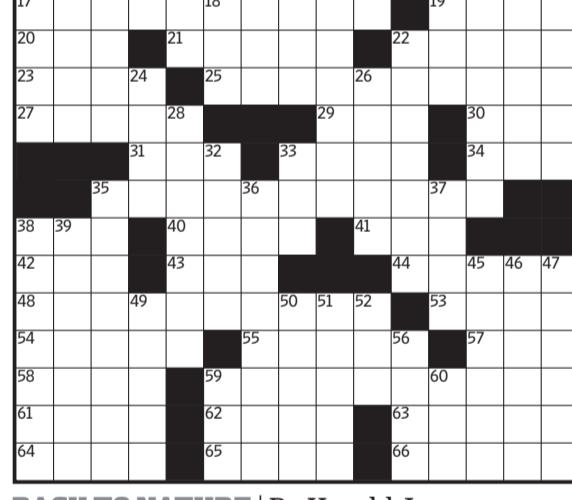
New York City 28 19 p 27 18 pc

Paris 31 20 s 29 19 s

Zurich 18 6 s 21 8 pc

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The WSJ Daily Crossword | Edited by Mike Shenk



BACK TO NATURE | By Harold Jones

Across

- 1 Routine
6 Porter of the Washington Wizards
10 Final destination
14 Bakery come-on
15 Jay who was the first host of "Last Comic Standing"
16 About
17 Bill for all those bloody cocktails?
19 Private dining place
20 Airport fixture
21 Worry
22 Players' paces
23 "Joyeux" holiday

25 Pale-yellow marsh plant?

27 Destructive crime

29 Invention, of a sort

30 Spot for a first shot

31 Euchre ancestor

33 Without foundation

34 Raised routes

35 Mariner who's good at island-hopping?

38 Pale hardwood

40 Triceps connection

41 Strengthened

42 Pin in Peloponnesus

43 Prearranged

44 Emmy winner for "Homeland"

48 Log flume's function?

53 Petulant expression

54 Printer's problem

55 Kaaba dedicatee

57 Tea dispenser

58 Martin who wrote "Money"

59 The Lakota's Wakan Tanka, "the Great Spirit"?

60 Significant stretch

63 Hang with grace

64 Perry Square setting

65 They run free: Abbr.

66 Opposite of "faster"

67 Clean fellow

68 Lascivious sort

69 Good name for a financial planner

70 Founder of the Islamic Republic of Iran

71 Clear-walled habitats

72 He was alone for a while

73 Sotheby's event

74 Be scintillating

75 Milky Way section

76 Greece spot?

77 Postal party

78 Pour juices over

79 Camel cousin

80 Mishmashes

81 Area of Mars

82 Tanning target

83 Bland goo

84 Significant stretch

Previous Puzzle's Solution

AMMO	R	P	E	P	L	O	W	R	E	M	M

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, September 21, 2017 | B1

Yen vs. Dollar 111.4640 ▼ 0.12% **Hang Seng** 28127.80 ▲ 0.27% **Gold** 1309.60 ▲ 0.26% **WTI crude** 50.41 ▲ 1.88% **10-Year JGB yield** 0.030% **10-Year Treasury yield** 2.239%

Steelmakers Unveil Europe Deal

Thyssenkrupp, Tata to pool their assets as overcapacity woes weigh on the sector

BY ZEKE TURNER
AND SCOTT PATTERSON

German steel giant Thyssenkrupp AG and India's Tata Steel Ltd. unveiled plans to fuse their steelmaking businesses in Europe—a move the two have discussed for years amid a glut of steel in the region that has depressed prices.

European steelmakers have battled protracted overcapacity and a wave of cheap imports from countries such as China. In response, the industry has pursued deals, shed thousands of jobs and closed unprofitable plants.

The deal is structured as 50-50 joint venture, in which both companies will pool their European assets into a new company called Thyssenkrupp Tata Steel, based in the Netherlands. The company will be Europe's second-largest steelmaker behind ArcelorMittal SA and rank just outside the world's top 10 by production. It will generate annual revenue of €15 billion (\$18 billion),



A Thyssenkrupp blast furnace in Germany. The merged company will be based in the Netherlands.

ship about 21 million tons of flat steel a year and have a workforce of about 48,000 employees at 34 sites.

Thyssenkrupp Chief Executive Heinrich Hiesinger said the deal was aimed at attacking the overcapacity plaguing the European steel business.

"We are giving the European steel activities of Thyssenkrupp and Tata a lasting

future," Mr. Hiesinger said. "We are tackling the structural challenges of the European steel industry and creating a strong No. 2." Steel customers have faced mounting pressure to buy up less-costly Chinese steel on the market, leaving the region's producers with excess production capacity that Mr. Hiesinger said has created a "vicious cycle" and

made restructuring the business every three or four years unavoidable.

Despite efforts by Chinese authorities to tamp down excess production, the country's steel output continues to rise, increasing 9% in August from the previous year to a monthly record of 74.6 million metric tons, according to RBC Capital Markets.

While Chinese exports have fallen in recent months as domestic demand rises, the flood of steel has spurred consolidation in Europe, sometimes irritating unions. Tata Steel explored selling its U.K. operations at Port Talbot in Wales but eventually reached an agreement with workers to restructure its retirement plan and keep the plant operating until 2021.

U.S. steelmakers have also struggled amid declining steel prices, and President Donald Trump has repeatedly vowed to cut steel imports in the name of national security. But so far no action has been taken as the administration explores the impact of such a move on the economy.

For Thyssenkrupp and Tata Steel, the combination of their European steel assets is expected to generate cost savings of between €400 million and €600 million through streamlined logistics, supply lines and, most important, production capacity. They also warned the deal could result in the loss of as many as 4,000 jobs, which would be shouldered by both companies in a mix of steelworker and administrative positions.

—Marc Navarro Gonzalez contributed to this article.

Pullback

Number of U.S. bank mergers announced, through Sept. 15 each year



Source: FIG Partners

THE WALL STREET JOURNAL.

Rally Misses Bank Mergers

BY CHRISTINA REXRODE

The Trump rally was supposed to be a boon for bank mergers and acquisitions. It hasn't been yet.

The number of U.S. bank deals announced so far this year has dropped to 173 from 178 at the same time last year, according to investment-banking boutique FIG Partners. At the current pace, this year could have the fewest bank mergers since 2009.

That tally has been disappointing for some investment bankers who hoped that the 35% rally in bank stocks over the past 12 months would be accompanied by a return to precrisis merger appetites. Bob Jones, chief executive of Old National Bancorp in Evansville, Ind., called the banking industry's reaction to the Trump election last year "premature euphoria."

His bank announced this summer that it plans to buy a Minnesota rival that will take its size to roughly \$17 billion in assets. But he pointed out that others are still cautious—with good reason. Interest rates are still low, Mr. Jones said, adding, "we've gotten very little of the regulatory relief [and] who knows what is going to happen with tax cuts."

While some smaller banks like Old National have done deals, several executives from larger regional banks said this month that they don't plan any mergers. And the largest banks, led by J.P. Morgan Chase & Co., are prevented from major acquisitions due to deposit limits and political resistance.

The downturn in deals partially stems from a shift in the way banks do business. While banks have been open to buying fintech firms or loan portfolios, buying other banks looks less enticing as branches become less important to serving customers.

"That math doesn't work for us right now," David Turner, the chief financial officer of Regions Financial Corp., told investors last week at a banking conference when

Please see BANKS page B2



Dubai Mall features an aquarium, above, and a flight simulator, among other attractions. The city's malls are now leisure destinations.

GIUSEPPE CACACE/AGENCE FRANCE PRESSE/GTY IMAGES

Dubai's Malls Focus on Entertainment

By NIKHIL LOHADA

DUBAI—As the West grapples with a historic downturn in brick-and-mortar retail, Dubai's megamalls are mixing fun and shopping to weather their own challenges.

For years, Dubai has combined entertainment and retailing to support a healthy clip of economic growth. The city's malls are now morphing into leisure destinations of their own, offering everything

from aquariums and underwater zoos to flight simulators and indoor ski slopes. Prime space once reserved for department stores is going to gyms, spas and clinics, say analysts, as malls seek to insulate retailers from the challenges posed by more people shopping online.

"The idea is to bring more and more people into the malls," said Matthew Green, head of research and consulting for CBRE in the United

Arab Emirates. "Footfalls usually convert into sales."

Evidence so far suggests the entertainment-driven retail strategy is working.

The operator of Dubai Mall—one of the biggest malls in the world—said it received more than 65 million visitors at its properties in the emirate in the first half of 2017, an increase of 7% over the same period last year. Mall of the Emirates, another of Dubai's giant malls, welcomes more

than 42 million visitors annually, according to its owner, Majid Al Futtaim, one of the largest mall operating companies in the Middle East.

Most Dubai malls don't disclose the value of retail sales, but in the U.A.E., of which Dubai is a prominent part, sales are expected to grow 8% year-over-year to more than \$61 billion in 2017, according to Euromonitor International. The market-research firm ex-

Please see DUBAI page B2

INSIDE



MOUNTAIN OF DEBT FELLED RETAILER TOYS 'R' US

BUSINESS, B4

Pfizer Files Antitrust Lawsuit Against J&J

By JONATHAN D. ROCKOFF

Pfizer Inc. filed suit Wednesday against Johnson & Johnson, alleging J&J has thwarted competition to its arthritis drug Remicade by effectively preventing health insurers, hospitals and clinics from offering Pfizer's lower-priced copy.

The complaint, filed in U.S. District Court in Philadelphia, says J&J's "exclusionary contracts" tie rebates and other J&J perks to agreements by hospitals and clinics to buy mostly Remicade, and by insurers to pay for prescriptions for it.

The lawsuit is the first antitrust action to surface in the emerging market for bio-

similar, which are copies of popular biotech drugs, after years of litigation over patents and timing of launches. The outcome could shape how companies will be able to defend their blockbuster

biotech drugs after copies go on sale.

J&J didn't immediately respond to a request for comment.

Pfizer has asked the court to void the contracts and order J&J to pay damages com-

pensating for lost sales of its Remicade biosimilar, known as Inflectra.

"We obviously expected competition, but we believe Johnson & Johnson are not competing fairly," said John

Young, the Pfizer executive overseeing its biosimilars business.

Biotherapy drugs, which are produced in living cells and typically injected or administered intravenously, have provided help to patients with

conditions ranging from cancer to hepatitis C to multiple sclerosis. But they cost a lot, often more than \$100,000 a year for a patient.

The 2010 Affordable Care Act aimed to limit spending on drugs whose patents had expired by creating a regulatory framework for the approval of copies.

Last April, Inflectra was among the first biosimilars to get the go-ahead. Pfizer began selling it at the end of the year.

Sales have been paltry. Inflectra recorded just \$40 million in U.S. sales during the first half of this year, compared with the \$2.2 billion by Remicade. J&J sold 1.7 million

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A Bloomington, Ill., branch of U.S. Bancorp, a major regional bank.

BANKS

Continued from the prior page
asked about bank acquisitions.

Indeed, some big banks have looked to sell branches, a move that can compete with a small bank looking to sell itself. Bank of America Corp., for example, has ditched about 1,600 branches, many in smaller towns.

Some potential buyers are also under regulatory orders that constrain them from bank acquisitions. That includes major regional banks such as U.S. Bancorp and BB&T Corp., which in the past have acquired smaller banks.

Even under the Trump administration, which has promised a lighter regulatory touch with banks, lenders worry that any purchase can open them up to scrutiny. Regulators' concerns, for instance, stopped Capital One Financial Corp. from buying the banking assets of Cabela's Inc. earlier this year.

Two big regional banks, KeyCorp and Huntington Bancshares Inc., meanwhile, are digesting deals that closed last year. Executives at both said recently they're focused on growing organically, not buying again.

The run-up in bank stocks since the election has actually complicated matters. While higher stock prices can give buyers more momentum to purchase a rival with their stock, it can also make the target more expensive. Canadian Imperial Bank of Commerce had to sweeten its offer for PrivateBancorp Inc. after the Chicago-based bank's stock jumped.

Continued from the prior page
Ping An holds about 12%. Only a thin slice will be given out to the public.

ZhongAn brings little to the table except the novelty value of an online-only insurer. For one, almost 70% of insurance is already sold online in China. It boasts a cloud-based system that can process up to 13,000 policies a second and an artificial-intelligence-based customer service chatbot. It sells policies like a Shipping Return Policy—its top product—which covers the shipping cost on returns of purchases. Buyers pay a premium of 0.20 to 0.90 yuan (US\$0.03 to US\$1.50) per purchase.

Other products include travel insurance, along with policies for diabetes patients, cracked phone screens and damaged furniture. Last year, ZhongAn sold just more than 10 policies per customer. So it is essentially a bet on high vol-

"Year after year I'll talk to investment bankers and they'll say, 'This year is going to be the year,'" for bank M&A, said Michael Daly, CEO of Massachusetts-based Berkshire Hills Bancorp Inc.

Berkshire Hills is in the middle of an acquisition that will take it to about \$12 billion in assets. But most banks are in more of a wait-and-see attitude right now," he says.

Any deal making is mostly concentrated in smaller banks. More than 80% of banks that have announced they're selling themselves this year have assets of less than \$1 billion, according to FIG Partners. Only two have assets of more than \$10 billion.

Still, investment bankers say they have reasons to be hopeful. One metric, the reported value of overall U.S. banking deals, has risen about 5% from this time one year ago, according to FIG.

The Trump administration is also moving ahead with regulatory appointments that could bring relaxed rules for banks. Another key factor is whether certain asset thresholds such as \$10 billion and \$50 billion, where stricter regulations kick in, get moved higher. In recent years, some banks shied away from doing a deal if it pushed them above asset thresholds that brought more scrutiny.

Gerard Cuddy, CEO of Beneficial Bancorp Inc., said he doesn't expect a significant loosening of regulatory requirements or pickup in bank M&A.

"That's just fantasy," said Mr. Cuddy, whose Philadelphia-based community bank has about \$5.8 billion in assets. "This was never going to be a tidal wave."

Continued from the prior page
ZhongAn holds about 12%. Only a thin slice will be given out to the public.

At the top of its IPO pricing range, ZhongAn would be valued at more than 4 times book value, meaning all upside seems to have been priced in. Classic property-and-casualty insurers like PICC trade closer to 1.4 times book value.

This trip to the frontier is already looking expensive.

ume in the everyday insurance-bundling business, with more than 90% of sales generated from its partner platforms—such as Ant Financial, China's largest travel site, Ctrip, and Uber rival Didi Chuxing.

But these partnerships come at a cost: ZhongAn posted net written premium income of 886 million yuan in the first quarter, up 55% from a year earlier. But given substantial expenses including fees to its partners—more than a third of net premiums—it ended up posting a loss of 202 million yuan for the first quarter of this year. The company said it expects to post a big loss for the full year.

At the top of its IPO pricing range, ZhongAn would be valued at more than 4 times book value, meaning all upside seems to have been priced in. Classic property-and-casualty insurers like PICC trade closer to 1.4 times book value.

In the lawsuit, Pfizer blames Inflectra's poor performance on "anticompetitive"

BUSINESS & FINANCE

General Mills' Sales Sour

Revenue pulls back for the ninth quarter in a row as yogurt and cereal hamper results

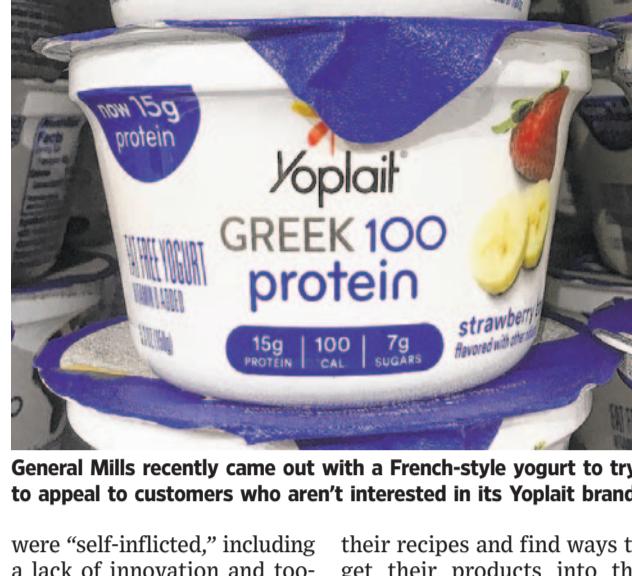
BY ANNIE GASPARRO

General Mills Inc. said Wednesday its revenue declined for a ninth straight quarter, as sales of its Yoplait yogurt and cereal brands continued to sink.

The packaged-food company's shares were off nearly 6% in midday trading in New York.

Chief Executive Jeff Harmening said results for the fiscal quarter ended Aug. 27 marked an improvement from the prior period, even though North America retail sales fell 5%, led by a double-digit decline in yogurt sales and a 7% drop for cereal.

Mr. Harmening, who took the top job in June after decades at the company, has owned up to much of General Mills' struggles, saying they



DONALD KING/ASSOCIATED PRESS

General Mills recently came out with a French-style yogurt to try to appeal to customers who aren't interested in its Yoplait brand.

were "self-inflicted," including a lack of innovation and too-high pricing of its products.

General Mills isn't alone in its struggle to win back consumers who are increasingly looking for healthier and fresher brands. Mainstays in the packaged-food aisles are under pressure to reinvent

their recipes and find ways to get their products into the fresh and refrigerated sections of the grocery store.

In recent years, General Mills has made Cheerios gluten-free, removed artificial colors from Trix cereal, bought Annie's Homegrown natural and organic snacks, and re-

moved aspartame from Yoplait Light.

In July, General Mills came out with what it calls a French-style yogurt to try to appeal to consumers who have put off the Yoplait brand. Oui is cultured for eight hours in the small glass jars in which it is sold, and doesn't contain artificial flavors or preservatives.

General Mills' global sales for its fiscal first quarter fell 4% to \$3.77 billion. On a comparable basis, which excludes such factors as currency fluctuations, revenue was down 4%; that is much steeper than the 1% to 2% decline the company has projected for the fiscal year ending in May.

"We're confident that improved momentum will translate into stronger organic net sales results in the rest of the year," Mr. Harmening said.

General Mills' profit of \$408.6 million was down 2.6% from the year-earlier quarter. Excluding one-time items, adjusted earnings per share came to 71 cents, below the FactSet consensus of 76 cents.

DUBAI

Continued from the prior page
pacts the U.A.E. market to expand at about the same rate every year to reach roughly \$84 billion by 2021. That is more than double the annual U.S. growth rate.

In contrast, malls in the U.S. are struggling to stay open. U.S. retailers—facing increasing competition from online sellers after years of overbuilding—have closed stores at a record pace after the boom years of the 1990s. More than 8,000 stores are expected to close this year.

Dubai's malls aren't immune to the forces buffeting Western retailers.

E-commerce, which according to Euromonitor accounted for roughly 3% of all sales in the U.A.E. last year, is growing in double digits, thanks to a large population of young people, expanding internet penetration and high levels of disposable income in the region.

That growth has drawn global giant Amazon.com Inc., which earlier this year acquired Dubai-based Souq.com, one of the largest e-commerce businesses in the Middle East.

Malls in Dubai also have to contend with the sharp drop in the price of oil, the biggest revenue earner for many of its big

feeder markets such as Saudi Arabia, which has weighed on regional consumer sentiment.

But the key difference between the U.S. and Dubai is that malls here are still a popular place to go, in no small part because of the searing heat. With temperatures soaring beyond 38 degrees Celsius for months on end in most parts of the Middle East, Dubai's malls have become modern-day oases, drawing both people from the region and expats who make up a big chunk of the population.

"It keeps them busy during the summer," said Iranian Leila Kasraie, 44 years old, while dropping off her children, Sam, 6, and Kia, 5, for skiing lessons in Mall of the Emirates, which also has an enclosure for penguins. "Will now have coffee. Shop," said Ms. Kasraie, holding a Louis Vuitton bag bought from one of the Dubai malls. "Wish I could come to the malls every day."

Dubai already has about twice as much retail space per capita as London, according to the global real-estate services firm JLL. And yet to cater to the expected growth in demand, especially ahead of the World Expo in Dubai in 2020, developers are looking to expand retail space by one-third by the end of 2019, according to JLL.

"Malls in Dubai are just not about shopping," said Andrew

Williamson, the head of Middle East and North Africa retail at JLL. "Where else in the world can you find something for everyone in the family?"

Earlier this month, Union Properties, a Dubai developer, unveiled plans for a roughly one-million-square-foot mall featuring a 250-meter indoor velodrome, a 700-meter indoor elevated running track, an Olympic-size swimming pool and a 17,000-square-foot

State-owned Emirates Airline funnels millions of passengers every year through its hub in Dubai, with many of them stopping over. Dubai's tourism department actively promotes its malls, too, through discount festivals with raffle prizes that include luxury cars and exotic vacations or events.

Hundreds of people gathered last month for a concert featuring Arab pop star Balqees at the Mall of the Emirates.

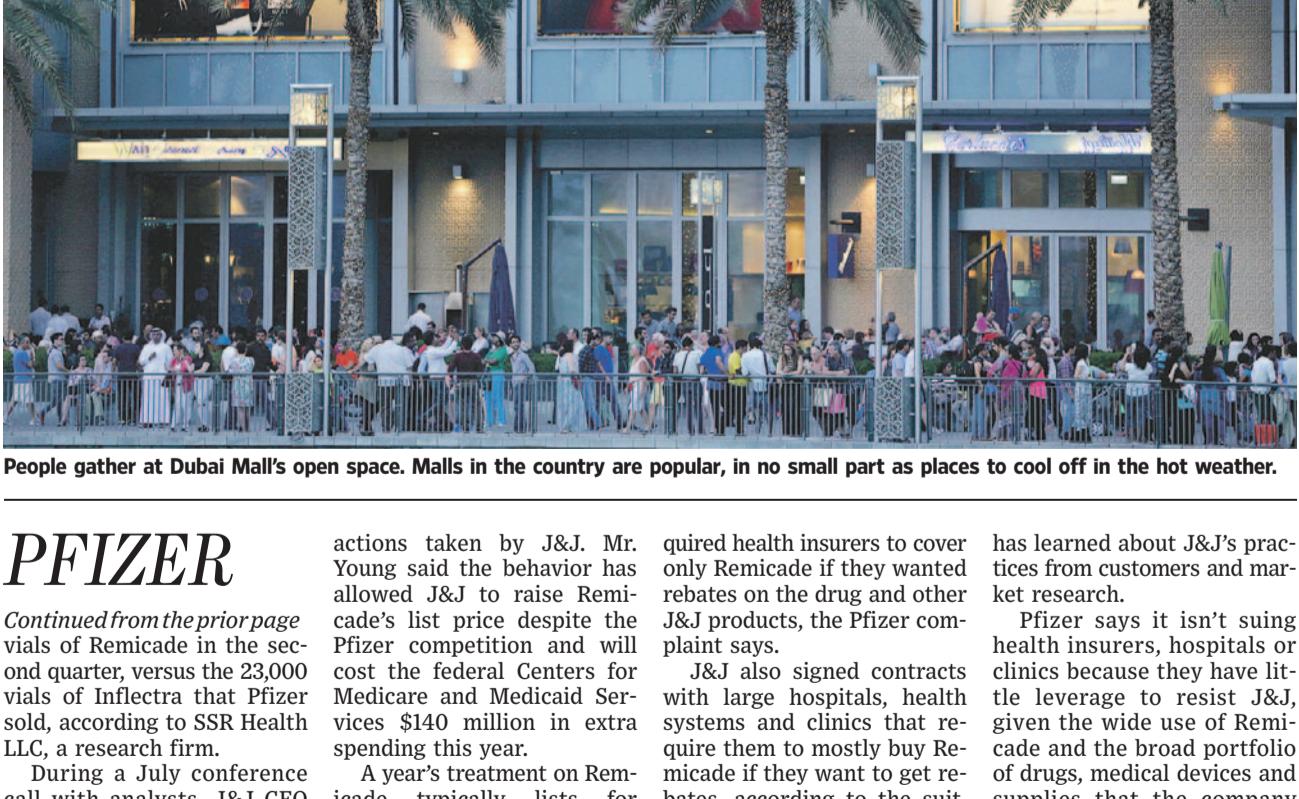
The Emirati singer—belting out her chart-topping numbers—was a star attraction for the mall as it promoted a six-week-long annual Dubai shopping extravaganza.

At Ibn Battuta, a themed mall named after the famous 14th-century traveler, shoppers can follow his historic journey across countries such as China, India and Egypt.

At Dubai Mall, people can test their flying skills on the largest passenger jet in the world—the Emirates A380 flight simulator.

"The kids want to go see the aquarium. I want to shop," said Kathy Shungu, who was visiting Dubai Mall with her husband and three young children during a two-week holiday from the Democratic Republic of Congo.

"Very, very nice," she said. "Like a paradise."



People gather at Dubai Mall's open space. Malls in the country are popular, in no small part as places to cool off in the hot weather.

PFIZER

Continued from the prior page
vials of Remicade in the second quarter, versus the 23,000 vials of Inflectra that Pfizer sold, according to SSR Health LLC, a research firm.

During a July conference call with analysts, J&J CFO Dominic Caruso described Remicade's loss of market share as "minor" and the fall in sales as "lower" than both the company or Wall Street expected. "We haven't seen much impact now," Mr. Caruso said, according to a transcript.

Remicade is J&J's top-selling product.

actions taken by J&J. Mr. Young said the behavior has allowed J&J to raise Remicade's list price despite the Pfizer competition and will cost the federal Centers for Medicare and Medicaid Services \$140 million in extra spending this year.

A year's treatment on Remicade typically lists for \$31,500, nearly \$6,000 more than for Inflectra, according to SSR Health. In its lawsuit, Pfizer says it offered discounts that "in some instances were more than 40% below Inflectra's list price."

Health insurers initially treated Inflectra the same as Remicade for coverage purposes, but then J&J began putting into effect its "Biosimilar Readiness Plan" that re-

quired health insurers to cover only Remicade if they wanted rebates on the drug and other J&J products, the Pfizer complaint says.

J&J also signed contracts with large hospitals, health systems and clinics that require them to mostly buy Remicade if they want to get rebates, according to the suit. The company says about 90% of the providers haven't bought Inflectra.

If it prevails, the Pfizer lawsuit could "make sure that this kind of anticompetitive behavior properly protects the manufacturers of biosimilars," Pfizer general counsel Doug Lankler said.

Pfizer says it doesn't have copies of the contracts, but

has learned about J&J's practices from customers and market research.

Pfizer says it isn't suing health insurers, hospitals or clinics because they have little leverage to resist J&J, given the wide use of Remicade and the broad portfolio of drugs, medical devices and supplies that the company sells.

J&J, whose success defending Remicade has drawn notice on Wall Street, recently told an analyst at Evercore ISI that Remicade has withstood the competition in part because doctors don't want to simply switch a patient to Inflectra if they are stable on their existing medication, and most patients are doing well on Remicade.

BUSINESS NEWS

Maersk Sells Tankers Unit to Narrow Focus

By DOMINIC CHOPPING
AND COSTAS PARIS

A.P. Moeller-Maersk A/S on Wednesday said it would sell its tankers unit to its controlling shareholder for \$1.17 billion, the latest move by the Danish shipping and energy conglomerate to break up its sprawling operations and focus on container shipping.

The sale of **Maersk Tankers A/S**, one of the world's largest operators of oil tankers, follows on the conglomerate's decision a year ago to separate its transport and energy businesses.

Under that plan, Maersk announced last month the sale of its Maersk Oil unit to France's **Total SA** for \$4.95 billion. It still has its Maersk Drilling division, which operates oil and gas rigs mainly in the North Sea, and Maersk Supply, a fleet of 44 support ships for offshore operations, to sell or list.

Maersk Chief Executive Soren Skou said Wednesday the sale of Maersk Tankers represents "an important step in our strategy to free up resources and focus growth in A.P. Moeller-Maersk on container shipping, ports and logistics."

The company is trying to reshape itself into a global supply-chain player like United Parcel Service Inc. and FedEx Corp. The shipping unit, Maersk Line, is the world's biggest container operator in terms of capacity.

The tankers unit is being bought by **APMH Invest A/S**, a subsidiary of **A.P. Moller Holding A/S**—the controlling shareholder of A.P. Moeller-Maersk. After the sale is completed, the buyer plans to establish a consortium with Japan's **Mitsui & Co. Ltd.** to hold the tankers business.

Headed by Maersk family heir Robert Ugle, A.P. Moller Holding is a private invest-

ment arm that controls 41.5% of Maersk shares and 51% of shareholder votes. It also controls 20% of Danske Bank, one of Denmark's largest financial institutions.

A.P. Moller Holding said it is looking for other acquisitions as part of its strategy to develop a new portfolio of companies. It recently set up A.P. Moller Capital, which will invest in infrastructure projects.

Maersk has owned the tanker business since 1928. The unit transports refined oil products around the world, has a fleet of 161 vessels and employs 3,100 people. Maersk said it would use the proceeds from the sale to reduce debt.

Mitsui is one of Japan's biggest trading companies, with interests in energy, chemicals, food, textiles, logistics and machinery. Its assets are worth \$102.7 billion and its revenue for its most recent fiscal year was \$39 billion.



The company has been breaking up its sprawling operations to concentrate on container shipping.

SIMON DAVISON/BLOOMBERG NEWS

Inditex's Sales Pick Up but Strong Euro Hurts Profit

By JEANNETTE NEUMANN

Inditex SA said Wednesday that the current selling season got off to an encouraging start, even as profitability is lagging for the operator of the Zara chain due in part to currency fluctuations.

The world's largest fashion retailer by revenue also said its fiscal first-half net profit rose 9% from a year earlier to €1.37 billion (\$1.64 billion). Sales climbed 12% during the six-month period ended July 31 to €11.67 billion.

The company didn't break out second-quarter results, but based on its first-quarter performance, profit rose 1.5% to €712 million in the latest period on a 9% rise in sales.

Sales growth is accelerating. In the first seven weeks of Inditex's fiscal third quarter, it registered at 12%, indicating same-store sales growth of 6%

through Sept. 17, said Andreas Inderst, an analyst with Macquarie Group. "This is very pleasing," he said.

In the second quarter, ended July 31, comparable-store sales were up 5% from a year earlier at Inditex, whose

The company feels the effects of currency shifts more than many other retailers.

full name is Industria de Diseno Textil SA. That compares to about a 4% decline for Inditex competitor H&M Hennes & Mauritz AB of Sweden during its most recent quarter.

Inditex's gross margin, a measure of profitability, fell to 54.8% in the second quarter,

more than analysts had expected.

The Spanish company generates more than half of its sales in non-euro currencies, so the weakening of those currencies in comparison to the euro chips away at reported revenue in euros. Inditex generates around 8% of sales in China, 4% in the U.S. and 4% in Russia.

A strengthening euro has driven down Inditex's share price for the past several months, although shares have recovered in recent days.

"The weak gross margin in the second quarter will worry the market, particularly in terms of how it continues for the remainder of the year, with the market already well aware that the strong euro could continue to put pressure on sales" and other metrics, said Societe Generale analyst Anne Critchlow.

Inditex feels the effects from currency shifts more than many other retailers because of its global reach, and it has a high cost base in euros since its various brand headquarters and logistics facilities are in Spain.

"When the impact on sales is minus 2% due to depreciation of Inditex's basket of non-euro currencies against the euro, the currency-related decrease in operating costs is only half of that, at minus 1%," Ms. Critchlow wrote in a research report.

In the first half of the year, Inditex opened 113 new stores, including a major Zara store in Mumbai, India; Madrid and in Astana, Kazakhstan. That brought its store total to 7,405, compared with 7,096 at the end of July 2016. Inditex is also launching online platforms with Zara's platform set to launch in India on Oct. 4.



The parent company of fashion retailer Zara said its sales growth is accelerating in the current selling season.

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TECHNOLOGY

WSJ.com/Tech



The package-delivery company said the June attack dubbed Petya cut about \$300 million out of its quarterly earnings.

'Petya' Drags Down FedEx

By EZEQUIEL MINAYA
AND MICHELLE MA

FedEx Corp. said a cyberattack earlier this year dented earnings in its latest quarter by roughly \$300 million, prompting the package delivery giant to cut its profit forecast for the rest of the fiscal year.

The company said late Tuesday that the June 27 attack, which security experts dubbed Petya, reduced its quarterly earnings by a third, as computer systems at its TNT Express business were disrupted for weeks. The company said it has restored most of TNT's services and critical technology, but it is still working on some customer-specific systems.

"This was not an ordinary cyberattack," FedEx's chief information officer, Robert Carter, said during a conference call with analysts. "We believe that this attack was the result of a nation-state

targeting Ukraine and companies that do business there."

The company expects TNT systems damaged by the attack to be fully restored by the end of September.

FedEx, which wasn't covered by cyberinsurance, is "re-examining where the market is" and is considering adding coverage, FedEx finance chief Alan Graf said. The company said the attack was contained to TNT and didn't impact FedEx Express systems or its customers.

FedEx shares, which have performed strongly this year, were ahead 2% at \$220.21 in midday trading on Wednesday.

FedEx acquired TNT Express last year for \$4.8 billion, the largest acquisition in FedEx's history as part of a move to accelerate its growth abroad.

FedEx expects integration of the Dutch company to be finished in 2020. Integration expenses, including restructuring charges, are expected to be

about \$800 million, with \$350 million of that expected to be incurred in fiscal 2018.

Like rival United Parcel Service Inc., FedEx is making preparations for the surge in holiday shipments from the boom in online shopping, which has tested the two package-delivery giants. Exec-

Computer systems at its TNT Express unit are still recovering from the cyberattack.

utives said Tuesday they expect to hire 50,000 employees for the peak holiday season, about the same level as last year.

The company said it would also add surcharges on "the small number" of large retail and e-commerce customers that drive the surge on peak

deliveries.

It is also charging extra fees for oversize packages for the entire holiday season. UPS announced earlier this year plans to apply surcharges on all shipments on certain peak-volume days.

For the fiscal first quarter ended Aug. 31, FedEx reported a profit of \$596 million, or \$2.19 a share, down from \$715 million, or \$2.65 a share, a year ago. It said the cyberattack cut per-share earnings by 79 cents in the period. Revenue rose 4% to \$15.3 billion.

The company lowered its profit targets for the rest of the fiscal year. It now expects per-share earnings, excluding certain items, to be between \$12 and \$12.80, down from its previous estimate of between \$13.20 and \$14.

Starting Jan. 1, FedEx said it would FedEx Freight, Express, Ground and Home Delivery shipping rates in the U.S. would increase by an average of 4.9%.

Consensus Sought For Online Bill

By JOHN D. MCKINNON
AND DOUGLAS MACMILLAN

WASHINGTON—A key Senate committee chairman on Tuesday urged internet companies to help forge legislation to combat online sex trafficking, pressuring the technology industry to get behind an effort it largely has opposed.

Commerce Committee Chairman John Thune (R., S.D.) stopped short of endorsing a bipartisan measure that has been gaining steam in the Senate. That legislation would roll back the sweeping legal immunity that websites enjoy under federal law, and enable victims and local prosecutors to take legal action against sites that knowingly facilitate trafficking.

Mr. Thune suggested Silicon Valley firms need to be involved in finding a compromise that both sides could accept. "I believe that these companies—like the rest of us—have an obligation to do more," he said in his opening statement at a congressional hearing Tuesday on the issue.

At the end of the hearing, he told an internet trade association representative who appeared as a witness: "I would encourage you and the companies that you represent...to figure out if there's a way" to



Sen. John Thune didn't endorse a bill to combat sex-trafficking.

agree on legislation. "We need to provide clarity," he added.

The legislation stems from concern that current federal law—adopted in the 1990s to help the fledgling internet grow—has led to an epidemic of online sex trafficking in recent years, mainly through classified-ad sites such as backpage.com. Escort ads on such sites often have served as thinly disguised solicitations for prostitution, and sometimes involve underage victims, according to anti-trafficking advocates.

But Backpage has successfully shielded itself from legal action by victims as well as state prosecutors by citing the federal-immunity law. The company declined to comment on Tuesday's hearing.

Legislation sponsored by Sens. Rob Portman (R., Ohio) and Richard Blumenthal (D., Conn.) has gained 30 co-sponsors since it was introduced in early August. It would roll back the 1990s federal shield, at least for online companies that knowingly facilitate sex trafficking.

A number of big internet companies—including Alphabet Inc. unit Google—and their trade groups argue that the Portman-Blumenthal bill goes too far and could undermine a legal pillar of the internet.

They contend that given the intricacies of the existing legislation, its alteration could end up with major services doing less policing of their sites.

It also could trigger a "deluge of frivolous litigation" targeting "legitimate" websites, warned Abigail Slater, general counsel of the Internet Association, a trade group.

Still, Ms. Slater said the association would support "targeted amendments" to current law to allow victims of sex-trafficking crimes to seek justice against perpetrators.

A spokesman for Mr. Portman suggested bill sponsors are skeptical that tech firms will go far enough.

BUSINESS NEWS

Fox Seeks Dismissal Of Defamation Suit

By JOE FLINT

Fox News and its parent company, 21st Century Fox, have filed a motion to dismiss a defamation lawsuit from a contributor who claimed he was misquoted in an article about the murder of a Democratic National Committee employee.

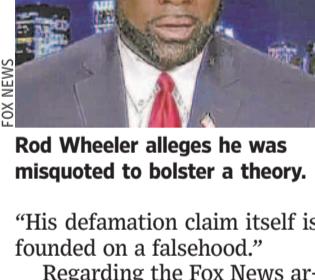
The defamation suit was filed in New York federal court earlier this summer by Rod Wheeler, a former Washington, D.C., homicide detective and Fox News contributor. It alleged he was misquoted to bolster a conspiracy theory that DNC staffer Seth Rich was murdered in retaliation for leaking sensitive emails to WikiLeaks regarding Hillary Clinton's presidential run.

Mr. Wheeler, who had been retained by the Rich family as an investigator, alleged in his initial complaint that the Fox News story made up two quotes and attributed them to him.

In court filings this week to dismiss the lawsuit against the network, its parent company and Malia Zimmerman, the author of the article, Fox's lawyers argue that Mr. Wheeler's claims are without merit. The court documents allege that Mr. Wheeler wasn't misquoted or defamed, that he reviewed and didn't object to a draft of the article that included the quotes before it was published, and that he made similar statements in television interviews.

Fox claims that Mr. Wheeler said in an on-air interview with a local TV station that he had sources saying there was information that could link Mr. Rich to WikiLeaks. Mr. Wheeler said in that interview that information about DNC interference in the murder investigation would "come out tomorrow," allegedly referring to the impending Fox News story, according to the court documents.

"He made substantially the same statements on the air in several on-camera interviews before and after the Fox News report," the court filing states.



Rod Wheeler alleges he was misquoted to bolster a theory.

"His defamation claim itself is founded on a falsehood."

Regarding the Fox News article, the company's lawyers also said in the motion to dismiss that they had evidence Mr. Wheeler "confirmed" in writing that he was reviewing a draft containing those quotes before he provided additional quotes for the story.

Fox News retracted the article after a backlash over its veracity, saying the piece didn't receive proper "editorial scrutiny." Mr. Rich was killed last July in Washington in what police believe may have been a botched robbery.

Mr. Wheeler had claimed that White House officials were kept apprised of the story as it was developing earlier this year and that President Donald Trump saw a version of it before publication on the Fox News website. Mr. Wheeler argued that the article was designed to advance a political agenda for the Trump administration by providing an alternative narrative for those disputing that Russia hacked the DNC and interfered with the election.

Mr. Wheeler's complaint said he had received messages from Fox News contributor Ed Butowsky saying that the president "wants the article out immediately." White House press secretary Sarah Huckabee Sanders has said Mr. Trump wasn't aware of the article and the White House had no involvement.

21st Century Fox and Wall Street Journal parent News Corp. share common ownership.

Toys 'R' Us Crushed by Mountain of Debt

By MIRIAM GOTTFRIED
AND LILLIAN RIZZO

Competition may have brought down Toys 'R' Us Inc. But the debt that three Wall Street firms heaped on the company when they took it private—and the way the ownership group was constructed—left the retailer without a fighting chance.

When a consortium comprised of Vornado Realty Trust and private-equity firms KKR & Co. and Bain Capital bought the toy retailer for \$6.6 billion in 2005, it already was struggling against competition from discounters, including Wal-Mart Stores Inc. and Target Corp., and the threat of online competition from the rapidly growing Amazon.com Inc. loomed. Still, Toys 'R' Us had valuable real estate and the investors planned to boost the company's sales and financial performance, banking in part on the strength of its name.

A dozen years later, Toys 'R' Us has filed for bankruptcy protection, seeking relief from creditors in a Virginia court late Monday in a



Toys 'R' Us CEO David Brandon in a New Jersey store last year.

move that will all but wipe out the owners' \$1.4 billion of equity. The company has \$5.3 billion in debt, unchanged from when it went private.

Vornado has marked down the value of its stake in Toys 'R' Us to zero, according to the real-estate firm's annual securities filing. KKR and Bain have similarly marked down their investments, according to people familiar with the matter. The

and 2017. And the company hasn't made progress reining in its debt load during its 12 years under private ownership, as virtually all excess cash was earmarked for reinvestment.

At the end of the quarter after the deal's close, the retailer's net debt was 7.2 times its earnings before interest, taxes, depreciation and amortization. As of the end of this year's first quarter, the leverage ratio stood at 7.8 times.

"The \$400 million a year in debt service was really constrictive as they were trying to compete," said Katherine Waldock, a finance professor at Georgetown University's McDonough School of Business.

Chief Executive David Brandon said in court papers Tuesday that Toys 'R' Us has been hampered by its "significant leverage," and the result is "the company has fallen behind some of its primary competitors on various fronts, including with regard to general upkeep and the condition of our stores, our inability to provide expedited-shipping options, and our lack of a subscription-based delivery service."

BUSINESS WATCH

HTC

Smartphone Maker's Shares Are Halted

Trading in shares of HTC Corp. was suspended in Taiwan on Wednesday pending an announcement, after reports in Taiwanese media that Google parent Alphabet Inc. was planning a takeover of the smartphone maker.

As Samsung Electronics Co. and Huawei Technologies Co.

Last year HTC posted a loss of 10.6 billion new Taiwan dollars (US\$352 million). Revenue fell 36% to NT78.2 billion.

—Dan Strumpf

BEST

Logistics Company Cuts Size of Its IPO

Chinese logistics company Best Inc. on Tuesday slashed the size of its planned initial public offering.

The company, backed by technology giants Alibaba Group Holding Ltd. and Foxconn Technology Group, now expects to offer 45 million American depositary receipts at a price of \$10 to \$11 each, down from earlier plans to sell 53.56 million shares

at \$13 to \$15 apiece.

Best now estimates it will receive net proceeds of about \$447.3 million from the offering, down from \$713 million it expected previously.

—Austen Hufford

POST HOLDINGS

Cereal Maker to Buy Bob Evans Farms

Post Holdings Inc. intends to buy breakfast-sausage maker Bob Evans Farms Inc., the latest in a series of acquisitions by the cereal maker aimed at getting shelf space in faster-growing areas of the grocery store.

Post, which makes Honey Bunches Of Oats and Fruity Pebbles cereals, said Tuesday it would combine the newly acquired business with Michael

Foods, a company it bought three years ago that produces Simply Potatoes, Crystal Farms cheeses and liquid egg whites.

The deal is valued at \$1.5 billion and marks a 6% premium to Bob Evans' closing stock price Monday.

—Annie Gasparro

and Joann S. Lublin

FORD

Auto Maker to Idle Work at Five Plants

Ford Motor Co. plans to temporarily idle production lines at five North American plants, including three in the U.S., the latest in a series of moves by U.S. auto makers to cope with slowing vehicle sales and rising industry capacity.

—Christina Rogers

FINANCE & MARKETS

Uncertainty Afflicts Guggenheim

SEC scrutiny, internal unrest and questions about executives' path roil investment firm

Mark Walter helped turn **Guggenheim Partners LLC** into an investment powerhouse. Now he is considering giving up his chief executive role as the firm contends with internal unrest and scrutiny from regulators.

By Margot Patrick,
Justin Baer
and Gregory Zuckerman

Mr. Walter has told colleagues he is weighing ceding the CEO post, while remaining chairman, according to people close to the situation. "Mr. Walter has no current plans to relinquish his position as CEO of Guggenheim," a company spokesman said.

The leadership discussions are happening as Guggenheim deals with new regulatory scrutiny, employee departures from the firm's investment business and internal unrest surrounding the status of a key executive, current and former employees said.

That upheaval has hampered Guggenheim's growth, those people said.

That executive, global head of institutional distribution Alexandra Court, is now negotiating her possible departure from the company, according to people close to the matter.

Earlier this year, the U.S. Securities and Exchange Commission began looking at Guggenheim's operations, certain investments and disclosure



SHUTTERSTOCK/ZUMA PRESS

Questions hover over Mark Walter's tenure as chief executive.

sures, said people familiar with the situation. The regulator has asked Guggenheim for information on several deals, including one involving the firm's investment in an entity founded by former Barclays PLC chief executive Bob Diamond, the people said.

The information request came from the SEC's examinations staff, the people said. Those officials have discussed the matter with enforcement staff, who will determine whether to proceed with an investigation, one person said. An SEC spokesman declined to comment.

Other high-ranking executives have left Guggenheim recently. Those departures, along with Ms. Court's uncertain status, have spurred questions from clients unclear about the money manager's direction, people familiar with the matter said.

Moreover, there is frustration that the firm doesn't manage more money given the fact that some of its funds' performance have topped competitors, according to two employees. Despite the upheaval, a senior executive said Guggenheim remains profitable.

"The characterization that our business is in turmoil is just plain wrong," Guggenheim Investments President Jerry Miller and Chief Investment Officer Scott Miner said in a statement. "Quite to the contrary, we're experiencing extremely strong investment performance on behalf of our clients, record asset growth, and are probably in the strongest position we have ever been."

Central to the firm's success has been an asset-management arm that oversaw just \$35 billion a decade ago.

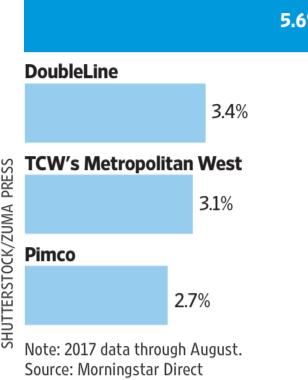
Guggenheim

Overshadowed

Guggenheim's core bond fund has outperformed rivals, but executives have been frustrated by a failure to gather more investor flows.

Total-return bond funds

Five-year total return, annualized

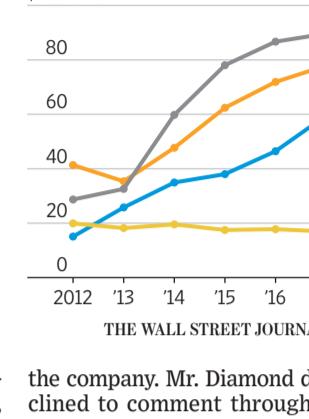


Note: 2012 data through August.

Source: Morningstar Direct

Total net assets by fund family

\$100 billion



THE WALL STREET JOURNAL.

China Tire Company Pushes U.S. Plant

BY PETER GRANT

Despite an overall decline in Chinese investment in the U.S., one of China's largest tire manufacturers is moving forward with plans to develop a \$530 million factory in LaGrange, Ga.

Sentury Tire has hired real-estate-services firm JLL to help it find a developer for the projected 1.7 million-square-foot (153,000-square-meter) building on a 430-acre (172-hectare) site, which would be its first North American plant.

The factory would employ as many as 1,000 workers and use state-of-the-art technology such as fully automatic tire-building machines and retrieval and storage systems.

"The cool thing is that we have been able to build plants from scratch [in other locations]," said Rami Helminen, chief executive of **Sentury Tire North America**. "This kind of plant has not yet been built in the U.S."

The facility will be developed using a process known as "build-to-suit." **Sentury**, which announced its plans to build the LaGrange plant last year, is looking for a developer that will put up the capital to construct a \$200 million building following **Sentury's** specifications. That developer will own the property, and **Sentury** plans to sign a lease for roughly 25 years.

The Chinese company, which was founded in 2007, also will spend more than \$300 million to equip the plant that is expected to be able to produce roughly 30,000 tires a day. "Our primary assets are the processing equipment that require constant upgrade," Mr. Helminen said.

Sentury is moving ahead with its plans as Chinese investment in the U.S. is declining, partly because of new restrictions in that country on foreign investment.

In August, the value of completed Chinese foreign-direct-investment deals in the U.S. dropped to \$212 million, the lowest monthly total since May 2015, according to Rhodium Group, a research firm.

Industrial build-to-suit projects under way in the U.S. at midyear 2017 totaled 50.5 million square feet, compared with 41.2 million square feet at the same time last year, according to JLL.

"There are projects of all varieties going on in all major markets," said Todd Torok, managing director of JLL.

Harvey Hit Geico Hard

BY NICOLE FRIEDMAN

Car insurer Geico suffered greater losses from Hurricane Harvey than from Hurricane Irma, said Warren Buffett, chairman of Geico's parent company **Berkshire Hathaway Inc.**

Geico is the biggest car insurer in Florida, where Irma made landfall earlier this month, and the second-biggest in Texas, where Harvey struck in August. Harvey caused massive flooding, which can be more damaging to cars than wind. Mr. Buffett said in August that he expected Geico to report losses on about 50,000 cars following Harvey.

"It's very hard to give numbers but, there were more total losses by quite a margin in Harvey than in Irma," Mr. Buffett said about Geico's business.

He spoke on the sidelines of Forbes' centennial celebration Tuesday night in New York.

Berkshire used to be a big seller of reinsurance for catast-

trophes but has retreated from the market due to low prices.

Mr. Buffett said he doesn't expect pricing to improve despite the hurricanes and other disasters in recent weeks.

Mr. Buffett also said he supports German Chancellor Angela Merkel in this weekend's election. "I think she's remarkable," he said. "I think we've been very lucky to have a leader like her."

In U.S. politics, Mr. Buffett said he expects Congress to reach a deal to protect young people brought to the U.S. illegally as children. Mr. Buffett signed a letter in August—as an individual, not on behalf of Berkshire—urging President Donald Trump and congressional leaders to retain these protections.

"The American people are pretty clear how they feel" about the issue, Mr. Buffett said. "I would expect Congress not to get too far away from the American people."

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FUND NAME GF AT LB DATE CR NAV YTD 12-MO 2-YR %RETURN—

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866 Fax No: 65-6835-8865, Website: www.cam.com.sg, Email: cam@cam.com.sg CAM-GTF Limited OT MUS 09/19 USD 306780.09 1.6 -1.6 7.1

FUND NAME GF AT LB DATE CR NAV YTD 12-MO 2-YR %RETURN—

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MARKETS DIGEST

Nikkei 225 Index

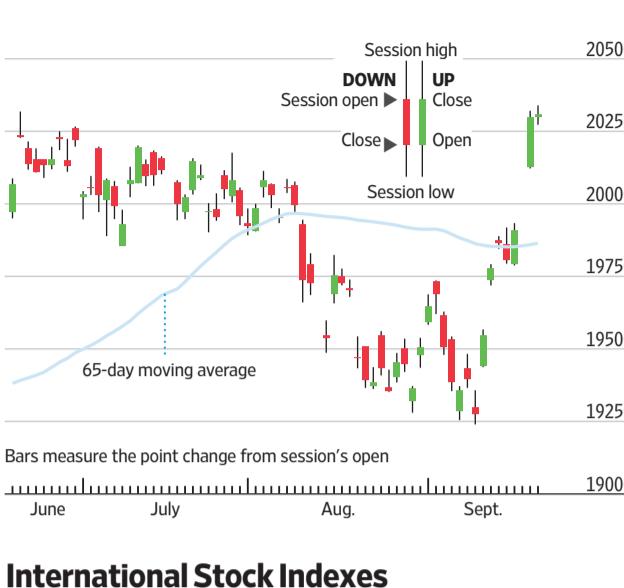
20310.46 ▲ 11.08, or 0.05%

High, low, open and close for each trading day of the past three months.

Year-to-date
52-wk high/low
All-time high

20310.46 16251.54
38915.87 12/29/89

▲ 6.26%
▲ 2.6%



Bars measure the point change from session's open

STOXX 600 Index

381.98 ▼ 0.14, or 0.04%

High, low, open and close for each trading day of the past three months.



S&P 500 Index

2507.73 ▲ 1.08, or 0.04%

High, low, open and close for each trading day of the past three months.



Data as of 12 p.m. New York time

Last

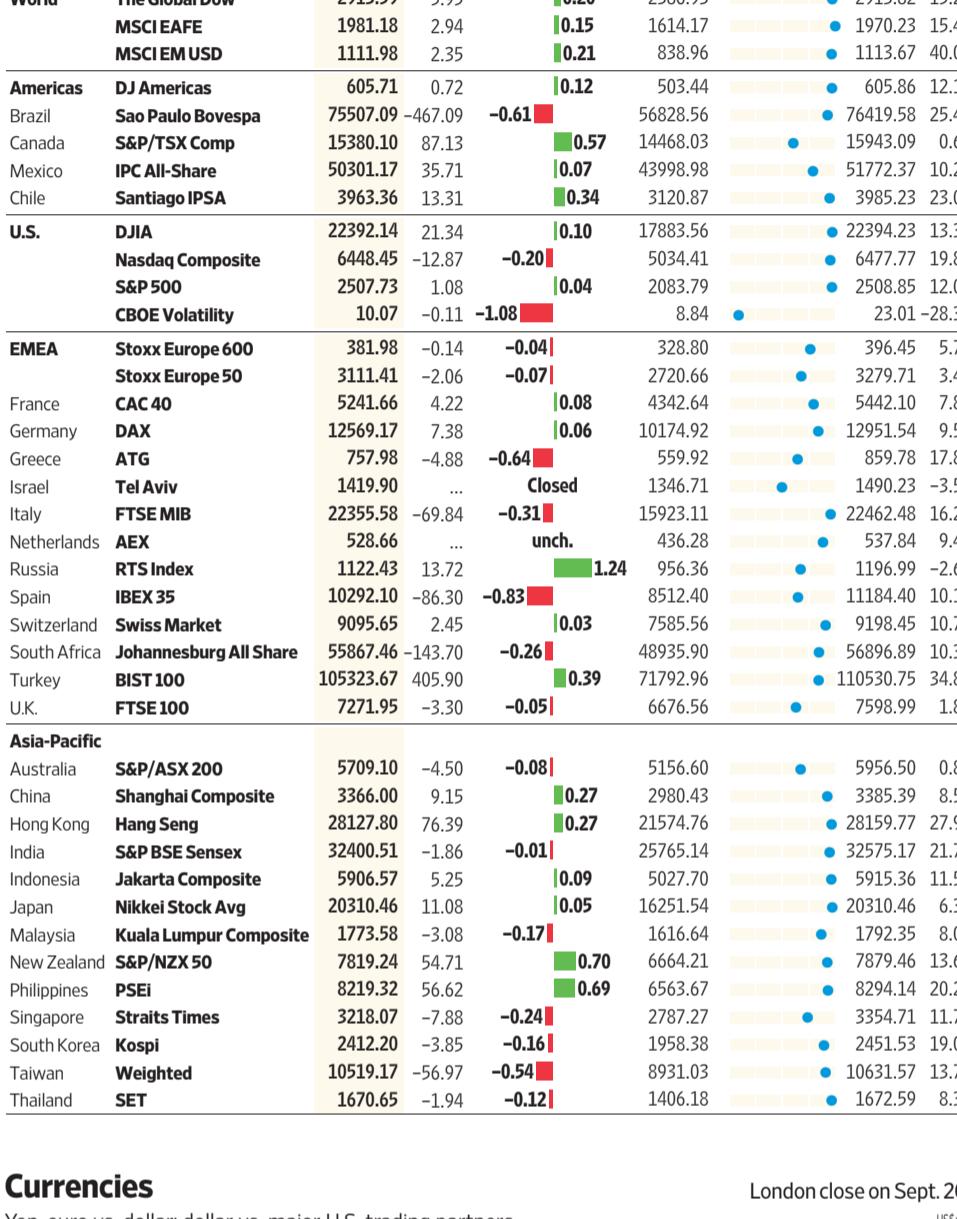
Year ago

Trailing P/E ratio 24.11 24.47
 P/E estimate * 19.10 18.25
 Dividend yield 1.99 2.14
 All-time high: 2506.65, 09/19/17

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

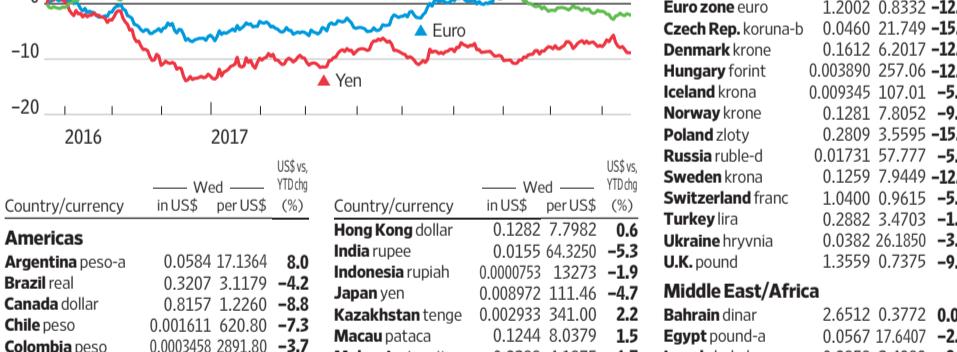
International Stock Indexes

Region/Country	Index	Data as of 12 p.m. New York time					
		Close	Net Chg	% chg	52-Week Range	YTD High	% chg
World	The Global Dow	2913.59	5.95	▲ 0.20	2386.93	2913.82	15.2
	MSCI EAFE	1981.18	2.94	▲ 0.15	1614.17	1970.23	15.4
	MSCI EM USD	1111.98	2.35	▲ 0.21	838.96	1113.67	40.0
Americas	DJ Americas	605.71	0.72	▲ 0.12	503.44	605.86	12.1
Brazil	Sao Paulo Bovespa	75507.09	-467.09	-0.61	56828.56	7203	25.4
Canada	S&P/TSX Comp	15380.10	87.13	▲ 0.57	14468.03	15943.09	0.6
Mexico	IPC All-Share	50301.17	35.71	▲ 0.07	43998.98	51772.37	10.2
Chile	Santiago IPSA	3963.36	13.31	▲ 0.34	3120.87	3985.23	23.0
U.S.	DJIA	22392.14	21.34	▲ 0.10	17883.56	22394.23	13.3
	Nasdaq Composite	6448.45	-12.87	-0.20	5034.41	6477.77	19.8
	S&P 500	2507.73	1.08	▲ 0.04	2083.79	2508.85	12.0
	CBOE Volatility	10.07	-0.11	-1.08	8.84	10.07	28.3
EMEA	Stoxx Europe 600	381.98	-0.14	-0.04	328.80	396.45	5.7
	Stoxx Europe 50	3111.41	-2.06	-0.07	2720.66	3279.71	3.4
France	CAC 40	5241.66	4.22	▲ 0.08	4342.64	5442.10	7.8
Germany	DAX	12569.17	7.38	▲ 0.06	10174.92	12951.54	9.5
Greece	ATG	757.98	-4.88	-0.64	559.92	859.78	17.8
Israel	Tel Aviv	1419.90	...	Closed	1346.71	1490.23	-3.5
Italy	FTSE MIB	22355.58	-69.84	-0.31	15923.11	22462.48	16.2
Netherlands	AEX	528.66	...	unch.	436.28	537.84	9.4
Russia	RTS Index	1122.43	13.72	▲ 1.24	956.36	1196.99	-2.6
Spain	IBEX 35	10292.10	-86.30	-0.83	8512.40	11184.40	10.1
Switzerland	Swiss Market	9095.65	2.45	▲ 0.03	7585.56	9198.45	10.7
South Africa	Johannesburg All Share	55867.46	-143.70	-0.26	48935.90	56896.89	10.3
Turkey	BIST 100	105323.67	405.90	▲ 0.39	71792.96	110530.75	34.8
U.K.	FTSE 100	7271.95	-3.30	-0.05	6676.56	7598.99	1.8



Currencies

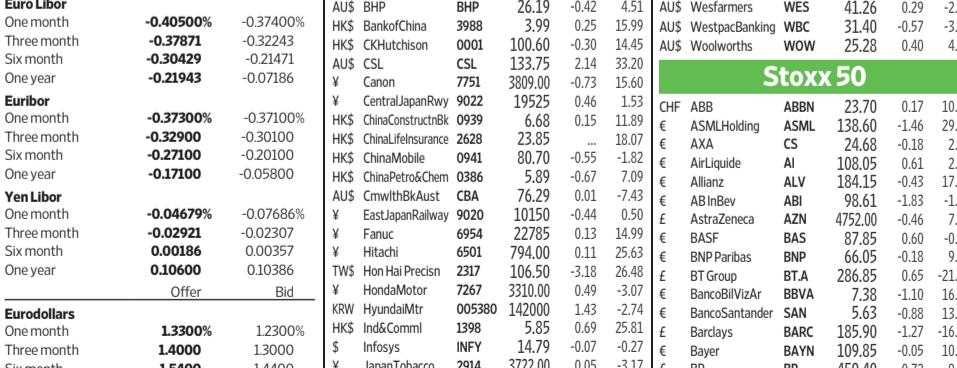
Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tullett Prebon, WSJ Market Data Group

Key Rates

	Latest	52 wks ago
Americas		
Argentina peso-a	0.0584 17.1364	▲ 8.0
Brazil real	0.3207 3.1179	-4.2
Canada dollar	0.8157 1.2260	-8.8
Chile peso	0.001611 620.80	-7.3
Colombia peso	0.0003458 2891.80	-3.7
Ecuador US dollar-f	1 1 unch	
Mexico peso-a	0.0565 17.6876	-14.7
Peru so	0.3083 3.2434	-3.3
Uruguay peso-e	0.0346 28.880	-1.6
Venezuela bolivar	0.098647 10.14	▲ 1.4
Asia-Pacific		
Australia dollar	0.8074 1.2385	-10.8
China yuan	0.1521 6.5750	-5.3
Europe		
Argentinian peso	0.0584 17.1364	▲ 8.0
Brazilian real	0.3207 3.1179	-4.2
Canadian dollar	0.8157 1.2260	-8.8
Chilean peso	0.001611 620.80	-7.3
Colombian peso	0.0003458 2891.80	-3.7
Ecuadorian US dollar-f	1 1 unch	
Mexican peso	0.0565 17.6876	-14.7
Peruvian so	0.3083 3.2434	-3.3
Uruguayan peso-e	0.0346 28.880	-1.6
Venezuelan bolivar	0.098647 10.14	▲ 1.4
Other		
Chinese yuan	0.1521 6.5750	-5.3



Sources: WSJ Market Data Group, SIX Financial Information, Tullett

Top Stock Listings

Cur Stock	Sym	Last	% Chg	YTD% Chg
Asia Titans				
HKS Alipay	1299	60.05	0.42	37.26
AU\$ AustNBk	ANZ	30.03	-0.63	-4.2
AUS BHP	BHP	26.19	-0.42	4.51
HKS BankofChina	3988	3.99	0.25	15.99
HKS CK Hutchison	0001	100.60	-0.30	33.20
AUS CSL	CSL	133.75	2.14	33.20
Y Canon	7751	3809.00	-0.73	15.60
Y CentralJapanRwy	9022	19525	0.46	1.53
HKS ChinaConstructBk	0939	6.68	0.15	11.89
HKS ChinaFinserv	2628	23.85	...	10.00
HKS ChinaMobile	0941	80.70	-0.55	-1.82
HKS ChinaPetro&Chem	0386	5.89	-0.67	7.09
HKS KDDI	9437	2579.00	-0.17	-3.15
HKS Mitsubishi	8058	2612.50	-0.31	4.92
HKS MitsubishiElectric	6503	1779.00	1.37	9.17
HKS MitsubishiUFJF	8306	707.30	-0.23	-1.79
HKS NipponTelco	9432	5126.00	-0.18	4.36
HKS Novartis	2914	3722.00	0.05	3.97
HKS PingAnInsCoChina				

FINANCE & MARKETS

Philippine Stocks Are on a Roll

By ESE ERHERIENE

The unpredictable leader of the Philippines hasn't damped investor optimism about the country's stock market.

The benchmark PSEi has jumped 20% this year, making it among the world's better-performing stock indexes. On Monday, it capped a three-session streak of record closing highs.

There has been turmoil in the country with Rodrigo Duterte's fledgling administration fighting both Islamic militants in the south and a war on drugs that has already claimed thousands of lives during his nearly 15 months in power.

But that hasn't pressured the country's stocks this year, though they lagged behind other markets in 2016 partly because of concerns about Mr. Duterte. The PSEi fell 12% in the second half of last year as the country's currency weakened by 6% against the U.S. dollar.

While the Philippine peso has dropped further in 2017—hitting its lowest level in 11 years—stocks have gone in the other direction. Worst-case fears about what Mr. Duterte would mean for the country, such as derailing the economy and driving away business, have so far proved unfounded.

"The election of Duterte, the shake-up to the political order and his various international spats led investors to shun Filipino assets amid fear that he would cause growth to slow," said Alex Holmes, an Asia economist at Capital Economics. "But in reality, Duterte has not been the disaster that people feared."

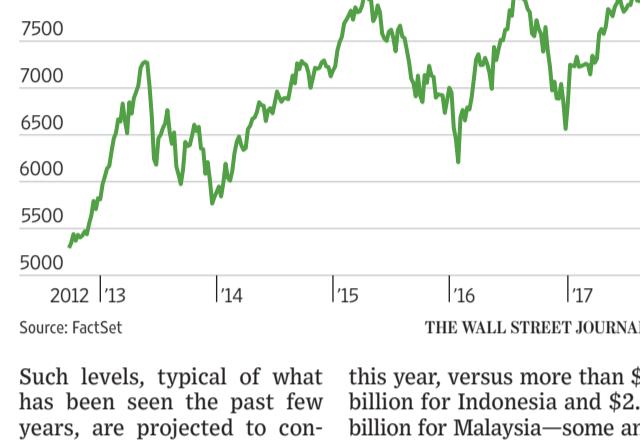
In fact, economic growth has been among the best in Asia, with the Philippines recording a faster-than-expected 6.5% in the second quarter.



Investors had feared Rodrigo Duterte would hurt the economy.

The Duterte Factor

The Philippines PSEi stock market is at record highs as investors shrug off political risk. Weekly data.



tourism, rising domestic spending, and a large working-age population make the country "a natural choice" for investment, he added.

The equity market in the Philippines is relatively small with a total market capitalization of around \$200 billion—less than half the size of Thailand's. At 21 times prior-year earnings, the Manila market's price/earnings ratio is broadly in line with other emerging markets in Asia, according to Société Générale data.

To some extent, optimism regarding Philippine stocks reflects a trend seen across Asia, with emerging markets getting a lift this year from strong economic growth underpinned by export gains. Thailand's stock benchmark recently hit its best levels since the start of 1994, while Indonesia's JSX index has hit record highs this year.

Further weakening of the Philippine peso, however, could potentially put the brakes on stocks' momentum.

Behind the peso's slide is a widening of the Philippines' trade deficit, which has pushed the country's current account into negative territory. A weaker currency could accelerate inflation by making imports more expensive, as well as increasing the local value of the country's foreign-denominated debt.

But Capital Economics doesn't anticipate the peso being a major economic threat as inflation has trended lower in recent years, while total foreign-currency debt is relatively low at around 29% of GDP. It noted that currency-fueled debt crises usually occur around the 50% mark.

"In fact, policy makers appear to be welcoming the boost the weaker currency is giving the country's exporters," Capital Economics said.

China Car Makers Charge Higher

By MARINA FORCE
AND AMRITH RAMKUMAR

Shares of auto manufacturers surged in Hong Kong amid enthusiasm over the prospects for electrical vehicles in China, but stock trading globally was quiet as investors awaited news of the

WEDNESDAY'S MARKETS Federal Reserve's latest monetary-policy decision on Wednesday afternoon.

Stock in BYD, an electric-vehicle maker, jumped 13%, and Geely Automobile Holdings rallied 5.7% to a record level on hopes for greater demand in China, where the government plans to impose a deadline to end the sale of gasoline and diesel-powered vehicles.

Hong Kong's Hang Seng Index and the Shanghai Composite Index both closed up 0.3% and the Shenzhen Composite rallied nearly 1%.

Japan's Nikkei Stock Average finished flat, after jumping 2% to its highest close since August 2015 on Tuesday. South Korea's Kospi closed down 0.2% and the Australian S&P/ASX 200 was down 0.1%.

U.S. stocks wobbled between small gains and losses ahead of the Federal Reserve's policy decision. Near midday in New York, the Dow Jones Industrial Average slipped 2 points, or less than 0.1%, to 22369. The S&P 500 fell less than 0.1% and the Nasdaq Composite dropped 0.4%. The three indexes had risen together for three straight sessions through Tuesday.

Many investors were waiting for comments from the Fed for clues about the future

of interest-rate policy. Although the central bank was expected to announce that it will start unwinding its \$4.5 trillion balance sheet and that it would keep rates unchanged, analysts were focused on the Fed's discussion of how the economy is growing.

A string of weak inflation readings earlier this year dampened expectations that the Fed would raise rates for a third time this year in December, but some investors and analysts said last week's stronger-than-expected consumer-price data could make the central bank move more aggressively in normalizing monetary policy.

"It's one of the most important meetings we've had in a while," said Michael Bapis, managing director of the Bapis Group at HighTower.

Wednesday morning in New York, federal-funds futures, used by investors to place bets on the Fed's rate-policy outlook, showed a 57% chance of a rate increase by December, according to CME Group data, up from 49% a week ago.

The dollar fell slightly, while government bonds edged higher. The WSJ Dollar Index, which measures the dollar against a basket of 16 other currencies, fell 0.2%. The yield on the benchmark 10-year U.S. Treasury note fell to 2.234% from 2.239% Tuesday.

Pfizer shares gained 1.5% after the company filed a lawsuit against Johnson & Johnson alleging that it thwarted biosimilar competition to its arthritis drug. Morgan Stanley upgraded its rating for Pfizer to overweight from neutral.

—John Wu contributed to this article.

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BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA PUBLIC WORKS DIVISION (SOUTH) PUNE-1 NOTICE FOR Hybrid Annuity (Online) Tender

E-TENDER NOTICE NO.11 FOR 2017-18

The Public Works Department, Government of Maharashtra, represented by the Executive Engineer, P.W (South) Division, Pune (the "Authority") is engaged in the development of highways and as a part of this endeavor, the Authority has decided to undertake development and operation/ maintenance of the Project (the "Projects") on [Design, Build, Operate and Transfer (the "DBOT")]¹ Hybrid Annuity basis, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded.

Brief particulars of the Projects are as follows:

Sr. No.	State	Dist.	Packa ges	Project	Project length in km	Project cost	Ernest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	MAH	PUNE	PN-03	Improvements to Roads in Industrial Sector in Pune District Hinjewadi, Chakan, Talegaon, Ranjangaon, Jejur & Add. Jejur)	106.411 K.M	327.86 Crores	3.279 Crores	24 Months	60000/- Online Payment NEFT/RTGS

e-tender time table

Sr. No.	Event Description	Date
1.	Invitation of RFP (NIT) (Download period of online tender)	Dt. 08.09.2017 at 10.00 Hrs. to Dt. 23.10.2017 at 23.00 Hrs.
2A	Last date for receiving queries for pre-bid-1	19.9.2017 upto 11.00 Hrs.
2.B	Pre- Bid meeting 1	Online or in the office of the Chief Engineer, P.W Region Pune on or before Dt. 19.09.2017 up to 11.00 Hrs.
2.C	Authority response to queries for Pre-Bid Meeting 1 Latest by	22.09.2017
3.A	Last date for receiving queries for pre-bid-2	03.10.2017 upto 11.00 Hrs.
3.B	Pre-Bid meeting 2	Online or in the office of the chief Engineer, P.W Region Pune on or before Dt. 03.10.2017 up to 11.00 Hrs.
3.C	Authority response to queries for Pre-Bid Meeting 2 Latest by	07.10.2017
4.	Bid due Date (Submit Hash to create online tender by bidder) (Technical and financial Bid Last date and time)	Dt. 25.10.2017 till 23.00 Hrs.
5.	Physical submission of Bid Security/ POA etc (as per clause 2.1.2 of RFP)	Till 11.00 hrs on 30.10.2017 in the office of Superintending Engineer, P.W. Circle, Pune, Central Building premises, camp, Pune-411001.
6.	Opening of Technical Bids.	(at 11.30 on 31.10.2017 to 06.11.2017 at 18.00 hrs. office of Superintending Engineer, P.W Circle, Pune, Central Building premises, camp, Pune-411001.

Note :-
1. Tender of both the projects must be considered as individual project and must be treated separately. RFP, MCA, Schedules and other details of both the above projects are provided separately.
2. The payment towards the cost of tender forms will be done online only through RTGS/NEFT. It should be noted that one should complete these activities at least one day in advance.
3. All eligible/interested Bidders who want to participate in tendering process should compulsorily get enrolled on e-tendering portal "<http://mahatenders.gov.in>".
4. Contact below for difficulties in online submission of tenders:- (NIC - Toll Free Ph. No. 1800 30702232 / 7878107985-86)
5. Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or before 25/09/2017 upto 11:00 hours.
6. Other terms and conditions are detailed in online e-tender form. Right to reject any or all online bid work, without assigning any reasons there of, is reserved with department.
7. Tender Notice is displayed on P.W.D. website www.mahapwd.com

DGIPR 2017-2018/3037

Executive Engineer,
Public Work (South) Division,
Pune 411 001.

BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA PUBLIC WORKS DIVISION (EAST) PUNE-1 NOTICE FOR Hybrid Annuity (Online) Tender

E-TENDER NOTICE NO.23 FOR 2017-18

The Public Works Department, Government of Maharashtra, represented by the Executive Engineer, P.W (South) Division, Pune (the "Authority") is engaged in the development of highways and as a part of this endeavor, the Authority has decided to undertake development and operation/ maintenance of the Project (the "Projects") on [Design, Build, Operate and Transfer (the "DBOT")]¹ Hybrid Annuity basis, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

Sr. No.	State	Dist.	Packa ges	Project	Project length in km	Project cost	Ernest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	MAH	PUNE	PN-04	PN-04 A) Improvement to Belhe Pabal Shikarpur Astapur Uratkanchan Jejuri New NH- Wadar Satara road km 0/00 to 136/500 Dist. Pune. (Length 106.093 km) (SH-117) PN-04 B) Improvement to Jejun Morgao Baramati Kalambawada Narsingpur Road km 50/00 to 156/00 Dist. Pune. (Length 86.384 km) (SH-120)	192.48 K.M.	427.61 Crores	4.276 Crores	24 Months	50000/- Online Payment NEFT/RTGS

e-tender time table

Sr. No.	Event Description	Date
1.	Invitation of RFP (NIT) (Download period of online tender)	Dt. 08.09.2017 at 10.00 Hrs. to Dt. 23.10.2017 at 23.00 Hrs.
2A	Last date for receiving queries for pre-bid-1	19.9.2017 upto 11.00 Hrs.
2.B	Pre- Bid meeting 1	Online or in the office of the Chief Engineer, P.W Region Pune on or before Dt. 19.09.2017 up to 11.00 Hrs.
2.C	Authority response to queries for Pre-Bid Meeting 1 Latest by	22.09.2017
3.A	Last date for receiving queries for pre-bid-2	03.10.2017 upto 11.00 Hrs.
3.B	Pre-Bid meeting 2	Online or in the office of the chief Engineer, P.W Region Pune on or before Dt. 03.10.2017 up to 11.00 Hrs.
3.C	Authority response to queries for Pre-Bid Meeting 2 Latest by	07.10.2017
4.	Bid due Date (Submit Hash to create online tender by bidder) (Technical and financial Bid Last date and time)	Dt. 25.10.2017 till 23.00 Hrs.
5.	Physical submission of Bid Security/ POA etc (as per clause 2.1.2 of RFP)	Till 11.00 hrs on 30.10.2017 in the office of Superintending Engineer, P.W. Circle, Pune, Central Building premises, camp, Pune-411001.
6.	Opening of Technical Bids.	(at 11.30 on 31.10.2017 to 06.11.2017 at 18.00 hrs. office of Superintending Engineer, P.W Circle, Pune, Central Building premises, camp, Pune-411001.

Note:-
1. Tenders of both the projects must be considered as individual project and must be treated separately. RFP, MCA, Schedules and other details of both the above projects are provided separately.
2. The payment towards the cost of Tender forms will be done online only through RTGS/NEFT. It should be noted that one should complete these activities at least one day in advance.
3. All eligible / interested Bidders who want to participate in tendering process should compulsorily get enrolled on e-tendering portal "<http://mahatenders.in>".
4. Contact below for difficulties in online submission of tender:- (NIC - Toll Free Ph. No. 1800 30702232 / 7878107985-86)
5. Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or before 30/10/2017 up to 11:00 hours.
6. Other terms and conditions are detailed in online e-tender form. Right to reject any or all online bid of work, without assigning any reasons there of, is reserved with department.
7. Short Tender Notice is displayed on P.W.D. website: www.mahapwd.com.

DGIPR 2017-2018/C-3038

Executive Engineer,
Public Work (East) Division,
Pune 411 001.

ANNOUNCEMENTS

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MARKETS

Tech Stocks Fuel Emerging-Markets Rally

Investors mirror strategies in other countries; some say surge is overdone

By JULIE WERNAU

A small group of technology shares are pushing major stock indexes to new highs. That has been true for a while with the S&P 500. Now it is playing out the same way in emerging markets.

Tech companies have powered this year's rally in the developing world, helping the MSCI Emerging Markets Index to rise 29% year to date as of Monday to the highest level in six years. The index declined marginally on Tuesday.

Top performers include South Korea's Samsung Electronics Co., Taiwan Semiconductor Manufacturing Co. and fast-growing Chinese e-commerce companies Alibaba Group Holding Ltd. and Tencent Holdings Ltd.

The emerging-markets tech sector's return, at 54%, was nearly double the figure for the overall index for the year through Monday.

The rise of technology companies represents a reversal from earlier years, when banks, utilities and commodities producers dominated trading in the developing world. In 1995, when global investing in emerging-markets stocks started to take off, tech shares accounted for only 2% of the index, according to MSCI.

Now, tech companies make up about 27% of the emerging-markets index, according to the latest figures. That is slightly more than U.S. tech stocks' share of the S&P 500's market value, which was nearly 24% at the end of August.

"Emerging markets are past that first stage of growth where you're just industrializing and building roads," said Nicholas Field, an emerging-

Sign of the Times

A frenetic emerging-markets stock rally this year is being driven by technology shares in developing Asia, a shift from past gains that were often fueled in large part by industries such as commodities.

Top performers include South Korea's Samsung Electronics Co., Taiwan Semiconductor Manufacturing Co. and fast-growing Chinese e-commerce companies Alibaba Group Holding Ltd. and Tencent Holdings Ltd.

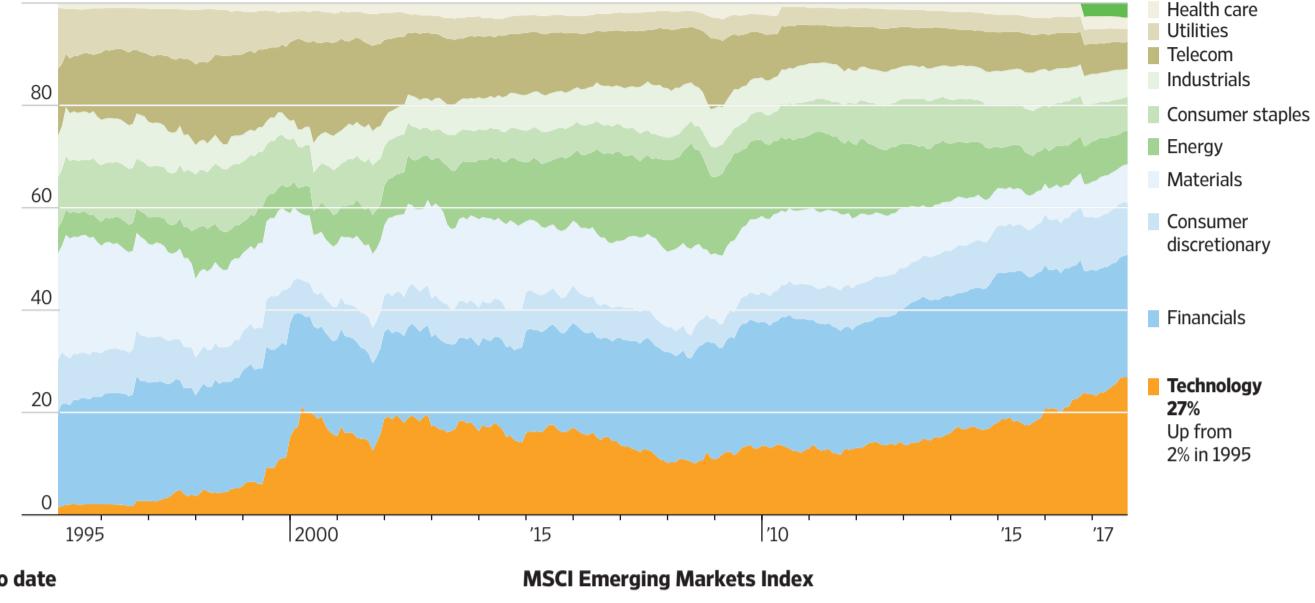
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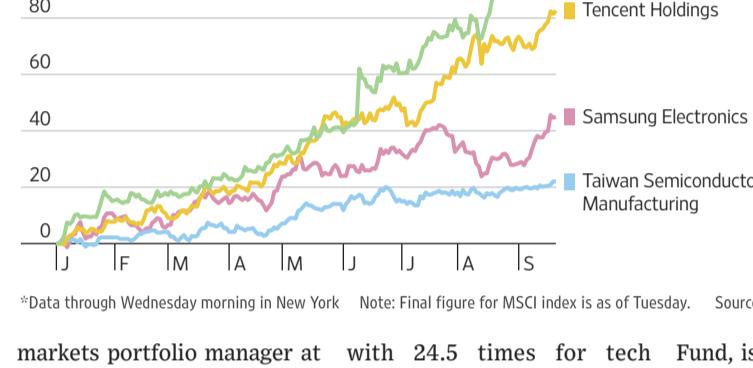
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Sector weightings in the MSCI Emerging Markets Index



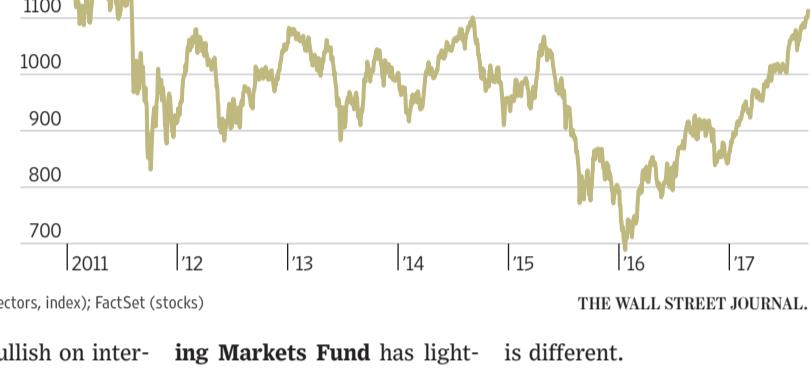
Share-price performance, year to date



*Data through Wednesday morning in New York

Note: Final figure for MSCI index is as of Tuesday. Sources: MSCI (sectors, index); FactSet (stocks)

MSCI Emerging Markets Index



THE WALL STREET JOURNAL.

is different.

He is overweight emerging-markets technology because he thinks it is still a bet on growth in the developing world. In China, the biggest equity market in emerging markets, 71% of tech-sector revenue is from within the country, Mr. Laidler noted.

"Accelerated growth in China has been a big part of the tech sector," he said. "Tech is increasingly developed by China."

—Carolyn Cui contributed to this article.

markets portfolio manager at Schroders.

As emerging-markets investing looks more like investing in the developed world, these stocks are increasingly subject to the same global consumer trends as those in the U.S.

For some investors, this makes these companies a less expensive way to buy into a global technology rally. Emerging-markets tech shares are trading at roughly 20.4 times their past 12 months of earnings, compared

with 24.5 times for tech stocks in the U.S., according to MSCI.

"What's driving the stock-price growth really is earnings growth," said John Vail, chief global strategist at Nikko Asset Management Americas Inc., whose firm has been buying Asian tech stocks. "It comes from the domestic economy, which is adopting the internet in general and even more rapidly than the Western world."

Michael Lippert, portfolio manager of Baron Opportunity Fund, is also bullish on internet-related companies globally, with investments in Alphabet Inc., Amazon.com Inc., Alibaba and Tencent.

Data's the new oil," said Mr. Lippert. "The tech leaders of yesterday sold you a product—software or hardware—and then they disappeared. They didn't have a connection to you. They couldn't personalize their service."

But some money managers say the tech rally in developing countries looks overdone. The \$65 million ICON Emerging Markets Fund has lightened up on holdings such as Alibaba and Tencent, "which have reached a euphoric type of position in the minds of many investors," said Rob Young, a manager of the fund. These stocks are highly sensitive to earnings growth, and if there is any slight deceleration, the stocks get hammered, he said.

Ben Laidler, a global equity strategist at HSBC, said investing in emerging markets hasn't changed all that much, even if the type of companies

is different.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

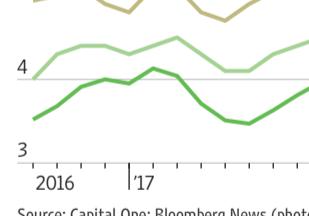
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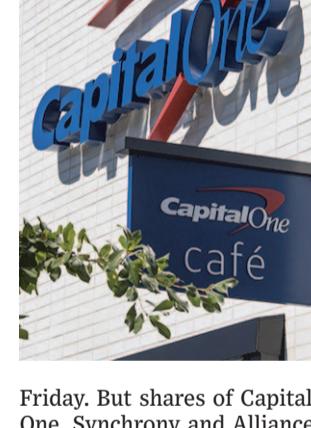
A Surprise Rise in Bad Card Debt

Falling Behind

Delinquencies as percentage of total credit-card loans



Source: Capital One; Bloomberg News (photo)
THE WALL STREET JOURNAL.



creeping up, he said, because debt has been rising faster than incomes. Seeing this, Capital One began slowing its lending growth last year.

Capital One has twice raised its guidance for defaults it expects in 2017, denting confidence in the company's forecasts. Investors declined to grant Mr. Fairbank a vote of confidence even while he was on stage at the conference—a poll of investors in the audience found that 60% expect defaults this year to exceed 5%, which is what the company is currently predicting.

Alliance Data, with the worst delinquencies of the bunch, is now trading at a substantial discount to its historic multiple. But Synchrony Financial at 9.6 times forward earnings is only a bit below its average multiple of 10.8 times, and Capital One at 9.6 times forward earnings is in line with its average over the past five years. With little clarity how bad credit-card loans could get, a bigger discount seems justified.

—Aaron Back

Credit Suisse analyst Paul Condra.

Analysts have expected

mild increases in delinquencies, in line with the seasonal pattern. Consumers tend to load up on debt around Christmas, then fall behind as the year progresses. But analysts say loans have deteriorated more than expected.

The market didn't react much to the monthly numbers, which were released

Friday. But shares of Capital One, Synchrony and Alliance Data are down 7%, 19% and 5%, respectively, this year.

The poor loan performance is perplexing because it coincides with a strong labor market. But Capital One Chief Executive Richard Fairbank, speaking last week at the Barclays financial conference, said it isn't unusual for the credit cycle to diverge from the economic cycle.

Credit problems are

OVERHEARD

A Victory For Activism In Europe

Mark down a win for shareholder activism. German industrial giant Thyssenkrupp AG is cleaning itself up. The story has further to run, but investors shouldn't bank on fast results.

The latest step is a merger of Thyssenkrupp's European steel operations with those of Tata Steel Ltd. into a joint venture. The deal has been in the works years and is sure to be welcomed by Cevian Capital, a Swedish activist that owns 15% of Thyssenkrupp.

The companies initially expect to save €400 million (\$478 million) to €600 million a year in costs. There are other benefits, too, such as more pricing power.

For all the merger's merits, a 50% stake in an unlisted steel operation can't be the endgame for Thyssenkrupp, which owns more-profitable businesses. The company has sold its steel mills in the U.S. and Brazil; spinning off its stake in the European venture looks logical.

The opportunity is clear from looking at the company's elevator business, which accounts for over half of profits. Its operating margins are 12% compared with about 17% for United Technologies' Otis. There is also a conglomerate discount: Thyssenkrupp's enterprise value is roughly seven times prospective earnings before interest, taxes, depreciation and amortization, compared with 17 and 15 times, respectively, for elevator specialists Kone and Schindler.

The potential is huge, but splitting up Thyssenkrupp—a German icon—is politically tricky. As the Tata deal shows, investors shouldn't underestimate how long this story could take to play out.

—Stephen Wilmot

German Election: For Markets, Wages Are What Matter

The big fear at European elections this year has been of radical change. Germany's vote on Sunday looks then like a rather dull affair: Angela Merkel is on course for a fourth term as chancellor. The more vital question for markets is how Europe's most important economy is changing.

Top of the list is whether German workers will get bigger wage rises. The wage puzzle goes beyond Germany, of course: Tighter labor markets around the globe, including in the U.S., have yet to deliver the fatter paychecks—and generalized inflation—that might have been expected.

For Germany and the eurozone the issue is particularly important. European Central Bank President Mario Draghi has called wage growth the "linchpin" for monetary policy. If the ECB is to see inflation durably rise to its target of "below, but close to" 2%, wages must rise. With unemployment high in France, Italy and Spain, Germany's labor market looks most fertile.

German unemployment stands at just 3.7% by Eurostat's measure. The number of vacant jobs is at a record high, Société Générale notes. But German wage growth, while higher than in other major eurozone economies,

ing again, the key question is whether nominal wage growth will also accelerate.

Pay negotiations in coming months are vital. They include deals for 3.5 million metal workers at the end of 2017 and 2.5 million public-sector workers early in 2018, notes Citigroup. In the past, workers have leaned more toward job security and working conditions than demands for higher wages.

This time, Citigroup expects wage demands north of 6%, but settlements closer to 3%.

Big raises for German workers would erode competitiveness, but would help rebalance conditions within the eurozone. Germany held

wage growth down before the crisis as it underwent labor-market reforms. That has put it in a strong position. But from a eurozone perspective, that was counterbalanced by higher wage growth elsewhere in the currency bloc, meaning inflation stayed on track. It is now Germany's turn to shoulder some of the burden.

Over the longer term, political decisions in Germany will clearly shape the future of the eurozone. But in the near term, German wage and inflation dynamics will be vital for eurozone monetary policy. That is the much bigger deal for markets here and now.

—Richard Barley

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