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What's News

Business & Finance

Trump is seen as unlikely to nominate Cohn as the next Fed chief, adding to uncertainty over the central bank's leadership. Vice Chairman Fischer is resigning. A1

◆ Many homeowners hit by Hurricane Harvey may soon find out they are on the hook for extra payments under their insurance policies. A1

◆ Facebook said it found "in-authentic" accounts responsible for \$100,000 in ad spending that it believes have ties to Russia, after a review in response to election concerns. A2

◆ Drugmaker Insys was faulted in a Senate panel's report stemming from an investigation into the nation's opioid crisis. B1

◆ Sanofi has ended its development of two Zika virus vaccines, citing a decline in new infections and limits on U.S. government funding. B1

◆ Peltz laid out a detailed case for why P&G should give him a board seat, deeming the firm incapable of navigating a changing landscape. B3

◆ Amazon's bid to revive Whole Foods sales is showing some signs of success, but prices on many items still top those of competitors. B3

◆ Intel's appeal of a \$1.26 billion EU antitrust fine in 2009 was backed by the bloc's highest court. B4

◆ U.S. stocks rebounded, boosted by energy shares. The Dow rose 54.33 points to close at 21807.64. B11

◆ Toys "R" Us has retained lawyers from Kirkland & Ellis to help restructure \$400 million in debt due next year. B3

World-Wide

◆ Trump struck a deal with Democrats on attaching Harvey aid to measures to keep the government funded and its borrowing limit suspended until mid-December, stunning Republicans. A1

◆ The president called on Democrats to support him in overhauling the tax code. A4

◆ House Speaker Ryan said he would work to find a compromise to protect "Dreamers" following the decision to end DACA. A4

◆ Hurricane Irma walloped several Caribbean islands, while officials in Florida pressed residents to follow calls for evacuations. A6

◆ A U.S. proposal for new U.N. sanctions on North Korea would block oil and textile trade and freeze assets of Kim and other officials. A7

◆ China is boosting its monitoring for signs of radioactive fallout from North Korea's latest nuclear test. A7

◆ The White House told lawmakers it is stepping back from ending a free-trade pact with Seoul. A7

◆ The EU's top court ruled that Central European states have no legal grounds to reject a refugee-relocation policy. A8

◆ Senators conducted a hearing on proposals to repair, rather than repeal, the Affordable Care Act. A4

◆ The U.S. military apologized for dropping leaflets in Afghanistan with an image offensive to Muslims. A7

◆ Qatar officially opened a major seaport to help secure imports after its Arab neighbors cut off trade routes. A9

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ALEX WONG/GETTY IMAGES
Senate Minority Leader Chuck Schumer with President Donald Trump at the White House Wednesday.

Cohn Now Seen as Unlikely Pick to Be Fed Chairman

By MICHAEL C. BENDER
AND HARRIET TORRY

WASHINGTON—President Donald Trump is unlikely to nominate Gary Cohn, his top economic adviser, as the next Federal Reserve chairman, according to people familiar with the president's thinking, adding to the uncertainty over the U.S. central bank's leadership and policies next year.

Mr. Trump told The Wall Street Journal in July that he was considering Mr. Cohn as a

potential successor to Fed Chairwoman Janet Yellen, whose term as central bank chief expires in early February.

The change in thinking comes at a time of great uncertainty over the top ranks of the world's most important central bank. Fed Vice Chairman Stanley Fischer said Wednesday he will resign in mid-October for personal reasons, adding another vacancy to the three others on the powerful seven-member Fed board of governors. His depar-

ture accelerates Mr. Trump's opportunity to put his stamp on the central bank.

Candidate Trump was critical of the central bank and Ms. Yellen last year, publicly chiding her during the campaign for keeping interest rates too low, which Mr. Trump said benefited Democrats.

The shift in Mr. Cohn's prospects for the top Fed job
Please see COHN page A2

◆ Greg Ip: Why the U.S. economy shrugs off politics..... A2

Hurricane Policy Rules Set to Hit Homeowners

By NICOLE FRIEDMAN
AND LESLIE SCISM

Tens of thousands of homeowners hit by Hurricane Harvey may soon find out they are on the hook for extra payments under their insurance policies, and that number could rise into the millions if Hurricane Irma sweeps through Florida.

The storms are expected to trigger widespread use of "hurricane deductibles," little-known provisions that allow insurers to shift thousands of dollars of damage costs per home onto consumers.

Homeowners' insurance policies in coastal states often allow insurers to charge consumers a higher deductible if certain catastrophes like hurricanes occur.

These deductibles were widely put in place after Hurricane Katrina in 2005 and have been standard in many states for years. But they have rarely been triggered on a large scale because few hurricanes have landed in the U.S. over the past decade.

Harvey made landfall as a Category 4 hurricane last month before weakening to a tropical depression as it moved inland. Irma, a Category 5 hurricane, made landfall in the northeast Caribbean on Wednesday and could reach the U.S. later this week. Florida

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◆ Irma heads toward Florida... A6
◆ Heard on the Street: Hurricanes push Fed off course..... B1

NORTH KOREA'S PH.D. STRATEGY

How did Pyongyang advance its nuclear weaponry? The answer may lie in scientists it sends abroad

By JEREMY PAGE AND ALASTAIR GALE

HARBIN, China—When North Korea tested what it said was a domestically produced hydrogen bomb on Sunday—a week after launching its 18th ballistic missile of the year—it was a reminder of a conundrum at the heart of the country's nuclear program. How has it advanced so rapidly despite concerted international efforts to keep weapons-

related technology out of its hands?

The answer may lie in expertise brought home by North Korean scientists who studied abroad, especially in China, sometimes in apparent violation of 2016 United Nations sanctions that ban teaching North Koreans certain subjects.

Hundreds of North Korean scientists have studied outside the country in recent years, according to a Wall Street Journal review of official figures, aca-

demic papers and data from universities, many in areas the U.N. says could help Pyongyang's weapons programs.

Early in its six-decade quest for a nuclear arsenal, North Korea relied on technology and experts from the Soviet Union, then later from Iran and Pakistan. That it can now draw on its own scien-

Please see SCIENCE page A10

◆ U.S. pushes North Korea oil embargo.... A7

Hey, Hey, Ho, Ho! This Bland Maple Syrup Has Got to Go

* * * * *
Colleges pamper picky eaters with local, sustainable fare; aeroponic microgreens

By QUINT FORGEY
AND PATRICK McGROARTY

Students returning to the University of Texas at Austin this fall will have twice as much help wrestling with some of the big questions that college presents.

For instance, does water contain gluten? And, is all food genetically modified?

Those are among a growing list of food-related student queries that prompted UT Austin to hire a second campus dietitian ahead of the fall semester. The first, Lindsay Wilson,

contents of food the school serves and to recommend healthier lifestyle choices.

"I have had a little pushback from some very feisty vegans," she said.

College students across the U.S. are making some precise demands of school chefs and dining halls. For a generation animated by a desire to make a difference and raised to believe personal wellness is paramount, a meaningful academic experience begins with minding what you eat.

That's inspired the University of Houston to spend \$6,500 to build two hydroponic grow towers, vertical gardens that use

Please see FOOD page A10

A bunch of carrots

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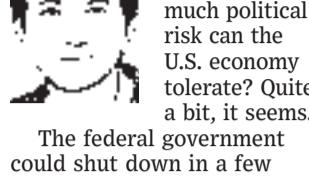
Source: IDC "Worldwide SaaS Enterprise Applications Market Shares, 2015: The Top 15 by Buyer Size" doc#US41913B16, Dec. 2016; Table 4. For the purposes of this report, SaaS enterprise applications include the following application markets: CRM, engineering, ERP, operations and manufacturing, and SCM.

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Why the U.S. Economy Shrugs Off Politics



Just how much political risk can the U.S. economy tolerate? Quite a bit, it seems. The federal government could shut down in a few weeks for lack of a budget. It could default on its obligations if the debt ceiling isn't raised. Trade treaties with Mexico, Canada and Korea may be torn up. North Korea has tested an apparent H-bomb and threatened to use it. And overseeing these challenges is an unpredictable and often-divisive president with associates embroiled in an investigation over ties to Russia.

Yet economic growth has remained largely unperturbed and, judging by the latest gross domestic product numbers, may have even accelerated ahead of two major hurricanes. Stock prices remain near record highs.

The reason for the dichotomy is that the impact of political risk depends on the risk. Government shutdowns, protectionism, scandals, even conventional wars have happened before and are thus knowable and sometimes quantifiable to businesses, consumers and investors.

Federal default or nuclear

war fall in the category of unprecedent and unthinkable. Faced with such risks, the usual reaction is to assume they won't happen. Yet that assumption becomes a risk in itself: It alleviates the pressure to prepare for either and multiplies the damage if they do occur.

Because political risk has been a constant, it has lost some of its shock value. Investors have in effect built that risk into their assumptions; their demand for safety is one reason government bond yields around the world are so low.

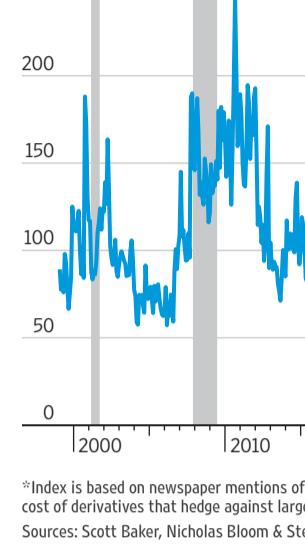
Since 2009, hedge funds as a group have positioned themselves for another meltdown like the subprime bust, says Jason Thomas, head of economic research at Carlyle Group, a private-equity manager. But "the same psychological factors that make 'next subprime' investment strategies seem more appealing," he says, have also led businesses to favor cash retention or share buybacks over capital expenditure, and policy makers to regulate more. That depresses growth but also makes the economy less vulnerable to sudden shifts in sentiment.

As a result, hedge-fund

Political Anxiety, Financial Calm

Uncertainty about economic policy has been elevated for the past decade even as financial anxiety plumbs new lows.

Index of economic policy uncertainty*



*Index is based on newspaper mentions of economic policy uncertainty.

**VIX is based on the cost of derivatives that hedge against large stock market moves.

Sources: Scott Baker, Nicholas Bloom & Steven Davis (economic policy uncertainty); CBOE (VIX)

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performance has suffered from strategies designed to profit from a meltdown that has yet to happen. With bearish psychology already so prevalent, actual sell-offs have been brief and the VIX, the market's so-called fear gauge, has been subdued.

Those who watch politics and policy for a living—a sizable contingent on Wall Street and in Washington—tend to overestimate how many ordinary people do the same, and thus how much their behavior will change because of politics.

In market economies, the natural rhythm of the business cycle easily drowns out politics. Big policy actions such as rising trade barriers or reduced immigration do take their toll, as the latest British data suggest, but slowly, not in a spasm of panic selling and recession.

What would overwhelm these coping mechanisms? Something previously unfathomable, like nuclear war.

No atomic weapons have been used since the U.S. dropped them on Hiroshima and Nagasaki. The public assumes global leaders won't let it happen again. As Capital Economics notes in a recent report, the market barely sold off during the Cuban missile crisis in 1962, the closest the world has come to nuclear war since 1945.

A nuclear attack on a U.S. ally, city or electrical grid via electromagnetic pulse is so alien to a business's frame of reference that it can't be planned for.

But North Korea may be a less rational actor than the Soviet Union was in 1962. Mr. Trump's willingness to go to war is also being underestimated, says Marc Sumerlin, a former economic aide to President George W. Bush who runs Evenflow Macro.

To say there is no military solution is to say Americans must accept living within missile range of a country whose leader may be unstable, he says: "That's not as easy a decision for someone who's taken an oath to defend the country as it is for someone sitting in a think tank."

As with nuclear war, the assumption the U.S. won't default is based on the fact that it hasn't done so since 1814, at least deliberately. It delayed payment on some Treasury bills in 1979 because of a technical glitch. Its refusal to repay some bonds in gold in 1933 also is considered by some a type of default.

The Fed and Treasury in 2011 drew up contingency plans if the debt ceiling wasn't raised to prioritize debt payments over other obligations such as Social Security benefits. Yet the deepening dysfunction of U.S. lawmaking means default by accident is a recurring threat.

Political risk is part of a new normal. It takes its toll slowly and at the margin as decisions to hire or invest are deferred, rethought or resized. But until the unthinkable happens, don't expect it to tank the economy.

Facebook: Political Ads Linked to Russia

BY SHANE HARRIS
AND DEEPA SEETHARAMAN

WASHINGTON—Facebook Inc. said it has identified about 500 "inauthentic" accounts responsible for \$100,000 in advertising spending that it believes have ties to Russia, following a review of ad buying on the site in response to intelligence community concerns about Russian activity during the 2016 U.S. election.

The findings mark the first time that Facebook has acknowledged that Russian actors may have used its platform during the presidential campaign. The conclusion is a shift from July, when a Facebook spokesman said the company had no evidence that Russian entities bought ads targeted at Americans on the platform during the election season.

The social-media giant said Wednesday that the ads it identified didn't typically reference any particular political candidate.

Rather, the company's re-

view found that the ads focused on "amplifying divisive social and political messages across the ideological spectrum—touching on topics from LGBT matters to race issues to immigration to gun rights."

Facebook officials provided their findings to House and Senate investigators looking into Russian interference in the presidential election, according to people familiar with the matter.

For months, congressional investigators have been probing potential links between Russian actors and the Trump presidential campaign's efforts to direct messages and ads to key voters.

Moscow has denied meddling in the U.S. election, and President Donald Trump has denied his campaign colluded with Russia.

Facebook has been under fire since the 2016 campaign for what critics described as its lax attitude toward fabricated news reports that claimed, for example, that Pope Francis had endorsed Mr. Trump.

Students Balk at Flag Ban at Minnesota School Parking Lot



STAR-SPANGLED PROTEST: Rocori High School students in Cold Spring objected to a ban on all flags and banners in vehicles, imposed after Confederate flags began showing up last spring. Officials don't plan to discipline the students for the protest.

COHN

Continued from Page One
arises largely from his criticism of Mr. Trump's response to the violence in Charlottesville, Va., the people familiar with the matter said.

The president said in the Journal interview that he was also considering whether to nominate Ms. Yellen for a second term. Mr. Trump has told people that he is impressed with Ms. Yellen, leaving them with the sense he might ask her to serve another term.

The change in Mr. Cohn's

chances potentially bolsters her odds. Other names that have been discussed by Mr. Trump and his team as possible nominees to top Fed posts include former governors Lawrence Lindsey and Kevin Warsh, former BB&T Bank chief executive John Allison, and Stanford University economist John Taylor, according to people familiar with the discussions.

The White House has been considering nominating Marvin Goodfriend, a former research director at the Richmond Fed who is a professor at Carnegie Mellon University, to the Fed's board, the people familiar said. One possibility would be to nominate an incoming board member, such as Mr. Goodfriend, or a current board member, such as Fed governor Jerome Powell, to the vice-chair post.

Mr. Cohn, director of the National Economic Council,

has been running the White House search for Fed chief. A senior administration official said "the president is considering several candidates." Mr. Cohn's office directed questions to the White House.

White House spokeswoman Natalie Strom said Mr. Cohn is "focused on his responsibilities...including a once-in-a-lifetime opportunity to deliver meaningful tax reform that creates jobs and grows the economy." Mr. Cohn may have

doomed his chances for the top Fed job with comments he made to the Financial Times last month, according to people close to the president.

The former investment banker had told associates that he was disgusted by Mr. Trump's performance immediately after the president's combative news conference on Aug. 15 about the Charlottesville events, according to a person familiar with the matter. Mr. Cohn stood near Mr. Trump at the news conference in the lobby of Trump Tower.

Asked if he considered resigning after the news conference, Mr. Cohn told the Financial Times that he was "reluctant to leave my post." He also said the Trump administration "can and must do better" to condemn hate groups.

"Citizens standing up for equality and freedom can never be equated with white supremacists, neo-Nazis and the KKK,"

Mr. Cohn told the newspaper.

Mr. Trump wasn't aware such a blunt critique was coming, said one person familiar with the president's thinking.

One White House official said the president visibly bristles at the mention of his economic adviser. Mr. Trump had been eager to talk about the possibility of appointing Mr. Cohn as the next Fed chairman when he spoke about it during the Journal interview. At the

time, the president said he had "gained great respect for Gary" during their time together in the West Wing.

A White House official said that Mr. Cohn, a former Goldman Sachs executive, may be able to repair his relationship with the president.

Mr. Cohn is one of the key White House hands shepherding an overhaul of the federal tax code through Congress. If successful, Mr. Cohn may find himself in better standing, the person said.

Meanwhile, Mr. Trump has nominated Randal Quarles, a private-equity executive who served in the Bush administration, for one opening on the Fed board, but has yet to name his other picks.

A Senate committee is set to vote on Mr. Quarles' nomination as the Fed's vice chair for bank regulation on Thursday, and he is expected to ultimately win confirmation.

Nominations for all board positions, including the chair and vice chair, are subject to Senate confirmation.

Mr. Fischer's departure gives the White House a wider range of options in considering how to remake the Fed, but it also adds to the challenge Mr. Trump faces in managing the leadership turnover without roiling markets.

—Nick Timiraos contributed to this article.

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U.S. NEWS



A dearth of teachers has plagued U.S. public schools. All 50 states and Washington, D.C., have reported teacher shortages since 2005.

States Lower the Bar for Teachers

Nationwide shortage forces some districts to loosen requirements to step into classroom

BY JOSEPH DE AVILA
AND TAWNELL D. HOBBS

In the face of a worsening teacher shortage, several states around the country are loosening requirements for credentials that will make it easier to teach in public-school classrooms.

Minnesota, Arizona and Illinois each revamped their licensing process this year to deal with a scarcity of educators. Utah did so last year, and Connecticut now is weighing whether to overhaul its certification process for the first time in two decades.

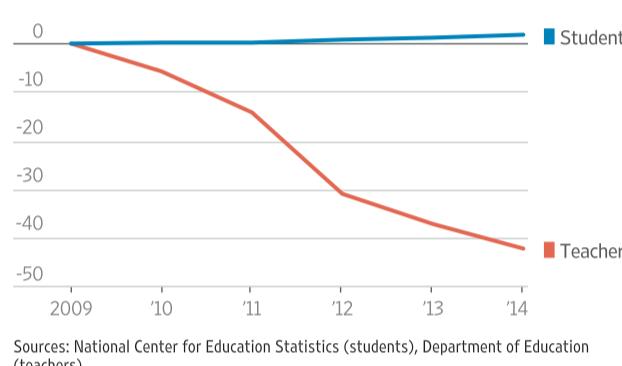
Kansas has relaxed the requirement for public-school teacher candidates in certain fields, no longer requiring them to complete a preparatory program before licensing as long as they have a bachelor's degree, relevant work experience and a job offer from a school district. Arizona and Utah have given more discretion to local districts.

Oklahoma and California have turned to issuing more emergency teaching certificates as a way to fill vacancies. "This is something that absolutely is growing exponentially," said Joy Hofmeister, Oklahoma's elected state school superintendent, a Republican.

A dearth of teachers has plagued U.S. public schools across the nation for the past two decades, mainly in hard-to-fill disciplines such as math, science, special education and English as a second language. All 50 states and Washington, D.C., have reported teacher shortages since 2005, according to federal figures.

Thinning Ranks

Change in number of K-12 students enrolled in public schools and number of teachers enrolled in preparation programs since the 2009-10 academic year



Sources: National Center for Education Statistics (students), Department of Education (teachers)

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Rural Towns Hit

In Colorado, where the unemployment rate is the second lowest in the country, rural towns are having an especially hard time finding teachers.

Kendra Anderson, superintendent of schools in Otis, Colo., said it was particularly tough this year to fill positions in her district in a ranching town in the northeast corner of the state.

She had no luck finding candidates at job fairs this year, which in the past turned up several good prospects.

"This was by far the most difficult" year, she said.

The district, which has 245 students, ended up hiring two teachers on substitute licenses who are in the process of applying for emergency credentials, said Ms. Anderson. A third teacher she hired has a substitute license and is pursuing full teacher credentials, she said.

The Colorado Department of Education has held town halls across the state to solicit feedback on the shortage. State education officials are now considering proposing legislation that would institute a state minimum wage for entry-level teacher positions or a statewide salary schedule to help close the pay gap.

—Joseph De Avila

officials. Some school administrators say that higher teacher wages could help offset vacancies, but such a recurring cost could strain already tight budgets.

Typically states require certification for public-school teachers to ensure that educators have proper qualifications.

But enrollment in teacher preparation programs has also plunged 42% to 418,573 in the 2014-15 school year from six years earlier, according to the latest figures from the U.S. Department of Education.

The drop in qualified applicants has forced states to take action. Arizona's Republican Gov. Doug Ducey signed legislation in May giving local school administrators the power to determine teacher certification. The new system allows candidates who have a higher-education degree and significant experience in a subject matter, including having taught a related course for the past two years, to get credentials.

The measure was opposed by the state's elected superintendent of public instruction, Diane Douglas, a Republican.

"In my opinion, lowering the standards for new teachers is not the way to correct the problem," she said in a statement before the bill's passage. "Instead, I have recommended that we focus on increasing teacher salaries to help retain and attract the best candidates."

With no end in sight for Connecticut's teacher shortage that has been worsening for the past five years, Diana Wentzell, commissioner of Connecticut's Education Department, said she wants to simplify the teacher certification process, such as allowing teachers to instruct more than one subject in science.

Ms. Wentzell said it is important for every teacher to be prepared to teach, but added it is equally important to make sure students have enough teachers.

"Right now we aren't getting that right," Ms. Wentzell said. "We're erring on the side of caution at the certification level."



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Opioids Take a Toll on Worker Participation

BY BEN LEUBSDORF

New research suggests a significant portion of the post-1990s decline in labor-force participation among Americans in their prime working years could be linked to the opioid epidemic.

Conducted by Princeton University economist Alan Krueger, the study found that a national increase in opioid painkiller prescriptions between 1999 and 2015 may have accounted for about 20% of the decline in workforce participation among men ages 25 to 54, and roughly 25% of the drop in prime-age female workforce participation.

"The opioid epidemic and labor-force participation are now intertwined," Mr. Krueger said. "If we are to bring a large number of people back into the labor force who have left the labor force, I think it's important that we take serious steps to address the opioid crisis."

Mr. Krueger, who was the top White House economist for several years under President Barack Obama, described the research as provocative and speculative, and said he couldn't prove cause and effect due to limitations in the available data. But, he added: "It's certainly something that deserves serious attention."

He will present his findings Thursday at the Brookings

Institution in Washington. An earlier version of the paper was presented at a Federal Reserve Bank of Boston conference last fall, showing that nearly half of prime-age American men not in the labor force were taking pain medication.

His analysis more broadly attributes the postrecession decline in the U.S. labor-force participation rate—which stood at 62.9% in August, according to the Labor Department, down from a peak of 67.3% in early 2000—to an aging population and other trends that predate the 2007-09 downturn.

That's in line with other research that has assigned primary responsibility for the decline to demographics and other structural forces, though some economists argue that lingering weakness in the economy has continued to depress labor-force participation.

But Mr. Krueger's latest findings suggest that a surging addiction to painkillers may be affecting the economy in a meaningful way.

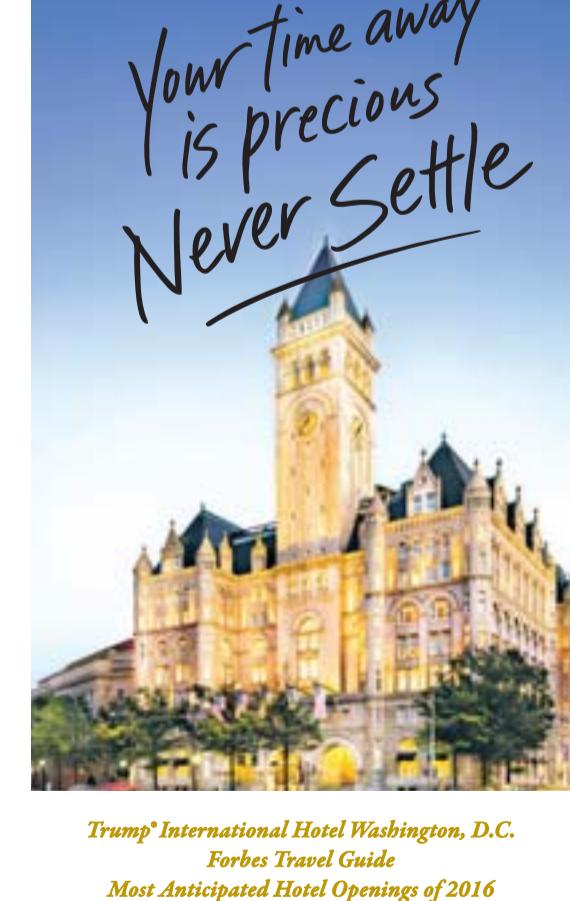
"Labor-force participation is lower in areas of the U.S. with a high rate of opioid prescriptions, and labor-force participation fell more over this 15-year period in areas with a high rate of opioid prescriptions," he wrote in the paper.

◆ Senate report faults Insys... B1



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U.S. NEWS

Bipartisan Health Fix Gets Airing

Senators hold hearing to discuss proposals to improve Obamacare, not terminate it

BY MICHELLE HACKMAN

WASHINGTON—A hearing that unfolded Wednesday in a Senate office building marked a first on Capitol Hill in seven years: a bipartisan discussion on ways to repair, not repeal, the Affordable Care Act.

Convened by U.S. Sen. Lamar Alexander (R., Tenn.), chairman of the Senate health committee, the hearing was the first of four such gatherings on options to stabilize the 2010 law's insurance marketplaces, where people who don't get coverage through work purchase insurance.

Mr. Alexander's proposal, laid out at the beginning of Wednesday's hearing, would

formally authorize subsidy payments to insurers and loosen requirements governing the law's state waivers.

Mr. Alexander hopes to pass legislation with the panel's top Democrat, Sen. Patty Murray of Washington, before the end of the month, when insurers must sign contracts to participate in next year's markets.

If Mr. Alexander succeeds, it would mark the first major bipartisan action on health care following seven years of partisan conflict over the health-care law that was championed by former President Barack Obama, a Democrat. It must first overcome stiff opposition from some Republicans, who view the subsidies as bailouts propping up a failing law.

At the same time, conservative lawmakers, still hoping to repeal the law, are focusing on a proposal by Sens. Bill Cassidy (R., La.) and Lindsey

Graham (R., S.C.) that would leave major health-care decisions to the states. Messrs. Cassidy and Graham also face a deadline at the end of the month because a legislative vehicle allowing senators to pass the bill with a simple majority, rather than the 60 votes usually required, expires Sept. 30.

A bipartisan proposal would also need to win approval from President Donald Trump, a Republican who has threatened to end the subsidies the bill is designed to preserve. Democrats support the subsidies, but they are balking at Mr. Alexander's suggestion that his package include more flexibility for states to opt out of the law's rules.

That leaves Mr. Alexander's bill with a narrow path to passage. But on Wednesday, he cast it as a reasonable compromise that has benefits and costs for both sides.

"To get a result, Democrats

will have to agree to something...that some may be reluctant to support," Mr. Alexander said in an opening statement. "And Republicans will have to agree to something—additional funding through the Affordable Care Act—that some may be reluctant to support."

At the center of the debate are state insurance commissioners, and Mr. Alexander and Ms. Murray invited five who generally support continuing cost-sharing subsidies. Though they are elected or appointed by governors, state commissioners often consider themselves in the mold of civil servants.

The commissioners, from states including Pennsylvania and Oklahoma, told senators that the cost-sharing subsidies, which lower out-of-pocket costs for low-income consumers, are needed to guarantee stability next year.

In Virginia, Another Insurer Scales Back

Virginia became the latest state at risk of having regions that will lack Affordable Care Act exchange plans next year, after a small insurer announced it will scale back the area where it expects to offer marketplace insurance.

The area currently with no 2018 exchange insurer includes 48 counties and parts of six more, as well as 15 cities that are independent of counties, according to a state regulator.

The decision by Optima Health, owned by major hospital system Sentara Healthcare, follows earlier exchange withdrawals by national players Anthem Inc., Aetna Inc. and UnitedHealth Group Inc.

—Anna Wilde Mathews

Ryan Seeks a 'Dreamer' Accord

BY LAURA MECKLER AND BYRON TAU

WASHINGTON—House Speaker Paul Ryan said he would work to find a compromise that protects young undocumented immigrants brought to the U.S. as children, suggesting the measure may be paired with additional border security.

But a key question is whether Republicans will insist any border security move include funding for President Donald Trump's promised wall with Mexico, a proposal that Democrats have pledged to block. Mr. Ryan (R., Wis.) didn't say.

The speaker's comments on Wednesday came in the wake of Mr. Trump's decision Tuesday to end an Obama-era program called Deferred Action for Childhood Arrivals, or DACA, that gives some 800,000 young, undocumented immigrants work authorization and protections from deportation. The Republican president gave lawmakers six months to act before the protections begin to expire.

"It's only reasonable and fitting that we also address the root cause of the problem, which is borders that are not sufficiently controlled, while we address this very real and very human problem that's right in front of us," Mr. Ryan told reporters.

That echoes the views of many in his party who are reluctant to grant a long-sought Democratic priority without adding some of the enforcement measures Republicans favor. But Republicans are divided, with some opposing any action to legalize those in the U.S. illegally, others supporting the idea without conditions and many in between.

Democratic congressional leaders insisted on an up-or-down vote for the Dream Act, which would offer legalization and a path to citizenship for young people brought to the U.S. as children who meet certain qualifications, the so-called Dreamers. If there is no action this month, Democrats said they would try to attach the provision to other legislation.

"Congress has an ability and obligation to act," Senate Minority Leader Chuck Schumer (D., N.Y.) said at a news conference Wednesday alongside at least 50 Democratic lawmakers from both houses of Congress.

ACA Outreach Groups Brace for Challenge

BY STEPHANIE ARMOUR

Democrats and activists are trying to promote the Affordable Care Act's open-enrollment period and raise money for outreach following a Trump administration decision to cut millions of dollars from programs that help people sign up for health coverage.

That outside effort, unfolding alongside a push on Capitol Hill to restore some of the funds, includes more than 1,500 volunteers organizing on social-media sites under the name Indivisible ACA Signup Project, seeking to promote the open-enrollment season beginning Nov. 1.

Such efforts are likely to fall far short of the outreach campaigns undertaken by the Obama administration, which spent \$100 million for last year's open signup period. But they reflect an attempt to leverage the ACA's rising popularity and keep up enrollment on the federally run health exchanges at a time when the groups say the administration's actions could cause the markets to fall.

Organizations such as Protect Our Care, a coalition focused on bolstering the ACA, are helping lead the effort. Andy Slavitt, former acting administrator of the Centers for Medicare and Medicaid Services in the Obama administration, is also involved, people close to the planning said.

Outside efforts to boost the ACA gained urgency after the



A health navigator, right, worked with a college student at a health-insurance enrollment event in Tampa, Fla., last November.

Trump administration last week said it was reducing advertising for the open-enrollment period by 90%, from \$100 million last year. The Health and Human Services Department also said it would reduce grants to outreach groups, called navigators, that help people sign up for coverage and tax credits.

That has forced the naviga-

tor groups to suspend training and weigh layoffs, their leaders said, adding that they had initially been told by federal officials their funding levels would be similar to last year.

"We have a staff meeting Friday, and I don't know if we'll have staff," said Shelli Quenga, program director at the Palmetto Project, a non-profit in North Charleston,

S.C., that received about \$1 million last year.

This year's open enrollment, which extends through Dec. 15, could be crucial for the health of the ACA's individual insurance markets. Lackluster signups could cause insurers to raise customers' premiums if they don't get enough younger, healthier consumers to offset the costs of

older and sicker people.

President Donald Trump has said that in light of the Republican Congress's failure to repeal the law, his administration could act to let the law implode.

The law's critics say the administration is boosting accountability for the ACA outreach efforts. "There's been so little oversight of the program," an HHS official said last week.

TRUMP

Continued from Page One
because you can never be too happy, but they were happy enough. And it was nice to see that happen for a change."

However, Mr. Trump's decision to align with Democrats over the objections of GOP leaders and a member of his cabinet is likely to inflame tensions between the president and his fellow Republicans. Just hours earlier, House Speaker Paul Ryan (R., Wis.) had called Democrats' proposal to combine Harvey aid and a three-month debt limit increase "ridiculous" and "unworkable."

Former Senate Majority Leader Trent Lott said it was "terrible" for Mr. Trump to undercut his fellow Republicans, particularly when their partisan adversaries were witnesses to it. "The president should not do that," Mr. Lott, a Republican, said. "It is embarrassing to Republican leadership and it shows a split."

During the Oval Office meeting, Mr. Ryan, Senate Majority Mitch McConnell (R., Ky.), House Majority Leader Kevin McCarthy (R., Calif.) and Treasury Secretary Steven Mnuchin all pushed for a longer suspension of the debt limit increase, according to people briefed on the meeting, with Mr. Trump cutting off Mr. Mnuchin at one point.

Republicans initially advocated for an 18-month extension, pushing the next vote on the debt limit until after next year's midterm elections. When Democratic leaders, Sen. Chuck Schumer of New York and Rep. Nancy Pelosi of California, rejected that, the GOP leaders suggested a six-month exten-



President Donald Trump met Wednesday with a bipartisan group of congressional leaders and members of his economic team, including Treasury Secretary Steven Mnuchin, in middle left.

sion.

With congressional leaders at a standstill, they planned to agree to disagree, according to a person briefed on the meeting. Instead, the president accepted the deal from Democrats and later singled out only those two leaders in announcing the deal. "We had a very good meeting with Nancy Pelosi and Chuck Schumer," he said.

Democrats said Mr. Trump had simply decided they were more persuasive. "To his credit, he went with the better argument," Mr. Schumer told reporters. "Today was a good day in a generally very partisan town."

On Capitol Hill, Republicans publicly muted their frustration over the deal and accepted Mr. Trump's decision, with some dismissing any suggestion that a rift had opened between the

president and GOP lawmakers.

"The president can speak for himself, but his feeling was that we needed to come together, to not create a picture of divisiveness at a time of genuine national crisis," Mr. McConnell told reporters.

But privately, Senate Republican aides said the deal registered as a rebuke, following a stormy summer in which Senate Republicans failed to repeal the Affordable Care Act and chastised Mr. Trump for his remarks equating white nationalists with counterprotesters in Charlottesville, Va. Mr. Trump, who later condemned white supremacists, continued the feuding in tweets attacking GOP senators.

Mr. Trump picked a sensitive subject on which to take his stand Wednesday. Republicans have made addressing debt and

deficits a cornerstone of their governing philosophy.

Former House Speaker John Boehner (R., Ohio) was vilified by conservatives for his budget and debt limit deals with President Barack Obama, a Democrat, which helped build pressure leading to Mr. Boehner's resignation in September 2015.

The prospect of having to vote again in three months to raise the borrowing limit—and to do so less than a year before the 2018 elections, and at a time when Democrats will seek to extract concessions on must-pass items like a new spending bill—represented a major concession, some GOP lawmakers said. "The Pelosi-Schumer-Trump deal is bad," Sen. Ben Sasse (R., Neb.) said in a statement.

If the Senate makes changes

Trump Appeals to Democrats on Taxes

President Donald Trump called on Democrats to support him in overhauling the tax code on Wednesday, fresh off a debt-ceiling and spending deal with the party leaders that amounted to an end-run around top Republican lawmakers.

Speaking in North Dakota, Mr. Trump was joined onstage by Sen. Heidi Heitkamp, a rare Democratic senator who has signaled she could back his still-forming tax proposal.

While Republican leaders in Congress emphasize a broader tax overhaul that would lower tax rates while removing some tax breaks, Mr. Trump homed in on tax cuts, promising lower burdens on businesses, estates and individuals. The Trump ad-

ministration has released few details on the plan and top policy makers huddled with the president earlier this week.

The GOP-controlled Senate could pass a tax bill as long as it secured support from 50 or 51 of the Republican party's 52 senators there, using a parliamentary procedure known as reconciliation, rather than the 60 votes usually needed to advance legislation.

But Sen. John Cornyn, a Texas Republican and member of the Senate leadership team, said Wednesday that he preferred to focus on getting votes from some Democrats, adding that such an approach would free lawmakers from some of the limits of the reconciliation procedure.

Asked if he thought that was possible, he replied: "We're going to try."

—Louise Radnofsky

to the House's Harvey bill to add the debt-ceiling and funding provisions and passes it, the House must then approve the same version before sending it to the White House for Mr. Trump's signature. A Senate vote is expected Friday. "The speaker has said the House will take up what the Senate can produce," AshLee Strong, a spokeswoman for Mr. Ryan said Wednesday.

It wasn't clear Wednesday whether the deal would allow Treasury Officials to take "extraordinary measures" to continue paying the government's bills beyond the new Dec. 15 deadline. But a Senate GOP aide said Wednesday evening that the deal wouldn't constrain Treasury officials' ability to manage the debt.

Democrats had said Wednes-

day that their offer was designed in part to maintain their leverage in other negotiations over issues including health care and Mr. Trump's decision Tuesday to end after six months an Obama-era program that shields undocumented immigrants who entered the U.S. as children.

Mr. Trump has made no secret of the possibility he would work with the Democrats. In March, frustrated that House Republicans had stumbled in their initial efforts to pass a health-care bill, Mr. Trump threatened to work across party lines on health legislation before dropping that idea and attacking Mr. Schumer as the Democrats' "head clown."

—Michael C. Bender and Janet Hook contributed to this article.



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U.S. NEWS

Hurricane Heads Toward Florida

Hurricane Irma walloped several islands in the northeast Caribbean on Wednesday while officials in Florida braced for a historic storm and pressed residents to follow calls for evacuations.

By Jon Kamp,
Scott Calvert
and Dudley Althaus

The "potentially catastrophic" Category 5 storm, one of the most powerful ever recorded over the Atlantic Ocean, packed maximum-sustained winds of 185 miles an hour, according to the National Hurricane Center. The center said it was too soon to forecast the timing and magnitude of a potential Florida hit, though recent forecasts indicated almost the entire state, including Miami, is at risk.

Florida Gov. Rick Scott called the storm "extremely dangerous and deadly" and warned that Irma could hit the state even harder than Andrew, a Category 5 hurricane that slammed into the state's southern region in 1992. "This storm has the potential to devastate our state," he said.

Authorities also advised there could be a storm impact in Georgia and South Carolina, where Gov. Henry McMaster declared a state of emergency Wednesday. North Carolina Gov. Roy Cooper also declared a state of emergency for all 100 counties.

The storm's center made landfall over the island of Barbuda early Wednesday, the hurricane center said, and passed over St. Martin.

French authorities linked at least two deaths and two serious injuries in French territories to the storm. French President Emmanuel Macron said damage on the islands was considerable.

Communication to the island of Barbuda, which has 1,500 residents, was cut off after the storm hit. Gaston Browne, the prime minister,



Civil defense workers in Fajardo, Puerto Rico, Wednesday as Hurricane Irma slammed across the Caribbean and headed toward Florida

flew over the island by helicopter and reported Wednesday afternoon that 90% of the buildings were damaged.

"There is widespread damage and destruction in terms of houses and buildings," said Midcie Francis, a spokeswoman for Barbuda's disaster-services agency. She said there was one fatality confirmed by the prime minister and said there was no indication of widespread loss of life.

The hurricane's eye was skirting just north of Puerto Rico, home to about 3.4 million people, early Wednesday evening, according to the hurricane center. Hurricane and tropical-storm conditions were forecast to continue spreading westward over the U.S. territory Wednesday night.

Earlier, Gov. Ricardo Rosselló urged residents to evaluate their situation and go to shelters if necessary. Over Twitter late Wednesday, he said more than 4,200 people

Airlines Slash Flight Schedules

Airlines are scrubbing scheduled flights to and from Florida as Hurricane Irma bears down on the state.

American Airlines Group Inc. said Wednesday that it would wind down operations at its busy Miami hub by Friday afternoon. The largest carrier in the region said it would also suspend operations at Fort Lauderdale, Fort Myers, Sar-

were in shelters.

In Florida, Mr. Scott asked the state's roughly 20 million residents to stock up on supplies and urged residents to make evacuation plans. He said he was working to keep provisions stocked, citing fuel shortages in the Florida Keys and empty supermarket

sota and Palm Beach airports throughout the weekend.

Flights from Europe and South America that were due to land in Miami on Friday have been canceled, American said, and passengers have been offered waivers to move back their flights without change fees or fare-increase penalties. American controls more than two-thirds of passenger traffic at Miami International Airport, offering about 320 daily flights.

Delta Air Lines Inc., another big operator to the region, said it has waivers available cover-

ing 27 cities, including 16 in Florida. **JetBlue Airways** Corp., which has a big presence in Fort Lauderdale, has waivers out for 17 Caribbean airports and eight in Florida.

As people try to get out of harm's way, JetBlue pledged to offer remaining seats on flights out of the region for reduced fares of \$99 to \$159 through Sept. 13. A search of other airlines' websites shows some remaining seats on flights out of the region this week going for \$1,000 or more.

—Susan Carey

tled water.

Miami-Dade County ordered evacuations of roughly 150,000 residents in certain coastal areas and on barrier islands, and for all mobile homes.

—Arian Campo-Flores,
Sam Schechner
and Brian Baskin
contributed to this article.

Training In Navy Fleet Is Deficient

BY NANCY A. YOUSSEF

WASHINGTON—The majority of ships operating in the U.S. Navy's Seventh Fleet, where two destroyers have been involved in fatal collisions since June, weren't certified to conduct basic operations at sea related to war fighting, according to U.S. Navy records.

As of late June, eight of the 11 cruisers and destroyers in the Seventh Fleet, and their crew members, weren't certified by the U.S. Navy to conduct "mobility seamanship," or basic steering of the ship, according to Navy records provided to two House Armed Services subcommittees. The Navy also said seven of those ships had expired training certification in the areas of cruise-missile defense and surface warfare, which test a crew's ability to defend a ship or to conduct attacks.

The USS Fitzgerald collided with a Philippine-flagged vessel on June 17, killing seven crew members. The USS John S. McCain collided with a Liberian-flagged vessel Aug. 21, killing 10 sailors. Neither the Fitzgerald nor the McCain was certified for the majority of the mission-operation requirements the Navy periodically evaluates.

The Seventh Fleet's destroyers and cruisers generally met certification in other areas, such as maintenance, communications, navigation, explosive safety and search and rescue. It is unclear what role the lack of proper certification played in the collisions, and Pentagon investigations are under way both into the collisions and into larger questions of naval operations.

But the certification reports suggest the Navy may have knowingly sent ships to sea that weren't fully certified for the missions they were conducting, said Bryan Clark, a senior fellow at the Washington-based Center for Strategic and Budgetary Assessments.

"This appears to be endemic of a systemic problem," Mr. Clark said. The Seventh Fleet destroyers and cruisers "may not have had sufficient practice to do the difficult transits they were doing," given the crowded waters they operate in.

Adm. Bill Moran, the vice chief of naval operations, and Rear Adm. Ronald Boxall, the Navy's director of surface war-

Two admirals are scheduled to testify on Thursday about recent collisions.

fare, were scheduled to appear before two House Armed Services subcommittees Thursday on the collision of the USS Fitzgerald and USS John S. McCain. Lawmakers received the records earlier this week, ahead of Thursday's joint hearing.

Also testifying will be John Pendleton, who has written extensively about the U.S. Navy for the Government Accountability Office, including warning about overworked sailors and shortened training schedules.

After a ship has undergone maintenance, the Navy periodically conducts monthlong tests of its sailors on their ships to ensure they can properly maneuver the ship and conduct military operations.

The Navy has acknowledged cutting back on certification procedures in the face of growing demand, according to past GAO reports.

The Navy repeatedly has said increased demand on the Seventh Fleet has resulted in cutbacks on training and certifications. That pressure has only increased in recent months with each North Korean missile or weapons test, as the fleet conducts more exercises and patrols with the same number of ships.

Navy Cmdr. Bill Speaks declined to comment on the certification records but said the review of naval operations began after the two fatal collisions would encompass training, professional-development and operational certifications.

Irma Evacuees Drain Gas Stations' Pumps

BY ALISON SIDER

Gasoline stations in Florida are running out of fuel as drivers there scramble to fill their tanks and get out of town as Hurricane Irma barrels toward the state.

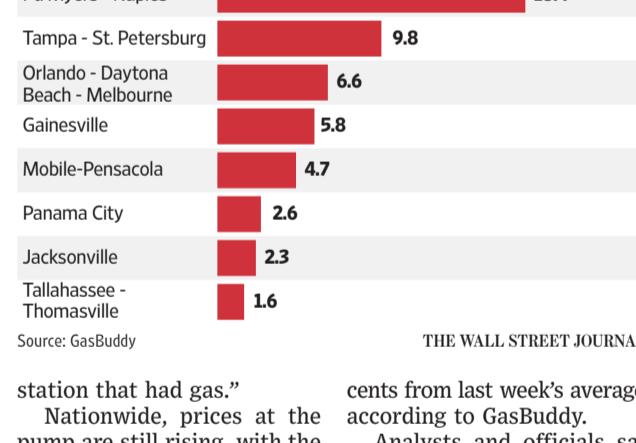
Nearly 26% of stations in the Miami-Fort Lauderdale area don't have fuel, according to GasBuddy, which tracks fuel supplies and prices. The figure is similar in the West Palm Beach-Fort Pierce area. In Fort Myers-Naples, more than 18% of stations are dry.

Irma comes on the heels of Harvey, another powerful hurricane that battered Texas refineries that supply much of the U.S., including Florida, with fuel.

"There's no gas anywhere," said Santiago Archiere, a student at Florida International University in Miami. On Tuesday, he got stuck in a traffic jam as drivers lined up to refuel. "It was just a line going down three blocks of people waiting to get into the gas station because it was the one

Running Dry

Percentage of gas stations that do not have fuel in Florida by metropolitan area



Source: GasBuddy

THE WALL STREET JOURNAL.

station that had gas."

Nationwide, prices at the pump are still rising, with the national average increasing to a fresh two-year high of \$2.667, up 32.8 cents from a week ago. In Florida, a gallon of regular gasoline costs \$2.713, on average—up 32.4

cents from last week's average, according to GasBuddy.

Analysts and officials say there is fuel in Florida, but there are logistical hurdles getting it to stations that have run dry. The state typically has a seven-day supply on hand, and shipments are still

coming in: Tankers are unloading at ports such as Tampa, and barges are traveling along the Gulf Intracoastal Waterway. But there are bottlenecks emerging—trucks are having to wait in long lines at fuel racks, waiting for gasoline to deliver to local stations.

Because of Irma's unknown path, panic buying has been widespread in the state, rather than confined to a few counties, said James Miller, communications director for the Florida Retail Federation.

"You basically had all 67 counties with a run," Mr. Miller said.

Florida Gov. Rick Scott has said the state is working to get more fuel delivered around the state. But Mr. Scott cautioned all drivers not to take too much at once.

"We're moving as much through the system as fast as possible," he said at a news conference Wednesday. "Be considerate of neighbors. Take what you need to evacuate, don't take extra."

That Irma is following Hur-

cane Harvey adds an extra challenge. Supplies were already tight throughout the Southeast even before worries about Irma began to mount.

Florida doesn't make any of its own fuel—the state has no refineries. Instead, gasoline gets there by tanker and barge from plants on the Gulf Coast and abroad, and some is trucked in from nearby states.

"The state is a peninsula, but as far as fuel supply is concerned, it's an island," said Mark Anderle, director of supply and trading at TAC Energy, a fuel marketer.

Still, some supplies have been reaching Florida. Fuel cargoes from New York Harbor were shipped to ports in Florida last week as Harvey cut off supplies from Texas, shipping analysts and traders said.

Genscape Inc., an energy market data provider, said two European cargoes have been diverted to Florida since Harvey hit, something that rarely happens.

—Amrit Ramkumar
contributed to this article.

INSURE

Continued from Page One

Gov. Rick Scott on Monday declared a state of emergency in all of the state's 67 counties.

Proponents say hurricane deductibles make insurers more willing to offer policies in high-risk areas and encourage homeowners to take steps to prevent storm damage.

But consumer advocates say hurricane deductibles can be confusing and prohibitively expensive for homeowners.

Unlike a typical deductible, which requires consumers to pay a flat amount to cover losses before the insurance company will pay out for a claim, these special deductibles are calculated as a percentage. Consumers can be required to pay anywhere from 1% to about 10% of the total insured value of the building or its contents, not a percentage of the claim amount. Insurers will only pay for damage that exceeds the deductible amount.

For example, a homeowner whose house is insured up to \$200,000 with a 5% hurricane

deductible would be responsible for the first \$10,000 of hurricane-related damage to the building.

This type of deductible can be triggered by hurricanes, high wind speeds, earthquakes or other disasters. The triggers vary depending on region and insurer. Nineteen states and the District of Columbia have hurricane deductibles, according to the Insurance Information Institute.

In 2012, Hurricane Sandy didn't trigger hurricane deductibles across the East Coast because the storm weakened from a hurricane to a tropical storm before it made landfall.

Harvey, on the other hand, arrived on Aug. 25 as a hurricane. The Texas Wind Insurance Association, the insurer of last resort on the Texas coast, had received more than 42,000 claims from policyholders as of late Monday, a spokesman said. A majority of TWIA residential policies have a hurricane deductible of 1% or 2%.

Allstate Corp., one of the top home insurers in Texas, has different deductible criteria depending on the policy, but they were all triggered by

Harvey, a spokesman said.

In Florida, the typical homeowners policy has a 2% hurricane deductible, and the average insured value is \$250,000, according to a spokeswoman for the state's Office of Insurance Regulation. That means the average Florida homeowner needs to pay about \$5,000 to cover the deductible, which "may be problematic for some homeowners," she said.

Some insurers began adding hurricane deductibles to policies after Hurricane Andrew in 1992, the second-costliest hurricane for insurers in U.S. history behind Katrina.

"It was a strategy employed by the national carriers to at least maintain their presence in Florida" as many sharply cutting back their footprint in the state, said Kevin McCarty, a founder of Celtic Global Consulting LLC and a former Florida insurance commissioner. "It gave insurance companies more capacity to sell additional policies" in Florida, he said.

Many households in the Caribbean islands in Irma's path are uninsured or underinsured compared with U.S. households, meaning that residents

Damage Done

Costliest U.S. hurricanes

Hurricane	Year	Estimated insured loss, in billions
Katrina	2005	\$49.8
Andrew	1992	24.5
Sandy	2012	19.9
Ike	2008	14.0
Wilma	2005	12.5
Charley	2004	9.3
Ivan	2004	8.9
Hugo	1989	7.3
Rita	2005	6.8
Frances	2004	5.7

*All data are in 2016 dollars.

Source: Property Claim Services via Insurance Information Institute

THE WALL STREET JOURNAL.

could be on the hook for relatively higher recovery costs.

Hurricane activity has been subdued in Florida over the past decade, so for many homeowners Irma could mark the first time that their hurricane deductibles are triggered.

Yet about one-third of homeowners in five coastal states, including Florida and Texas, are unaware that hurricane

deductibles exist, according to a 2017 survey by the Insurance Research Council. About one-fourth of survey respondents in those states said they didn't know whether their home-insurance policies included hurricane deductibles.

"The problem is, a lot of people end up getting nothing because of percentage deductibles," said Amy Bach, executive director of consumer-advocacy organization United Policyholders. "People tend not to pay attention to their insurance until it's really too late."

Danielle Hoffman of Deltona, Fla., learned that her insurance includes a hurricane deductible of several thousand dollars after Hurricane Matthew in 2016 caused some minor damage in her home.

"We were shocked at how high it was," said Ms. Hoffman, 31 years old.

Ms. Hoffman said she and her husband paid out of pocket for some repairs but propped up the fence around their home instead of getting it fixed. "I guarantee with this storm coming, it will be the first thing to go down," she said about the fence.

Building Our Community Together

It is with heartfelt gratitude that we celebrate the vision of our benefactors who have committed to enhancing the community's health. The extraordinary generosity shown by these individuals and organizations is transforming Saint Barnabas Medical Center.

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CORNERSTONE

Leon and Toby Cooperman Family
Cooperman Family Pavilion

PILLAR

Eric F. and Lore Ross
Eric F. and Lore Ross Lobby

ARCHITECT

The Schonbraun Family
The Schonbraun Family Registration

BUILDER

Canasta and Hammer Families
Canasta and Hammer Rehabilitation Gym
and Visitors Lounge

Community Advocates
Community Advocates Lounge

The Kogan Family
Kogan Family Non-Invasive Diagnostic Testing

The Gebroe Family
Gebroe Family Nurses Station

The Healthcare Foundation of New Jersey
The Healthcare Foundation of New Jersey
Private Room & Isolation Suite

The Kreitchman Family Foundation
The Lilyan and Morton Kreitchman
Hybrid Operating Suite

Andrea and Anthony Melchiorre

Miracle Walk
Miracle Walk Welcome Lobby

**Neonatal Associates at Saint Barnabas
Medical Center**
Neonatal Associates Central Nurses Station

**Saint Barnabas Medical Center
Anesthesiologists**
Saint Barnabas Medical Center
Anesthesiologists Waiting Area

The Rosanne H. Silbermann Foundation
The Rosanne H. Silbermann Foundation
Family Lounge and Sibling Play Area

Dr. Shyan and Annette Sun
Dr. Shyan C. Sun Newborn Intensive
Care Floor

FRAMER

Helen and Roy G. Beck Family
Helen and Roy G. Beck Family Lobby

Barbara Freid Gottesman

The Blanche and Irving Laurie Foundation

New Jersey Perinatal Associates
New Jersey Perinatal Associates Infant
Care Pod

Anonymous

PATRON

Terri and Michael Goldberg
Terri and Michael Goldberg Visitors Lounge

Lori and Gregg Gottsegen

Imaging Consultants of Essex

The Mauriello Family
Mauriello Family Clinical Touchdown Station

Bobbi and Barry Ostrowsky
Bobbi and Barry Ostrowsky Seating Area
in the Physicians Lounge

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WSJ

Do Sanctions Really Work?

U.S. passes new sanctions against Russia, North Korea and Iran, but history shows a mixed record of success

By Ian Tulley and Brian McGill
Published Aug. 3, 2017 at 11:06 a.m. ET

North Korea

September 2005

The U.S. cuts off Banco Delta Asia's access to U.S. financial markets as part of an effort to rein in North Korea's nuclear program. By targeting the Macao-based bank cited as a key financing hub for North Korea, Washington chills broader financing to the country. The won plummets and the country enters into what turns into a two-year recession. By February 2007, Pyongyang agrees to shut down a nuclear facility critical to the regime's weapons program.

However, North Korea's trade continues despite these sanctions as China's buying surges. **China now makes up over 90%** of North Korea's total trade, up from around 50% in 2005. After the U.S. relaxes its sanctions, the country subsequently restarts its intercontinental ballistic missile and nuclear-weapons programs.

In June, the U.S. proposes cutting off Chinese Bank of Dandong from the U.S. financial system, accusing it of laundering money for North Korea that the regime is using to fund its nuclear-weapons program.

North Korean exports by destination

Sept. 2005 U.S. cuts off North Korean-aspirating bank from financial markets

\$5.0 billion

4.5

4.0

3.5

3.0

2.5

2.0

1.5

1.0

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1998 2000 02 04 06 08 10 12 14 16

*Includes China's mainland, Hong Kong and Macau
Source: International Monetary Fund

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WORLD NEWS

U.S. Pushes North Korean Oil Embargo

Administration's U.N. sanctions proposal also targets assets of Kim and key officials

By FARNAZ FASSIHI

UNITED NATIONS—A U.S. proposal for new United Nations sanctions against North Korea would clamp an embargo on its oil and textile trade and slap a full asset freeze and world-wide travel ban on leader Kim Jong Un and key regime members and institutions, according to a draft of the proposal.

If adopted, the resolution would significantly escalate political and diplomatic pressure on Pyongyang as it continues to defy U.N. resolutions with its nuclear and ballistic-missile tests.

The U.S. circulated a draft of the resolution, reviewed by The Wall Street Journal, to all 15 members of the Security Council, and diplomats said they expect a vote on Sept. 11. Negotiations have expanded from talks between the U.S. and China to all members of the council, diplomats said.

"This is an ambitious and hard-hitting resolution," said a Security Council diplomat. "We will be open to negotiations but there must be a strong resolution."

The new sanctions resolution was designed to cripple the heart of the regime, from Mr. Kim to the military and key ministries, in an effort to use diplomacy to halt the country's accelerating nuclear-weapons program.

Following North Korea's sixth and most powerful nuclear test Sunday, the Trump administration denounced Pyongyang and



Russian President Vladimir Putin, left, and South Korean President Moon Jae-in attended an exhibition on Russky Island on Wednesday.

pledged to draw up new sanctions to further isolate the regime. Russia and China, by contrast, have pushed for direct talks with North Korea.

The resolution faces hurdles in winning the backing of China and Russia. Both veto-holding countries are allies of North Korea and have said they don't favor sanctions that would cripple the economy to the brink of collapse, or contribute to the suffering of civilians.

Russian President Vladimir Putin said Wednesday that cutting off oil exports to North Korea would violate

humanitarian norms.

In a phone call with President Donald Trump on Wednesday, Chinese President Xi Jinping said China was working "unswervingly" to de-nuclearize the Korean peninsula, according to state broadcaster China Central Television.

Mr. Xi said that a peaceful resolution to the North Korean nuclear issue could only be solved through dialogue, CCTV reported.

In a meeting with South Korean President Moon Jae-in in the Pacific port of Vladivostok, Mr. Putin batted aside Seoul's

demand that countries cut off oil supplies to the regime.

"We are worried that cutting off oil exports will inflict damage on North Korea's hospitals and on ordinary people," Mr. Putin said, according to a readout from South Korea's presidential office.

Under the resolution, member states and their citizens and vessels would be prohibited from exporting to North Korea all crude oil, refined petroleum products and liquefied natural gas.

North Korea would also be banned from selling or trans-

ferring textiles, including fabrics and apparel products and member states prohibited from procuring textiles originating from North Korea.

Individuals targeted under the proposed asset and travel freeze include: Hwang Pyong So, vice chairman of the State Affairs Commission; Kim Ki Nam, director of the Workers' Party of Korea Propaganda and Agitation Department, which controls all media; his Vice Director Kim Yo Jong; and Pak Yong Sik, a member of the Workers' Party of Korea Central Military Commission.

White House Steps Back From Ending Korea Trade Pact

WASHINGTON—The Trump administration told top lawmakers that it has put on the back burner discussion of terminating a free-trade agreement with South Korea, according to people familiar with the matter, after intense resistance from Capitol Hill and business groups.

White House officials told some senior members of Congress that a plan to end the five-year-old bilateral pact, known as Korus, was no longer an immediate priority.

The officials didn't say the termination idea had been scrapped permanently, only that it was no longer being considered as an imminent action, according to congressional aides.

A White House spokesman didn't immediately respond to requests to comment.

—Jacob M. Schlesinger

Seven key government institutions that help prop up the North Korean regime and its control of the public are blacklisted in the resolution. They include the Central Military Commission, the army and propaganda and state-media ministries. The list of sanctioned entities would also be expanded to Air Koryo, North Korea's national airline.

North Korea's mission to the U.N. and Air Koryo didn't respond to requests to comment.

—Jonathan Cheng

and Nathan Hodge contributed to this article.

China Tests for Nuclear-Blast Leaks

By JEREMY PAGE

BEIJING—China is amping up monitoring for signs of radioactive fallout from North Korea's latest nuclear test, concerned that contamination could provoke a public outcry and force Beijing to harden its approach to Pyongyang, diplomats and analysts say.

Beijing put an extensive radiation-monitoring network on emergency level of operations Sunday, after sensors detected a 6.3-magnitude tremor from North Korea's sixth and largest nuclear test.

Minutes later, they registered a second, smaller tremor, possibly caused by a structural collapse. Nuclear and seismological experts said that underground atomic blasts can cause tunnels to collapse or terrain to shift, potentially allowing radiation to vent into the atmosphere.

Chinese government agencies said no radiation has been detected thus far but they will continue to test air, water and soil samples in a network of radiation-monitoring stations that has steadily expanded since 2013 and is due to grow by at least two more stations in the next few months.

The slightest risk of a leak is of huge concern, with more

than 100 million people living in China's three northeastern provinces bordering or near North Korea. The Punggye-ri test site, where the blast took place, is less than 50 miles from China's border. Nuclear blasts produce radioactive forms of elements such as iodine, exposure to which can cause cancer in humans—or even death in extreme cases.

Sunday's test shook buildings in Chinese cities near the border and could be felt hundreds of miles away. Some people ran into the streets and posted videos of shaking chandeliers in their apartments. Others have since taken to social media to express alarm.

A key concern for Chinese leaders, according to diplomats and analysts, is that any environmental contamination could quickly turn into a political problem, with people demanding that Beijing hold Pyongyang accountable as its biggest investor, trade partner and aid donor.

"If it turns out that there is fallout, and some leaking that threatens northeastern China, it will likely change China's stance," said Zhu Feng, an international security expert at China's Nanjing University. "It would need to tell people that it will keep [North Korea] un-

der check."

Chinese authoritarian leaders are sensitive to public opinion and wary of anything that could provoke protests, dent the image of the Communist Party, or otherwise diminish their power. Such sensitivities are especially high with China's leadership heading into a key

River that forms the border with China, said a South Korean presidential representative. China's foreign and environment ministries didn't respond to requests to comment.

North Korea's state-controlled news agency said on Sunday that the test didn't result in leaking of radioactive materials and had no "adverse impact on the surrounding ecological environment."

Daily notices from China's nuclear safety and environmental agencies said no traces of radiation have been detected. Japanese nuclear regulators also said on Tuesday that radiation-sensing aircraft found no abnormal readings over the Sea of Japan, just east of the Korean Peninsula.

Pyongyang performs its nuclear tests in solid rock beneath a steep mountain. The depth of the blast would make a large radiation leak unlikely even if there were a cave-in, said Steven Gibbons, a seismologist at Norwegian geological monitoring agency Norsar who specializes in nuclear testing.

It will likely take days or weeks before radiation from this test is detected, if at all, he said, noting that radioactivity was detected only after two previous North Korean nuclear

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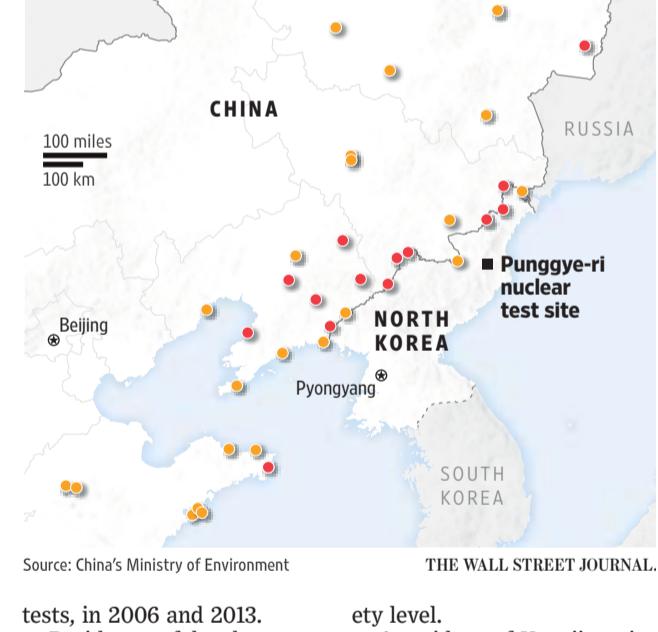
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Fallout Fears

China has added several radiation-monitoring stations since 2013 amid rising fears of contamination from North Korea's nuclear-testing program.



tests, in 2006 and 2013.

Residents of border areas have grown accustomed to tensions with North Korea, and periodic nuclear or missile tests. But Sunday's blast, which was estimated to be as much as 10 times as powerful as the last test a year ago, raised the anxiety level.

A resident of Yongji, a city 200 miles from the border, wrote on his Sina Weibo microblog that his family ran down from their 10th floor apartment when they felt the tremor. Such fears, he said, could easily turn into outright panic.

U.S. Apologizes for Leaflets in Afghanistan

By HABIB KHAN TOTAKHIL AND CRAIG NELSON

KABUL—The U.S. military in Afghanistan apologized for dropping leaflets in a northern province of the country that it said mistakenly contained an image deeply insulting to Muslims.

Maj. Gen. James Linder, commander of the Special Operations Joint Task Force in Afghanistan, didn't describe the derogatory image on Wednesday, saying in a statement only that it was "highly offensive to both Muslims and the religion of Islam."

But photographs of the leaflet, airdropped by U.S. forces in Parwan province on Tuesday, quickly circulated on social-media platforms here. While the Afghan government had no immediate comment, the Taliban—the Islamist militant group that the Afghan govern-

Indonesians Protest Violence in Myanmar

BY BEN OTTO AND ANITA RACHMAN

JAKARTA, Indonesia—Thousands of Indonesians protested on Wednesday against a military campaign in Myanmar that has forced the exodus of about 125,000 Rohingya Muslims, fueling a global wave of Muslim anger at Myanmar and its Nobel Prize-winning leader, Aung San Suu Kyi.

Protests in countries from Indonesia, Turkey and elsewhere are raising pressure on governments to intervene to stop the violence in Myanmar, where members of a long-persecuted ethnic Muslim minority have been fleeing to neighboring Bangladesh in the wake of village-burning clearances and fighting since Aug. 25 that have left hundreds dead.

In Jakarta, capital of the world's largest Muslim-majority country, police said around 5,000 people joined the rally. Protesters called for the clo-



Demonstrators at Myanmar's embassy in Jakarta on Wednesday.

sure of Myanmar's embassy and an end to the violence.

The politically influential, hard-line Islamic Defenders Front said it was prepared to declare an "open war" on Myanmar. "If the Indonesian and Myanmar governments cannot stop the slaughtering of Rohingya Muslims...we will

send jihadists to defend our brothers," spokesman Slamet Maarif told reporters.

Security analysts largely dismissed the possibility of a mass Indonesian jihad in Myanmar; the two Southeast Asian countries share no land border, for example. But the government was quick to ban a threatened

protest by the group at Borobudur, an ancient Buddhist temple complex in central Java, underscoring fears of Myanmar's sectarian rift spilling over into the country.

Myanmar has come under widespread criticism for its response to attacks by ethnic Rohingya insurgents against security forces in northern Rakhine state, a border region where many members of the stateless Muslim minority live. Around 400 mostly insurgents have been killed since Aug. 25, Myanmar's military says. The United Nations estimates that nearly 125,000 Rohingya have fled to Bangladesh.

Myanmar considers the estimated one million Rohingya people within its borders to be illegal immigrants from Bangladesh and subjects them to travel restrictions and other curbs.

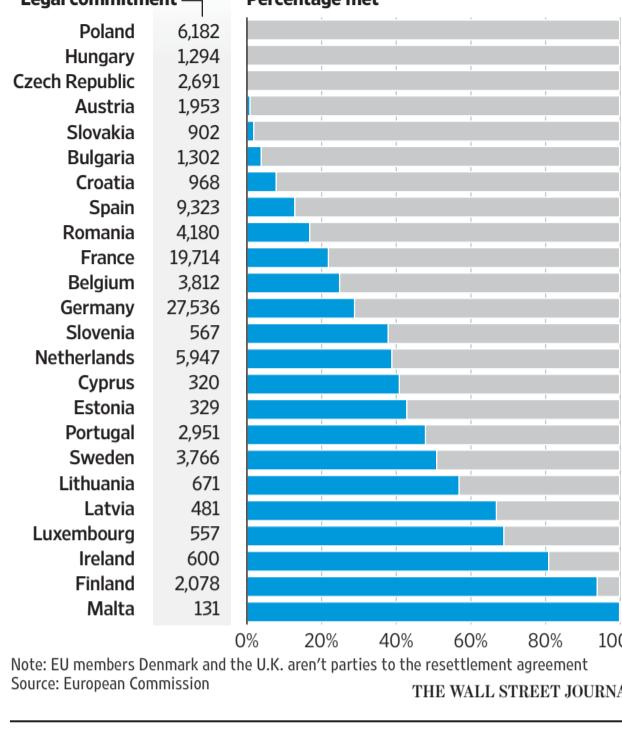
—Myo Myo
in Yangon, Myanmar,
contributed to this article.

WORLD NEWS

EU Court Orders States to Accept Refugees

Divisive Policy

Few EU countries are living up to their commitments on relocating asylum seekers who arrived in Italy and Greece.



Note: EU members Denmark and the U.K. aren't parties to the resettlement agreement

Source: European Commission

THE WALL STREET JOURNAL.

The European Union's top court ruled that Central European states have no legal grounds to reject a refugee-relocation program, backing the bloc on a policy that has roiled politics across the region since

By Valentina Pop in Brussels and Drew Hinshaw in Warsaw

a major influx of people two years ago.

Wednesday's ruling reopened deep disagreements about immigration policy amid already simmering tensions over the rule of law and the extent to which Brussels should have a say in enforcing controversial policies.

The Luxembourg-based European Court of Justice ruled that the EU's mandatory plan to relocate refugees among the bloc's members, hammered out in September 2015 as hundreds of thousands of Syrians entered the continent via Turkey and Greece, was legal.

It dismissed arguments brought by Hungary and Slo-

vakia, which had voted against the program and refused to take part in it. Poland and the Czech Republic—where nationalist, anti-immigration politicians are in power—have also refused to participate.

The original plaintiffs have meanwhile drifted apart in their approaches.

On Wednesday, Slovakia's foreign minister said his government "fully respects the verdict." The European Commission, the EU's executive arm, said Slovakia was preparing to take in a first batch of refugees from Italy, which along with Greece has borne the brunt of the arrivals. Under the EU plan, Slovakia is being asked to resettle 902 people.

"We will actively work to express solidarity with countries most affected by the problem of migration," Foreign Minister Miroslav Lajcak said, adding the caveat that Slovakia would try to find a solution "other than accepting migrants who have no desire or intention to remain in our country."

Hungary, which has refused

to take in the 1,294 refugees allotted by the plan, had a much sharper reaction to the ruling. Foreign Minister Peter Szijjarto called the verdict "outrageous and irresponsible."

"Our first goal in connection with the future of the EU is to continue to guarantee the security of Hungarians," he said. "Politics has raped Euro-

The European Court of Justice dismissed Hungary's and Slovakia's arguments.

pean laws and values."

Asked about the ruling, Poland's Prime Minister Beata Szydlo said she had expected the outcome and her government's position hadn't changed. The country's foreign ministry said the relocation program "doesn't solve the EU's migration problem."

EU migration commissioner

Dimitris Avramopoulos gave Hungary, Poland and the Czech Republic a few weeks to change course or be taken to court to force compliance with the EU plan. "Member states are obliged, legally and politically, I would say even morally, to do their part," Mr. Avramopoulos said.

For two years, the migrant-resettlement program has given nationalist leaders on the bloc's eastern edge a provocative issue to rally around. Hungarian Prime Minister Viktor Orban fenced off his country's southern border and contracted guards called "border hunters." Billboards in his capital bear government messages, including, "Did you know that Brussels wants to settle a city's worth of illegal immigrants in Hungary?"

Other political leaders have copied Mr. Orban's playbook. Poland's Law and Justice party and Slovakia's Direction-Social Democracy have both cemented power by campaigning to keep out refugees, saying they could be terrorists.

Germany's Turks Face Quandary in Coming Election

BY ANDREA THOMAS

BERLIN—Germany's rapidly worsening relations with Turkey could scramble long-established voting patterns among the roughly one million German voters of Turkish origin, throwing a wild card in an election poll suggest is nearly certain to deliver a fourth term to Chancellor Angela Merkel.

In a country of 81 million with some 61.5 million registered voters, even a sharp shift among these voters in the Sept. 24 vote is unlikely to cost Ms. Merkel her victory, pollsters say, but it could be bad news for some of her smaller rivals and potential coalition partners.

Turkish President Recep

Tayyip Erdogan caused an uproar in Germany last month when he called on German Turks not to vote for Ms. Merkel's Christian Democratic Union, the center-left Social Democratic Party, and the smaller Green party, calling them enemies of Turkey.

Ms. Merkel on Friday called Mr. Erdogan's attempts to influence the German election unacceptable. "The people in our country decide for themselves," she said. SPD leaders have lashed out at Mr. Erdogan, with Foreign Minister Sigmar Gabriel and Justice Minister Heiko Maas calling his comments "a threat to Germany's democratic culture" in a joint column last month in Spiegel magazine.

But Mr. Erdogan's call likely struck a chord in parts of a diaspora increasingly dissatisfied with its political treatment. "German Turks no longer trust German parties as they used to because they don't get treated as equals," said Umit Karakas, co-head of Data4U opinion-research institute.

For Remzi Aru, the Turkish president's boycott appeal was great news. The Berlin-based, Turkish-born businessman founded the Alliance of German Democrats, which targets immigrant voters. Polls show the party is unlikely to reach the 5% threshold required to enter the German parliament, but it could still inflict some pain on its competitors, espe-



Turkey's leader urged a boycott of parties including Ms. Merkel's.

cially the Social Democrats, Ms. Merkel's main rivals.

A 2015 poll of 1,003 German voters of Turkish origin by

market-research firm BIK Aschpurwiss Behrens GmbH showed 69.8% considered the Social Democrats their favorite party. But a survey of 1,000 such voters commissioned early this year by the Union of European Turkish Democrats—a group linked to Mr. Erdogan's AKP party—showed a strong shift. It found that less than half of the 46% of responders who said they voted for the SPD in the 2013 elections intended to do so again this year.

"We don't feel at home with any party right now," said Zafer Sirakaya, president of the UETD. "Nobody has any chance to become active in German politics unless they're critical of Turkey and critical of Erdogan."

The two countries' ties started fraying last year, after Germany's parliament adopted a resolution branding the killing of more than a million Armenians by Ottoman Turkey in 1915 and 1916 as genocide, sparking protests in Ankara.

Since then the relationship between the two North Atlantic Treaty Organization allies has gone from bad to worse. The low point came in July, when Turkish security officers arrested a German human-rights activist in Istanbul, prompting Berlin to issue a travel advisory for the country and threaten aid cuts. On Friday, the German Foreign Ministry said Turkey had arrested two more German citizens. One has since been released.

Cassini's Last Dance With Saturn

A look at the probe's key discoveries of the planet and its rings and moons

NASA's Cassini spacecraft makes its final tour of Saturn this month. Cassini was launched in 1997 to seek evidence of water and capture the first close-up views of the ringed planet. It reached Saturn in 2004 and has been probing the mysteries of the planet ever since.

The interplanetary spacecraft is one of the largest, heaviest and most complex ever built. It was composed of two piggybacked spacecraft: NASA's Cassini orbiter and the European Space Agency's Huygens probe, which landed on Titan in 2005. Loaded with a dozen powerful instruments and cameras, it has been taking measurements and detailed images in a variety of conditions and wavelengths.

Saturn is unique among the planets, for no other world has such spectacular rings. The swirling dynamics of its immense icy rings mirror the forces at work when our solar system and stars likely formed. Surrounded by 53 confirmed and nine provisional moons, Saturn is home to some of the most fascinating landscapes in our solar system.

—Robert Lee Hotz and Yaryna Serkez



JET STREAM

Saturn's polar regions surprised scientists. They found a long-lived hexagonal-shaped jet stream in the north and hurricane-like storms at both poles. In 2013, the entire interior of the hexagon was covered in yellowish smog, likely caused when the sun's ultraviolet light triggered photochemical aerosols.



An immense hurricane swirls inside the hexagon around Saturn's north pole. Its eye is 1,250 miles across, with winds four times as fast as hurricane-force winds on Earth. This Saturnian storm has likely raged for years.



The spacecraft discovered propeller-like formations and witnessed the possible birth of a new moon. The objects in Saturn's rings range in size from dust-sized particles to moonlets more than 18 miles wide.



Titan, one of Saturn's moons, is the only place in the solar system other than Earth that we know has stable liquid on its surface. The Huygens probe's 2-hour and 27-minute descent on Jan. 14, 2005, revealed Titan to be remarkably like Earth before life evolved.



Astronomers have long wondered why Saturn's third-largest moon has one side darker than the other. The Cassini spacecraft showed that dust in Iapetus's orbital path is swept up and lands on the leading face of the moon.

CASSINI'S GRAND FINALE

In late August, NASA's Cassini spacecraft entered its final mission phase. This Grand Finale, as NASA mission managers call it, ends Sept. 15 when the spacecraft is programmed to plunge into the atmosphere of Saturn. Mission managers ordered its destruction to avoid contaminating any of Saturn's large moons that might be hospitable to life.

On its last day, Cassini is expected to continue transmitting until the force of Saturn's atmosphere overpowers the spacecraft's thrusters and it can no longer point its antennas precisely enough to maintain contact with Earth.

All told, more than 5,000 people worked on the mission. It may take a decade or more for scientists to analyze all of the data it collected.



WORLD WATCH

COLOMBIA

Pope Arrives on Tour To Encourage Peace

Pope Francis arrived in Bogotá on Wednesday to help Colombians mend relations after a long guerrilla conflict and show support for a peace process that led the FARC rebel group to disarm and transform itself into a political party.

The pontiff arrived late in the afternoon on a flight from Rome and was greeted by President Juan Manuel Santos, first lady María Rodríguez and the apostolic nuncio to Colombia, Ettore Balestrero, at the air base adjacent to Bogotá's international airport.

Pope Francis is scheduled to pray for the victims of violence in the capital on Thursday.

—Juan Forero and Kejal Vyas

SPAIN

Court Asked to Block Vote on Catalan Split

The government asked a top court to block the Catalan regional government's attempt to hold a referendum on independence, the latest clash in what has become Spain's most pressing political issue.

Lawmakers in Catalonia's regional parliament were debating proposed legislation to convene a referendum on independence when Spain's deputy prime minister said in televised remarks that the government wouldn't allow measures that courts have previously ruled violate the country's constitution.

"The government has asked the Constitutional Court to declare null and void the adopted agreements," Deputy Prime Minister Soraya Sáenz de Santamaría said.

"We are defending the rule of law in Spain and democracy in Catalonia," she added.

—Jeannette Neumann

SYRIA

U.N. Blames Regime For April Sarin Attack

A United Nations report blamed the government in Damascus for a sarin gas attack on

an opposition-held town that killed at least 83 people and called it a war crime.

The U.S. and other Western nations immediately blamed President Bashar al-Assad's regime for the April 4 attack on the town of Khan Sheikhoun in rebel-held Idlib province. But this was the first time the U.N. echoed the allegation.

"The chemical bomb released a cloud which spread over a distance between 300 and 600 meters from the impact point and killed at least 83 persons, including 28 children and 23 women," the U.N. said.

The attack was carried out by a Sukhoi 22 warplane, an aircraft that only the regime operates. It conducted four airstrikes on Khan Sheikhoun, dropping three conventional bombs and one chemical bomb, according to the report by the U.N.'s independent Commission of Inquiry on Syria.

—Raja Abdulrahim

CAMBODIA

Hun Sen Vows to Rule For 10 More Years

Speaking to thousands of garment-factory workers on the outskirts of Phnom Penh, Prime Minister Hun Sen said he had decided to run for another two terms.

"I have decided to continue my job for another 10 years," the 65-year-old said.

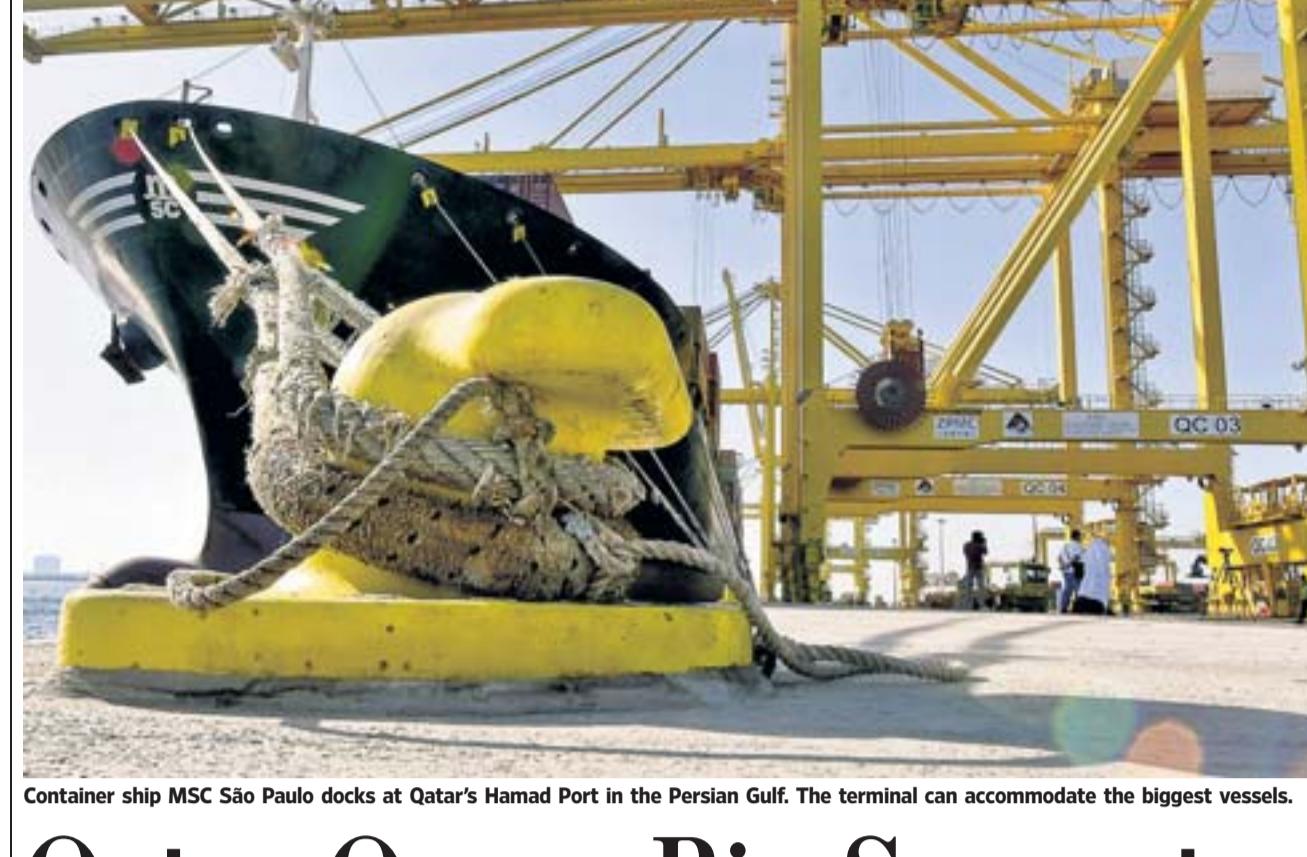
In power for 32 years, Mr. Hun Sen is the world's longest-serving prime minister and among its longest-serving leaders. In 2007, he said he wanted to retire at 90 but backed off in 2015.

—Associated Press



Prime Minister Hun Sen poses with workers in Phnom Penh.

WORLD NEWS



Container ship MSC São Paulo docks at Qatar's Hamad Port in the Persian Gulf. The terminal can accommodate the biggest vessels.

Qatar Opens Big Seaport

BY NICOLAS PARASIE

DUBAI—Qatar, faced with dwindling supplies of essentials such as food, officially opened a major seaport, which will help the Gulf state secure imports after its Arab neighbors cut off trade routes in an intensifying diplomatic stand-off.

The move is Qatar's latest riposte to a blockade by its Arab neighbors and another sign of how a months-long diplomatic spat is starting to alter the region's trade flows in significant ways.

Saudi Arabia, the United Arab Emirates, Bahrain and Egypt in June severed diplomatic ties and closed their air routes and land and sea borders with Qatar to protest its alleged support for regional extremist organizations and terrorist groups.

That month, imports fell nearly 40% year to year, according to government data. They recovered slightly in

July but were still down about 35% on the year.

To cope with the transportation ban, Qatar has rapidly established alternative trade routes. It has used nearby Oman's ports and Iranian airspace while turning to Iran and Turkey for food imports.

On Tuesday, Qatar's ruler, Sheikh Tamim bin Hamad Al-Thani, inaugurated a \$7.4 billion seaport that will allow Doha to further circumvent the blockade.

As the dispute drags on, Doha has been digging in its heels. Late last month, Qatar said it is sending back its ambassador to Iran, a move that irritated its main regional rival, Saudi Arabia. Also in August, Saudi royals met with a little-known Qatari royal to discuss easing access for Qatari citizens in the annual hajj pilgrimage, which some commentators saw as an attempt to set in motion regime change.

"We have proven beyond

any doubt how much we are flexible but steadfast when it comes to facing challenges," Transport Minister Jassim bin Saif al-Sulaibi said. Hamad Port has helped secure Qatar's vital supplies, he added.

"After just one year of operations, 27% of trade in the Middle East now passes

Gulf state partially sidesteps blockade with a new gateway for essential supplies.

through Hamad Port," he added. "We have established direct shipping lines with major ports in several countries, including China, India and Pakistan, and plans are in place to open two new direct lines to Malaysia and Taiwan."

Hamad Port can receive the world's largest vessels, allowing container ships to go directly to Qatar, bypassing the U.A.E. where they traditionally stopped to refuel and to unload cargo. The port has three terminals with a combined annual capacity of 7.5 million containers.

Work on Hamad Port, named after the current emir's father, began about a decade ago as part of efforts to diversify the economy beyond energy. It became fully operational late last year but a Qatari official said the port was never used to full capacity in the first months because of existing agreements between Doha and the U.A.E.'s Jebel Ali port through which its largest container ships went.

But after ties between the two countries were cut, those restrictions on Hamad Port were lifted and the port is using more of its capacity than initially planned for, he said.

The Face of Change

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CHANGE
HEALTHCARE

IN DEPTH

SCIENCE

Continued from Page One

tists indicates it will only become harder to contain Pyongyang's nuclear ambitions.

"We should be very concerned about North Korean researchers abroad, particularly in China," said Katsuhisa Furukawa, a member from 2011-2016 of the U.N. panel of experts monitoring sanctions enforcement on North Korea.

Among those scientists is Kim Kyong Sol, who was still at China's elite Harbin Institute of Technology more than a year after the U.N. introduced its sanctions, doing a Ph.D. in mechatronics—a blend of mechanical engineering, electronics and programming—according to university staff. In March this year, he published a paper in China co-written by a senior engineer in Beijing's military-run space program.

After reviewing Mr. Kim's paper at the Journal's request, Mr. Furukawa concluded it fell into a category banned by U.N. sanctions. Foreign-educated North Koreans' work in multiple disciplines, said Mr. Furukawa, now an independent analyst, has "surely contributed to the accumulation of scientific know-how and information relevant to its weapons program."

North Korea's technological advances go beyond nuclear science. Any research or contacts abroad that could help North Korea launch objects into space is of concern to the U.S.

Pyongyang has launched Earth-observation satellites, which can be used for reconnaissance and targeting. It has also test-fired missiles from a submarine and said it could conduct an electromagnetic-pulse attack, designed to cripple electric grids by detonating a nuclear device on a satellite.

The technology Mr. Kim studied, called MR damping, can be used to stabilize spacecraft and absorb shock in missile-launch systems, including in submarines, and to reduce vibration in cars, buildings and helicopters, U.S. experts in the field said.

Mr. Kim returned home in June, university staff said. He didn't respond to emails. China's foreign ministry said Beijing was "strictly implementing" all U.N. resolutions on North Korea. It didn't respond to questions about Mr. Kim, nor did Harbin Institute of Technology.

The concern among U.S. officials is that Pyongyang exploited

a lack of strict education sanctions before the 2016 U.N. ban to dispatch scientists and bring back "dual use" expertise—with civilian and military applications—and could continue to benefit from any lax enforcement of the ban.

Some of those officials said they fear that even with strict sanctions enforcement, Pyongyang may already have sufficient indigenous know-how for its nuclear goals. There is evidence North Korea produces its own rocket engines, the Journal reported in August, citing a U.S. intelligence official, contradicting a recent think-tank report suggesting its engines are from Ukraine or Russia.

Kim Jong Un made a point of bragging that his claimed hydrogen bomb was indigenous: "All components of the H-bomb were homemade and all the processes ranging from the production of weapons-grade nuclear materials to precision processing of components and their assembling," the nation's official Korean Central News Agency quoted him as saying.

U.N. sanctions

Following North Korea's second nuclear-bomb test in 2009, the U.N. in a package of sanctions called on countries to "prevent specialized teaching or training" within their territories or by their nationals that could help Pyongyang's nuclear and missile development.

The U.N. imposed the 2016 ban on teaching specific subjects in response to a fourth nuclear test in January of that year and broadened it to encompass disciplines such as advanced engineering and materials science after another test last September.

In a report this February, U.N. experts said they found several North Koreans studying physics in Italy and four studying material science, engineering and electronic communications in Romania last year after the ban. The report said all were redirected to permitted subjects. The institutions didn't respond to requests for comment.

In 2016, U.N. experts said two North Koreans were training that year before the ban at an Indian space technology center where 32 others had attended since 1996, including one who recently headed Pyongyang's satellite control center. The Indian center said it no longer accepts North Koreans.

China in recent years has accounted for the bulk of North

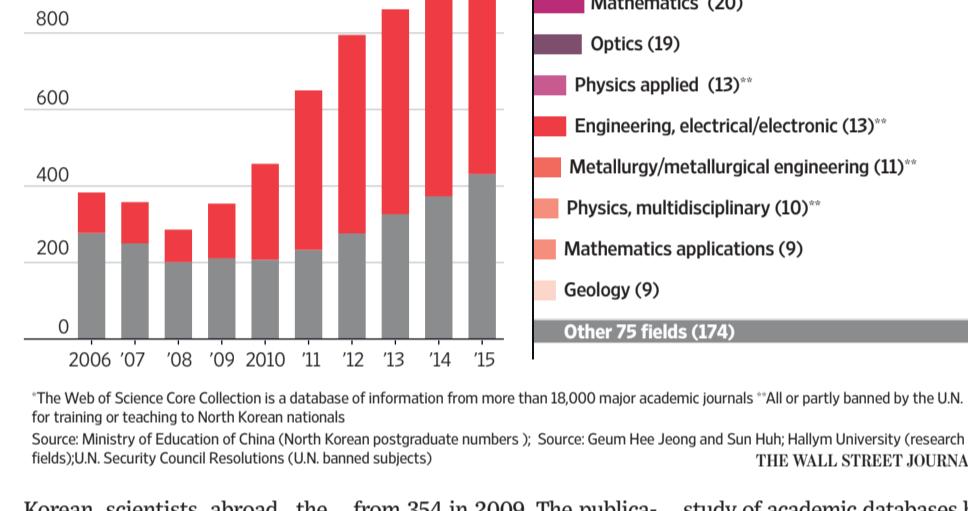


China's Harbin Institute of Technology, here during an aerospace-day celebration in 2016, has hosted North Korean graduate students.

Advanced Studies

Hundreds of North Korean scientists have studied abroad or collaborated with foreign scholars in recent years, particularly in China, some in fields subject to 2016 U.N. sanctions.

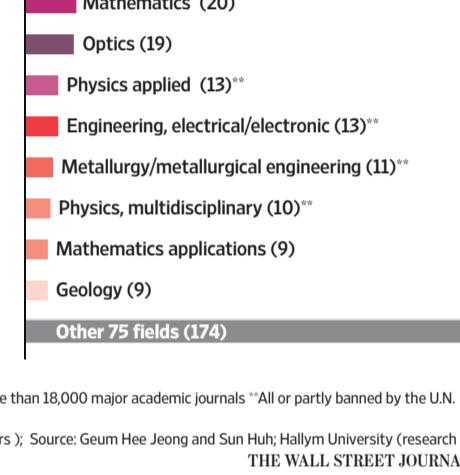
North Korean postgraduates in China, 2006-2015



*The Web of Science Core Collection is a database of information from more than 18,000 major academic journals **All or partly banned by the U.N. for training or teaching to North Korean nationals

Source: Ministry of Education of China (North Korean postgraduate numbers); Source: Geum Hee Jeong and Sun Huh; Hallym University (research fields); U.N. Security Council Resolutions (U.N. banned subjects)

Research fields of North Korean academics in the Web of Science Core Collection*, 2011-2016



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THE WALL STREET JOURNAL.

abroad and giving them perks at home has been central to Kim Jong Un's policy of *byungjin*, or parallel progress, to develop nuclear weapons and the economy—a policy he introduced publicly after taking power on his father's 2011 death.

North Korea began its nuclear-arms program with Soviet backing in the 1950s and for years had small exchanges of scientists with the Eastern Bloc. After the Cold War's end, Pyongyang traded for nuclear and missile expertise, mainly with Iran and Pakistan, according to historians.

Since North Korea's first nuclear test in 2006, U.S. and U.N. sanctions have focused on curbing the flow of money and dual-use materials to Pyongyang's weapons programs. The regime has compensated by trying to develop more indigenous weapons know-how, experts on North Korea said.

Kim Jong Un's *byungjin* policy has helped Pyongyang develop a wide spectrum of technical expertise—including metallurgists to make strong, lightweight alloys for rockets, mathematicians to help guide missiles and satellite engineers to improve targeting and reconnaissance, said experts and Western government officials.

—Daniel Stacey
and Kersten Zhang
contributed to this article.

Korean scientists abroad, the Journal found in a review of official figures and data from universities in countries where the most North Koreans typically have studied. In China, 1,086 North Korean postgraduates studied in 2015, the last year for which official data are available, according to a Chinese Ministry of Education publication, up

from 354 in 2009. The publication doesn't show which schools they attended or what they studied. The ministry didn't respond to requests for comment.

China accounted for 60% of research papers by North Koreans in foreign journals from 2011 through 2016, mostly in physics, engineering, math, metallurgy and materials science, a

study of academic databases by researchers from South Korea's Hallym University found.

Papers published by North Koreans in China since the 2016 U.N. sanctions span civilian fields such as medicine and mining and also fields now prohibited, including metallic foams that protect against radiation.

Sending more scientists

A North Korean's Education in China

Kim Kyong Sol's expertise is in MR damping, which experts say can reduce vibration in cars but also absorb shock in missile-launch systems. How the North Korean scientist planned to use what he studied at Harbin Institute of Technology, or HIT, isn't clear.

"Could it be turned into military applications? Possibly," said Mehdi Ahmadian, a Virginia Tech professor who said he had done similar research on MR damping in space structures, which could include satellites, antennas or mirrors.

Footnotes in the paper Mr. Kim published show funding came from a project led by his Chinese supervisor, Chen Zhaobo, on hypersonic vehicles, which can fly at more than 3,800 mph and are being developed by China, Russia and the U.S. to deliver nuclear or conventional weapons.

Prof. Chen said that, after four years in Harbin on a Chinese government scholarship, Mr. Kim returned home because of the sanc-

tions shortly before defending his Ph.D. thesis. "I tried to comfort him a little," he said.

He said Mr. Kim didn't have access to secret Chinese defense technology but said his former student's work, with further development, had potential civilian and military uses, including in space. He and two other professors who worked with Mr. Kim said they learned of the 2016 U.N. sanctions from students and colleagues only around May or June of this year.

Mr. Kim arrived as part of a

cooperative agreement of the type several Chinese universities have signed since 2010 with North Korean universities, including two that U.N. experts have reported provide personnel and technology for Pyongyang's nuclear-weapons program. They are Kim Il Sung University and Kim Chaek University of Technology, Mr. Kim's alma mater.

David Albright, a former U.N. weapons inspector and expert in nuclear proliferation, said it is common among nations seeking to

develop weapons of mass destruction to seek knowledge abroad. China's engineering schools and training programs, he said, offer "opportunities to mingle with people who may have sensitive information, such as Chinese who have been in military programs."

HIT is one of China's top engineering schools and conducts classified defense and space-related research, as well as regular civilian studies. It has cooperation agreements with Kim Chaek and Kim Il Sung universities, which in 2013 sent the first group of 12 doctoral and postdoctoral students to enroll there, according to the HIT website. That number increased to 28 by 2015.

Mr. Kim was in the first group. Born in 1975, he studied mechanical engineering in North Korea before enrolling in HIT's School of Mechatronic Engineering, according to his research papers.

Mr. Kim and the other North

Koreans at HIT kept low profiles, sharing two-bedroom apartments and rarely socializing, university staff said. "They were easy to recognize from their clothes and their looks," said one Chinese postgraduate student at HIT. They appeared to be supervised by one

individual, other students said.

Prof. Chen, a vibration-control expert, has worked on defense projects. He said he now focuses on civilian research because "military project management is very strict and not conducive to academic exchanges."

In 2007, Prof. Chen co-wrote a paper on designing composite laminates to control vibration in spacecraft. From 2012-2015, he ran a project on vibration control for hypersonic vehicles, according to his profile and the National Natural Science Foundation of China. That project sponsored Mr. Kim's paper in March, whose co-authors included Wang Xiaoyu from the Beijing Institute of Spacecraft System Engineering, which has worked on Chinese satellites and China's manned spacecraft and lunar rover. Ms. Wang declined to comment.

Prof. Chen said Mr. Kim's work was more directly related to helicopters but could be used in multiple fields. He and Mr. Kim applied for a patent in February, saying their technology has applications in areas including aerospace, according to China's patent registry.

Norman Wereley, a University of Maryland aerospace-engineer-

ing professor and MR-damping expert, said Mr. Kim's research was fairly basic but would allow him to do more sophisticated work at home. "He could think about, 'well, hey if I want to do vibration control in a missile system, I have a much better understanding of how to do that,'" he said. "I don't think he's getting this education for scholarly reasons."

At least 11 other North Korean Ph.D. students left HIT in June, while others switched to subjects such as management studies that aren't banned by the U.N., university staff said.

Some may have taken home a little extra know-how. North Koreans are suspected of violating library regulations by downloading tens of thousands of papers from subscription-based databases in recent months at at least two Chinese schools, including HIT, according to university staff and students. On May 16, 57,000 papers were downloaded by nine foreign students from the mechanics and other faculties at HIT, according to a notice from its library. Staff and students said the culprits were North Korean

—Jeremy Page
and Alastair Gale

FOOD

Continued from Page One

nutrient-rich waters to cultivate cilantro and oregano indoors, without soil. The University of California, Los Angeles has installed aeroponic grow towers that grow plants with just mist. Thyme, butter lettuce and microgreens are flourishing in the breeze on the roof of UCLA's Bruin Plate dining hall.

"If you're not eating good things, how do they expect your brain to grow?" said Hannah Logan, a senior at the University of Massachusetts Amherst majoring in sustainable food and farming.

UMass Amherst and other schools say passing that test is increasingly important as the college-age population plateaus and competition for the best

students intensifies. "A strong dining program can attract top students," said Garrett Distefano, UMass Amherst's director of residential dining and sustainability.

He pointed to a survey from 2016 that showed 70% of more than 1,200 UMass Amherst students said the quality of the school's food was an important factor in their decision to attend. The school increased spending on local and sustainably grown foods to \$4.9 million in the year through June, from \$2.7 million three years ago.

Some students and parents balk at such spending after watching college tuition climb nearly 400% nationwide over the past 30 years. UMass Amherst and other schools say they offset the cost by cutting back on food waste and striking deals directly with local farmers. They are keen to appeal to students

who say food is front and center in their college decision.

"For me to see myself going to a school, I also had to see myself being able to eat there," said Ally Roberts, an aspiring neuroscientist who started her freshman year last week at the University of Colorado Boulder. "I see a huge correlation between what I eat and how I think."

Some schools are encouraging students to get their hands dirty. Livia Marrs, a 21-year-old senior at The College of William & Mary in Williamsburg, Va., is a "sustainability intern" who spends more than 15 hours a week tending rows of zucchini and sweet potatoes at a farm 17 miles from campus. Ms. Marrs recalls pulling a bunch of carrots from the ground that she had grown herself this spring.

"The first time that happened was just, like, a very fulfilling

moment," she said.

Some schools say the costs

or the hassles to compete can be more trouble than they are worth. A quarter-acre vegetable garden at St. Norbert College in De Pere, Wis., withered after its student founder graduated.

"We're not going to be out there weeding," said Mary Jo Morris, the school's director of dining and conference services.

But many others say they have no choice but to keep up.

"If universities aren't doing this, they're behind," said David McDonald, senior business director of housing and dining at Rice University in Houston.

One of the first schools to address such requests was Yale University, where students plowed a corner of the campus gardens in 2003 to learn more about what they were eating.

Today the 1-acre garden is a hybrid farm and living-history lab-

atory, where students thresh wheat to lend context to readings of Anna Karenina and grind grain into a flatbread dough made from a recipe in Yale's Beinecke Rare Book & Manuscript Library. And some flour from the farm is baked into pizzas served at weekly food symposiums called Knead 2 Know.

"It gives our pizzas certain nutty and incredibly light grain notes that are so special," says Jeremy Oldfield, Yale's manager of food facilities.

The free-trade coffee movement played an early part in influencing campus dining. When Virginia Tech students demanded more free-trade coffee in 2008, dining-services head Ted Faulkner booked a trip to Nicaragua, where he helped pick beans at an organic, bird-friendly coffee estate that now supplies the school. A churroeria, a gelateria and a sushi

bar are among Virginia Tech's other campus dining options. "You've got to keep pace with their expectations," Mr. Faulkner said.

The bar is always rising, he said. At a student dining committee meeting this spring, Taqua Elleithy, a marketing and psychology major, complained that Virginia Tech's pancake syrup was too bland. Soon dining staff summoned Ms. Elleithy and other student leaders and presented them with french toast sticks and a lineup of 13 sticky sauces. "They were like, 'Yo, rank them,'" said Ms. Elleithy, a junior. The winner was sweet and flavorful, with a "good dipping and pouring consistency." The university's efforts impressed her.

"It's one thing to like, listen, but it's a whole 'nother to follow through," she said. "I think it validates students' opinions."

GREATER NEW YORK

Free Lunch Offered to All City Students

Federal program will pay for the expansion, which takes effect on first day of school

BY LESLIE BRODY

All New York City public school students can get free lunch starting Thursday, the first day of classes, city officials said.

Chancellor Carmen Farina on Wednesday revealed the plan for the nation's largest school system, which has more than 1 million students.

Officials said "free lunch for all" wouldn't require more city spending. Instead, the district this summer was able to prove its eligibility for a federally funded program that enables all children in a community to get lunch at no charge if more than 62.5% of the students are certified as poor enough to qualify.

"Students need healthy meals to stay focused," the chancellor said.

Last year 75% of New York City's public school students were eligible for free lunch, although some didn't take advantage of it. City officials estimated about 200,000 more students would get free lunch this school year, and families could save about \$300 a year per child.

Advocates for broader access to free meals have long said that some low-income children are bullied for getting them. In



STEVE REMICH FOR THE WALL STREET JOURNAL

Chancellor Carmen Farina

some districts across the country, advocates also said other children whose parents had unpaid debts for cafeteria meals suffered "lunch-shaming."

The administration of Mayor Bill de Blasio, a Democrat who is up for re-election this fall, cast universal free lunch as part of his equity agenda. Some critics, however, balked at giving meals to wealthy students who could afford the \$1.75 per lunch fee last year in school cafeterias. Ms. Farina said she hoped many families with resources would donate savings to their schools through parent associations.

Robin Broshi, who has an 8-year-old son and a 12-year-old daughter, applauded the program's expansion, saying it would remove the stigma that some students attach to getting free lunch.

"There shouldn't be class and income politics while kids are

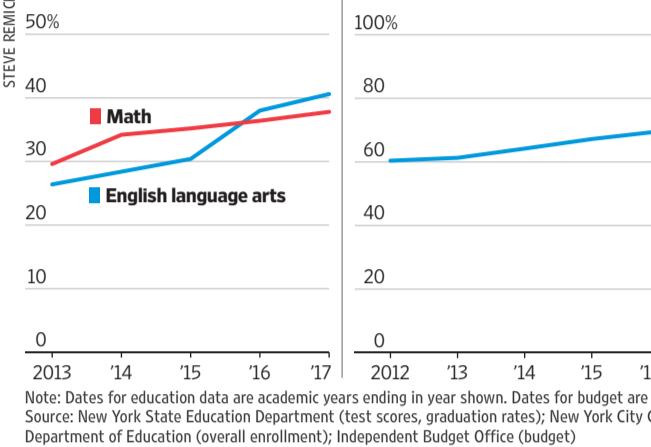
New York City Public Schools, By the Numbers

As about 1.1 million students return to the classroom in the city, a snapshot of its public school system:

Test Scores

Test scores have risen. Tests changed in 2016, with fewer questions and no time limits, but most district students still don't achieve proficiency.

Percentage of students in grades 3 through 8 at or above proficiency:



Note: Dates for education data are academic years ending in year shown. Dates for budget are fiscal years ending June 30. *Adopted.

Source: New York State Education Department (test scores, graduation rates); New York City Charter Schools Center (charter enrollment); New York City Department of Education (overall enrollment); Independent Budget Office (budget)

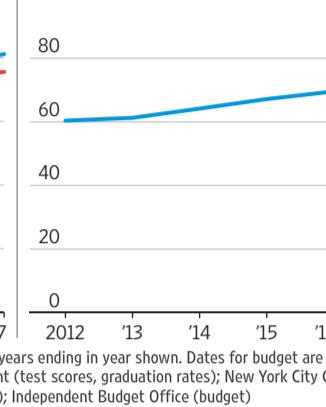
waiting on line" in the cafeteria, Ms. Broshi said. Even so, she said her "picky eaters" would still want to make their own lunches of turkey sandwiches, edamame and cucumbers.

Officials said the expansion didn't reflect an increase in children in poverty, but an improvement in a state data process that identifies the number getting "direct certification" for food stamps and Medicaid. Officials said the state matching process had become more

Graduation Rates

Graduation rates edged up. The state has eased criteria for getting diplomas, however, through new career paths and options for disabled students.

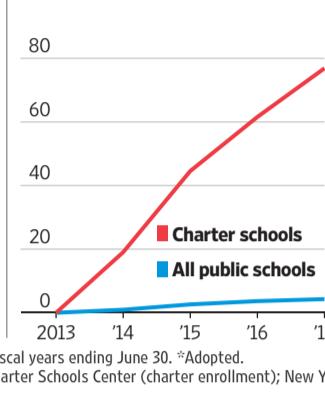
Percentage of entering ninth-graders who graduated in four years:



Charter Schools

Charter schools have outpaced district schools in enrollment, and advocates say demand outstrips supply. Charters expect 114,000 enrollees this year.

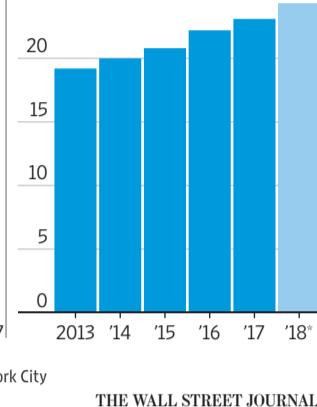
Percentage change in enrollment by school type:



Spending

Prekindergarten growth, aid to troubled schools and staff costs have led to increased funding.

City public school budget for programs:



THE WALL STREET JOURNAL.

efficient, enabling New York City to join other school systems nationwide benefiting from the so-called Community Eligibility Provision.

Doug Turetsky, spokesman for the city's Independent Budget Office, said his office still had to examine the details but questioned the city's assertion that the expansion would be cost-neutral, but he noted that if it added expenses, "it may well be worth any additional cost."

The city Department of Education said last year it received federal and state reimbursement of \$384 million for 150 million breakfasts and lunches. A department spokeswoman said the new program lets the district get full reimbursement for all meals.

Baltimore also gives all students free lunch through this program, as do many New York districts, including Buffalo, Rochester and Syracuse.

Some residents questioned

why New York City didn't join sooner. A spokesman for the State Education Department said the agency hired a contractor last year to develop a statewide data system to more accurately identify eligible children.

In New York City, free lunch will be available to all children in traditional public schools, as well as those in the charter schools and private schools that participate in the school lunch program.

Sculpture Damaged in 9/11 Attacks Rises Again



PLACE OF HONOR: Fritz Koenig's 'The Sphere,' which once graced the World Trade Center plaza, is shown in the wreckage on Sept. 24, 2001. The 25-ton bronze artwork is now in its permanent home at the new Liberty Park, overlooking the 9/11 Memorial.

Teen Jailed for Months Has Charges Dropped

BY ZOLAN KANNO-YOUNGS

Mr. Hernandez was released in July when an international human rights organization paid his \$105,000 bail.

"This validates exactly what we were saying all along and why the money bail system in this country is so fundamentally unjust in the first place," said Wade McMullen, the managing attorney for the organization, Robert F. Kennedy Human Rights.

Mr. Hernandez still faces a charge in a separate 2015 robbery. He has pleaded not guilty. "We will answer the charges in court," Mr. Spiro said.

While he was in Rikers, Mr. Hernandez's family hired a private investigator who found evidence they said proved police and Bronx prosecutors coerced witnesses into making false accusations in the shooting.

In an interview with WNBC last month, a 20-year-old Bronx man said a New York

Bronx District Attorney Darcel Clark said that inconsistent evidence led her to dismiss the charges.

Amazon Will Open Facility on Staten Island

BY CARA LOMBARDO AND MARA GAY

Amazon.com Inc. will open a fulfillment center on Staten Island and bring 2,250 full-time jobs to the area, as the e-commerce giant works to speed up delivery times in one of the nation's largest metropolitan areas and throughout New York state.

The Staten Island facility, expected to open next year, would be Amazon's first fulfillment center in New York, the company said Wednesday.

Employees at the 855,000-square-foot facility—nearly the size of 15 football fields—would work alongside robots to find and ship products, including household staples, books and toys, the company said.

An Amazon spokeswoman declined to comment on tax incentives the company was awarded to build the facility. She also wouldn't say how

much the company plans to create at its fulfillment center

much the jobs will pay, on average, but noted that the company's fulfillment-center positions typically pay 30% more than traditional retail roles.

Good Jobs First, a group that is critical of corporate tax credits, said Amazon has re-

ceived more than \$1 billion in incentives since 2000 from state and local governments to help build its warehouses.

The Staten Island center will be built by Matrix Development Group on the borough's West Shore. The facility will be a few miles from the Goethals Bridge, which connects Staten Island with New Jersey, in the Matrix Global Logistics Park.

"It is the biggest jobs bonanza this borough has seen in a long, long time," Borough President James Oddo said.

The borough president said he worked with Mayor Bill de Blasio's administration and Matrix Development for more than a year to help ease zoning issues to pave the way for Amazon to build the facility.

Mr. Hernandez was arrested 10 months after the Sept. 1, 2015, shooting of a 15-year-old Bronx teenager, Shaun Nardoni, who was hit in the ankle.

Mr. Hernandez spent more than 12 months in the Rikers Island jail complex. During that time, he completed his high school requirements with honors behind bars and was nominated for a college scholarship.

"We appreciate the steps that the district attorney's office took to investigate the case and meet with me over the last several weeks," said Alex Spiro, Mr. Hernandez's attorney. "We're thankful they reached this just decision."

Mr. Hernandez's case drew comparisons to that of Kalief Browder, who was held at Rikers for three years without trial on a robbery charge before the case was dismissed. He later committed suicide.

Police Department detective, David Terrell, forced him to identify Mr. Hernandez as the man who shot Mr. Nardoni.

Mr. Hernandez sued Detective Terrell and New York City, alleging he was framed. Detective Terrell is currently on modified duty in a separate case. His attorney didn't return a request for comment, but has said previously that the accusations were based on lies by people the detective arrested.

Ms. Clark said her office is investigating the matter and "will not tolerate misconduct."

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GREATER NEW YORK

New Lap of Luxury on Park

Tower going up next to church has 50-foot pool, asks \$50 million for the penthouse

BY JOSH BARBANEL

The 1911 Gothic Revival Park Avenue Christian Church, citing financial pressure a few years ago, sold off its adjacent rectory to make way for a limestone condominium tower that soon will soar above the 70-foot-high steeple on the corner of East 85th Street.

PROPERTY Now, the 16-story building, its concrete framework protruding above the surrounding Park Avenue co-ops, is coming on the market. It houses only 11 opulent apartments, with some of the highest asking prices in Manhattan. The smallest unit has four bedrooms and 4½ baths.

The new condo, known as 1010 Park Ave., offers a large package of amenities, including a subterranean 50-foot lap pool, which rarely is seen in a boutique building.

The church was paid just under \$25 million by Extell Development Co. in 2014, in a deal in which it was promised a street-level entrance and two below-grade community spaces in the new building.

Prices for the condos start at \$15 million and go up to \$50 million for the four-bedroom penthouse, with 6,745 square feet of space in addition to a terrace overlooking Park Avenue.

If the building sells out at its average asking price of just under \$5,000 a square foot, it would set a new benchmark for the Upper East Side. It would rank as the fourth most expensive of all New York City condos based on the past 12 months of sales, according to the CityRealty 100 list of condos. It would trail notable Midtown buildings 15 Central Park West, 432 Park Ave. and the north tower of the Time Warner Center.

At current prices, 1010 Park Ave. would outshine recent sales at Extell's 1,005-foot-tall One57 Midtown skyscraper, which includes a



dozen sales of lower-priced, lower-floor apartments that went on the market for the first time last year.

Some brokers said the list prices at 1010 Park Ave. might be hard to achieve at a time when the luxury market has been weak, in a building, at 206 feet tall, that lacks the cloud-high views that appeal to many international buyers.

Donna Gargano, a senior vice president of development at Extell, said that after previewing the building with the brokerage community, she felt the prices are "achievable" given the tower's fine finishes and the limited availability of condos in the area.

The building was designed by architecture firm Beyer Blinder Belle to complement the classic look of the co-ops that line Park Avenue, Ms. Gargano said, but with large, modern condominium apartments that lack the restrictive rules imposed by many older cooperatives.

"We are seeing a gamut of interest from people who have been living on Park Avenue for decades and buyers looking to live along Park Avenue," she said.

The Park Avenue Christian Church was loosely modeled on a 13th-century chapel, Sainte-Chapelle in Paris. Preservationists and occupants of nearby buildings opposed the demolition of

the existing rectory before the Landmarks Preservation Commission in a dispute that pitted the financial needs of a religious institution against preservation principles.

In the end, the commission approved the demolition after Extell dropped plans to have the tower cantilever over the steep church roof. The developer agreed to clad the bottom of the new tower in the same local stone and limestone trim used in the rectory. Above, the new building will be clad in hand-cut Indiana limestone, with 5-foot by 8-foot windows.

Dolly Lenz, a Manhattan broker, said prices on the major avenues on the Upper East Side generally are soft, particularly on Park Avenue, and that 1010 Park Ave. might have "come out of the gate too high."

"I think their timing probably could not have been worse," she said.

But Wendy Maitland, a broker at Brown Harris Stevens, said the building was priced properly "as long as the seller is patient."

"Everything is cyclical,"

she said, "and historically speaking, New York City has

always continued to upcycle."

compared with recent years, after showing signs of recovery earlier this year.

Figures provided by Mr. Henckels showed that sales in downtown condominiums, as well as co-ops on Central Park West and the Upper East Side priced at \$5 million or more, rose 25% in the first four months of 2017 compared with the same period the year before.

Since May, however, they fell by 41% compared with the same period last year. The tally

includes sales through Aug. 8.

Uptown co-op sales for \$5 million or more fell more sharply than condominium sales. On Central Park West, contracts on co-ops costing \$5 million or above were listed as signed on only two units since May, compared with eight during the same period last year and 14 in 2014.

On the Upper East Side

there were 11 comparable co-op sales, compared with 20 last year and 29 in 2014.

—Josh Barbanel

Sales Have Slowed In High-End Market

A new Manhattan boutique condo at 1010 Park Ave., where prices start at \$15 million, is coming to market after a summer in which luxury sales have been slowing.

Kirk Henckels, director of Stribling Private Brokerage, said contracts signed on Manhattan listings of \$5 million or more have been sliding since May

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On the Upper East Side there were 11 comparable co-op sales, compared with 20 last year and 29 in 2014.

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LIFE & ARTS



'The Deuce' co-creator George Pelecanos, at right, with Gbenga Akinnagbe, tried not to glamorize or exploit the old Times Square. James Franco, above, and Maggie Gyllenhaal, above and below, star in the series.

cling of life on the urban margins. The language is colorful, the humor is cynical. A Dickens novel becomes subplot.

In one scene, Ms. Gyllenhaal's character is trying to learn about dirty moviemaking from a schlubby, pornstar director. He asks her how she got into the life: "Daddy stuff?"

"Not in the way you think," she says. "You think like a f---ing degenerate."

"I am a degenerate," he says with a shrug.

It's one thing to avoid romanticizing the era: The other trick was not to impose anachronistic political correctness at the same time. Trying to stay grounded, they interviewed multiple people who had survived the period, and based some characters on them. They read Gail Sheehy's writings about streetwalkers from the time, which partly inspired a journalist's character in the show.

Some of what was going on in Times Square had positive undercurrents. Amid new sexual freedoms, the women's movement was picking up steam. Gay communities were solidifying—although they would soon be devastated by AIDS. But the legacy of ubiquitous porn lingers today, he says.

"When I was a kid, you went looking for the Playboy under your dad's bed, and all it was, was a picture of a woman's breasts. There wasn't anything being done to her, violence being committed. Now a 12-year-old boy opens a laptop—and it's not pretty. It gives you a bad attitude toward women."

Pretty much everything about the old Times Square had a seedy underbelly, sometimes in subtle ways. Mr. Pelecanos was among those who obsessed over the music, the cars—including pimpmobiles—and the clothes, which were celebrated in the blaxploitation films of the era, but which hid some of the realities.

"I would tell the costume people, I want these guys to look fly from far away, but I want to make sure their collars are kind of frayed, the cuffs are dirty. Their cars, too. These guys didn't make much money. It was all about the show. They were never going anywhere. This was when their lives were going to end."

The same thing applied to the women working for the pimps. "I mean, none of them ended up marrying an older rich guy and moving to Westchester," says the co-creator. "It just didn't happen."

TELEVISION

'The Deuce' Explores New York's Seedy Underbelly

BY RICHARD TURNER



GEORGE PELECANOS, a crime novelist and TV writer who came of age in Washington, D.C., in the 1970s when it was a majority African-American city, loves the music of soul/funk singer Curtis Mayfield.

"He's a hero of mine, a spiritual hero," he says. "I had the 'Super Fly' soundtrack on the eight-track in my Camaro, and I played it around the clock."

Mr. Pelecanos is thrilled that a Mayfield track is the theme song for HBO's series "The Deuce," which premieres Sept. 10 (the pilot episode was quietly made available late last month). His "(Don't Worry) If There's a Hell We're All Gonna Go" plays during the opening credits of the show, about the sordid nadir of New York's Times Square from 1971 through the '80s.

Mr. Pelecanos co-created the series with David Simon, for whom he worked as a writer-producer on "The Wire" and "Treme." Unlike those two shows, contemporary dramas about race and class in Baltimore and New Orleans, "The Deuce"—while also about race and class—is a period piece.

Will people care about a squalid memory? The old Times Square of pimps, prostitutes, peep shows, porn flicks and paddy wagons is gone, replaced by a different kind of hustle, aimed at tourists.

It's no longer like the place Rob-

ert De Niro's Travis Bickle railed against in the 1976 classic "Taxi Driver." "Scorsese had it easy," says Mr. Pelecanos. "All he had to do was turn on the camera. We had to rebuild Times Square." (Which they did, using the less altered Washington Heights neighborhood of Manhattan, with computer-generated imagery.)

Historical dramas have been a staple of high-end cable TV for years, as Borgias, Tudors and Vikings romped toplessly through time. But period pieces have a spotty track record, and critics complain they often get show-offy about the details at the expense of character and plot. For every "Mad

Men" and "Downton Abbey" there are a host of failures, including HBO's big Sunday-night rollout of last season, "Vinyl." "Boardwalk Empire" and "Deadwood" conferred prestige on HBO, but nothing like the attention for the contemporary "The Sopranos" or the fantasy "Game of Thrones."

Mr. Simon's layered style, weaving myriad characters and plotlines, has generated more critical acclaim than blockbuster ratings. Even though some New Yorkers profess to miss the old Times Square, the producers knew that to seem to glamorize or exploit it would be fatal. "We were aware we were walking through a mine-

field," Mr. Pelecanos says.

Sex is all over the show, but it is mostly grim and transactional. There are characters to root for: James Franco plays the manager of the Hi-Hat bar, and his twin brother, trying not to sink too deep into corruption. Maggie Gyllenhaal is an independent-minded hooker and mom trying to get off the streets. In real life, these stories almost always ended in a slag heap of drugs, violence, AIDS and death. Whether the show will reflect these unhappy endings will be clear when it finishes its run, which producers hope will be three seasons.

The writing team was eclectic. Novelists Megan Abbott and Lisa Lutz were on the writing staff. There was also a transgender writer. Michelle MacLaren ("Breaking Bad") directed the first and last episodes. Two more of the eight episodes had female directors. The producers gave Ms. Gyllenhaal extraordinary latitude in shaping the show from a woman's perspective, Mr. Pelecanos says. "They had to trust us, but if they were going to trust us we had to let them in." Arguments in the writers' room were fierce.

What would carry the show was always going to be the writing—the streetwise style and supercool patois Messrs. Simon and Pelecanos are known for, along with Richard Price, another novelist writing for the show. They're famous for gritty, authentic chroni-

THE MIDDLE SEAT | By Scott McCartney

WHY SALES OF A ROOMIER PLANE AREN'T TAKING OFF

Mirabel, Quebec

THERE'S A NEW PASSENGER jet with wide seats, ample overhead bin space and an extra-quiet engine. It isn't selling well.

Four years after its maiden flight, only two small European airlines fly the Bombardier C Series of 100- and 145-passenger planes. Delta will begin flying the plane next year. While there are many reasons for the slow sales, the lack of interest highlights the low priority airlines and passengers place on comfort.

The two airlines currently flying the C Series—Swiss and Air Baltic—say most coach passengers won't pay higher fares for comfy cabins. For a small fare difference, they'll still pick less-comfortable airplanes. Airlines say cost is the No. 1 factor when evaluating new airplanes.

"Passengers get into anything that flies if the ticket is cheap," says Martin Gauss, chief executive of Air Baltic, based in Riga, Latvia.

He says flying the new plane has brought attention to his brand. Pas-

DENIS BALIBOUSE/REUTERS



Swiss is using the Bombardier CS100 on short-haul routes.

sengers notice how quiet the C Series is and that you can pass by a trolley in the aisle without getting blocked. Overhead bins are large, and since there are only five passen-

gers in a row instead of six, there's more bin space per passenger.

The CS100, which seats 100 to 125 people, and its sister CS300, with up to 145 seats, were de-

signed to bring the low per-seat costs of big planes into the small-plane arena, usually dominated by cramped regional jets.

Bombardier, a longtime pro-

ducer of regional jets, saw a gap in the aircraft market and decided to venture into larger planes. Boeing and Airbus have made their popular single-aisle jets longer so airlines can pack in more seats. Bombardier figured many markets with service on 50-, 70- and 90-seat regional jets would get bigger, too.

In aviation, there's usually a trade-off between comfort and cost. Making an airplane wider requires a beefier fuselage. Flying more weight burns more fuel, adds cost and can reduce how far the plane can fly.

But with new fuel-efficient engines and lighter airframe materials, Bombardier found ways to keep operating costs low and still offer a wide cabin. The C Series cabin at its widest point is 129 inches, only 10 inches narrower than a Boeing 737. But the Boeing has six seats in an aisle; the C Series only five.

That means each passenger can have an 18.5-inch-wide seat, roomier than any other coach single-aisle airplane. Alternatively, Bom-

Please see SEATS page A12

LIFE & ARTS

ART REVIEW

Immortality and the Cosmos



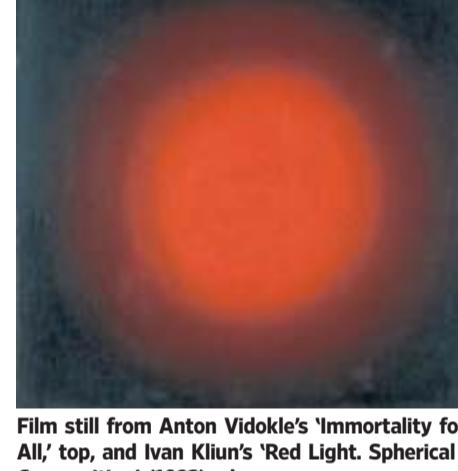
BY PETER PLAGENS

Berlin

THIS IS A horizontal city whose cultural institutions enjoy lots of floor space. That is especially true of the Haus der Kulturen der Welt ("House of the World's Cultures"), whose building was a gift from the U.S. Opened in 1957 and designed by Hugh Stubbins—who would go on to create the slant-roofed Citicorp Center in New York—the edifice is known by locals as "the pregnant oyster." To this writer, it looks more like a late-'50s sci-fi spaceship.

The now retro-futuristic HKW is the perfect venue for the grandiosely packaged and staged, but somehow poignantly slight, "Art Without Death: Russian Cosmism." It's not really an art exhibition as such—with just one big dark-gray room sparsely installed with 55 mostly small paintings and drawings, two of those "black box" video chambers, and a large star-shaped platform in the lobby, on which rest allegedly relevant books in both German and English. (An ancillary timeline punctuated by little TV screens shows the likes of Lenin's funeral and Yuri Gagarin going into orbit.) Rather, "Art Without Death" is an explication-by-artifact of the influence of the philosophy of Nikolai Fedorov (1829-1903) on idealistic early modern Russian artists.

As the press release puts it, Fedorov's "Russian Cosmism was a movement that called for material immortality and resurrection, as well as travel to outer space. It developed out of the spirituality of nineteenth-century Russia and a strong fascination with science and technology." Yet Fedorov was an atheist—or at least he had a big falling-out over religion with one-time admirer Leo Tolstoy. Fedorov's brand of immortality would be accomplished without God or a spiritual afterlife. Think



Film still from Anton Vidokle's 'Immortality for All,' top, and Ivan Kliun's 'Red Light. Spherical Composition' (1923), above

come the ultimate bummer, death itself? Such pie-in-the-sky (or borsch-in-the-cosmos) appealed to the likes of Aleksandr Rodchenko (whose "Construction on White [Robots]," 1920, is one of the better works in the paintings gallery), Maria Ender (the fully abstract "Transcription of Sound," 1921), and Gustav Klucis (whose 1922 logo design reflects Cosmism's onward-and-upward imperative).

Alas, Cosmism predictably fell afoul of Stalin, who had no use for artists' dreams of eternity. Many adherents were imprisoned or executed. A 2014-17 film trilogy, "Immortality for All" by Anton Vidokle (on constant cycle in those video rooms) looks around, in sunlit melancholy, from Siberia to Kazakhstan and back to Moscow for traces of Cosmism's influence. The camera pans over a cemetery, a man swims with his dog, while quotes from Fedorov are heard in a deadpan voiceover. The books in Arseny Zhilyaev's 2017 installation, "Intergalactic Mobile Fedorov Museum-Library, Berlin," strain for connections to the movement, which the exhibition tries to maintain on art-historical life-support.

"Art Without Death" is the sixth in HKW's 15-part series of events under the rubric "100 Years of Now." The whole project, the institution says, is "an analysis of the present time by linking back to historical utopias." The series seems to those of us who've seen Wim Wenders's high-minded 1987 film, "Wings of Desire" (angels who look like average guys come down to Earth to give advice), both typical of a German bent to philosophize somewhat opaquely about everything, and a desire, particularly in Berlin, to come to terms with the consequences of the fall of the Wall.

Given the exhibition's digging around in Cosmism's ruins, it would have been better had there been more than one room of art from its time, all from the collection of the Moscow-born Greek diplomat George Costakis now housed in the Greek State Museum of Contemporary Art.

As it is, there's an oddly forlorn feeling to an exhibition about something so wildly optimistic at its inception. In the surprisingly empty HKW (especially for an opening weekend) it was clear that nobody at all was ever materially resurrected. It also seemed like the entire population of Berlin was someplace else, too.

Art Without Death: Russian Cosmism

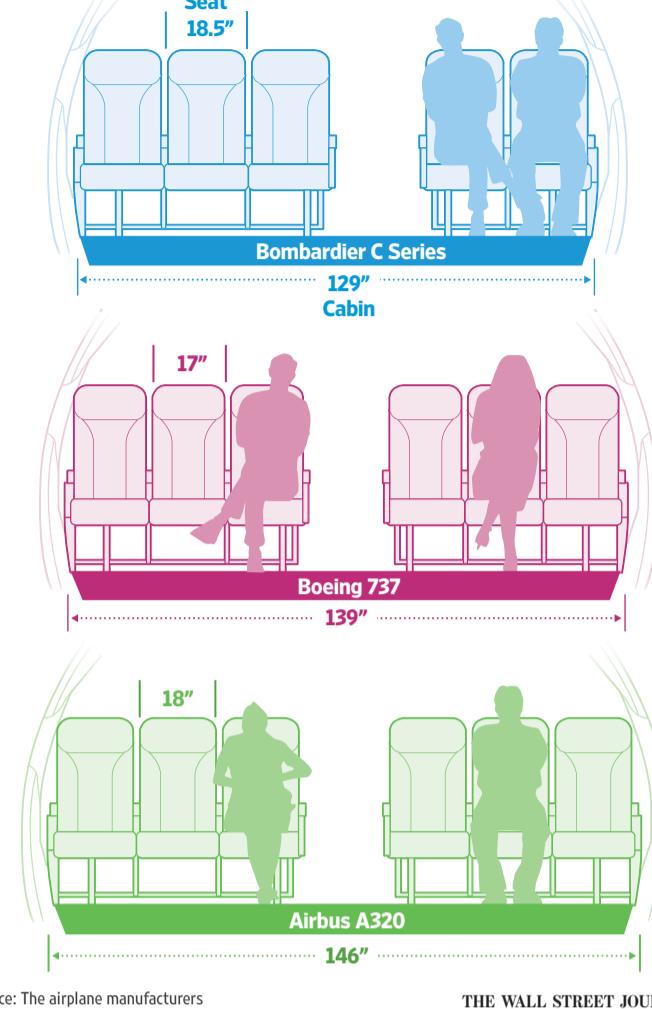
Haus der Kulturen der Welt,
through Oct. 3

Mr. Plagens is an artist and writer
in New York.

ANTON VIDOKLE (TOP); THE GREEK STATE MUSEUM OF CONTEMPORARY ART, TESSALONIKI

A Wider Berth

Bombardier's C Series seats are wider than those in similar planes made by Boeing and Airbus.



Source: The airplane manufacturers

THE WALL STREET JOURNAL.

SEATS

Continued from page A11
bardier is also offering a unique option for the poor souls stuck in the middle: a 19-inch-wide seat, while window and aisle seats get 18 inches.

The C Series, built at Bombardier's factory here at the Montreal airport, also has larger windows than rival narrow-bodies, and more of them—1.5 windows per row on average. The cabin feels open and roomy, especially when daylight pours in.

"I think it's as strong a selling point as we thought it would be," says Fred Cromer, Bombardier's president of commercial aircraft, says of the plane's cabin.

Which is to say, secondary.

Sales were so bad that Bombardier took a \$3 billion write-down on the C Series program and needed a bailout in the form of an investment from the Canadian government. Problems were many, from delays in the flight-test program to analysts suggesting Bombardier was pricing the aircraft too high.

Firm orders currently total about 350, Mr. Cromer says. By comparison, Boeing has 3,816 orders for its newest 737 and Airbus has 5,167 orders for the new-engine option of the A320 family.

Mr. Cromer, a former airline executive, says orders will pick up now that the plane is in service and proving to be both economical and reliable. With that, the passenger comforts will sway

airlines. "We're starting to check all the boxes," he says.

United President Scott Kirby, whose airline canceled an earlier C Series order, says he'll probably examine the 100-seat market again someday. But he prefers bigger planes. Even if you can't fill a 737 on a route today, he says, in 10 years you'll likely be able to, and the airline will own the plane for 20 years. "We're in a world where flying bigger and bigger planes is just better and better," Mr. Kirby said at the Boyd Group conference in Las Vegas last week.

Asked later about the benefits of passenger comfort, Mr. Kirby said, "All that stuff matters. But I would have a hard time giving the C Series a passenger preference premium to a 737 or 320-sized aircraft."

Bombardier's list prices are close to or even higher than list prices for larger airplanes. The CS100 lists for \$79.5 million and the CS300 for \$89.5 million. The current list price of a Boeing 737-700 is \$82.4 million. But analysts say Bombardier is now more willing to discount prices.

At Swiss, the fuel burn on its C Series planes has been 4% better than Bombardier predicted and the jets have been reliable, with few cancellations, says Peter Koch, Swiss C Series fleet chief.

Mr. Koch says the new plane can upend the basic airline strategy to cram in more seats to improve profitability. "The C Series is breaking that chain. It has a good amount of seat comfort. However, we're getting big savings from fuel and maintenance," he says.

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LIFE & ARTS

MOVIES

Envy Triggers a Midlife Crisis

BY JOHN JURGENSEN

IN THE MOVIE "Brad's Status," Ben Stiller's character lies in bed wondering how he fell behind his college buddies who became rich and famous.

"It felt like the world was rubbing my nose in something," he says in a voiceover in the film, which opens Sept. 15. Brad runs a non-profit and has a wife who works in government and a son looking at Harvard. By objective measures, life is good. But is it too late to boost his net worth? When his in-laws die, Brad speculates, maybe his family will inherit their house.

The fictional stream of consciousness reflects a real ocean of societal envy that seems to be boiling. It's being fed by social-media posts that put our lives on display and have a way of turning friends, family members and high-profile strangers into competitors.

Envy has long been a favorite deadly sin of filmmakers, a powerful motive for characters who covet other people's power ("Wall Street"), spouses ("Fatal Attraction") or talent ("Amadeus"). With "Brad's Status," writer and director Mike White says he wanted to get inside a modern and pervasive kind of jealousy, in which mundane things—a crummy seat on a plane, someone's vacation photos on Facebook—turn into referendums on self-worth.

The film rides Brad's seesaw of self-esteem as he tours colleges with his musician son (played by Austin Abrams). Through narration and comedic fantasy sequences he compares his middle-class life with those of former friends, including Luke Wilson as a hedge-fund founder, Michael Sheen as a best-selling author and TV talking head, and Jemaine Clement as a tech entrepreneur who retired in his 40s.

Informed that his son has a good shot at Harvard, Brad's pride swells in his accomplishment as a father. That feeling sours when he pic-



Ben Stiller, in dark shirt, left, stars in 'Brad's Status,' by Mike White, above.

of a mercenary [with jobs like 'The Emoji Movie']. It sounds sellout but I don't know any other way, because 'Beatriz at Dinner' is not going to pay my bills, that's for sure."

In "Brad's Status," the title character's status anxiety is amplified by his son's college application, one of life's first major ranking processes. As the movie unfolds, Brad gains perspective through some cringe-worthy interactions. Still, it's hard for him to shake the worry that contentment is just a rationale for complacency.

"Ambition is a drug. You have your moment and then it starts to fade and you need it again," Mr. White says. "You need to slap the surface of the water and see the ripples and feel like you achieved. For me, as I get older I try to separate that motivation from the creative pleasure [of writing]. It becomes more important to my own sanity."

The director also may have found some satisfaction in casting himself in "Brad's Status" as a wildly successful Hollywood director whose decadent home is splashed in an issue of Architectural Digest, much to the annoyance of his old college friend.

tures himself becoming jealous of his son's future accomplishments.

"In his mind, you feel like his whole sense of self is at stake from moment to moment," Mr. White says of the title character.

The director says the film was a way to sort out his own feelings of competition and covetousness in Hollywood, where box-office grosses, TV ratings and celebrity-fueled promotions serve as highly visible measuring sticks.

The 47-year-old Mr. White built his career in the 2000s with films he wrote and sometimes acted in. They include "Chuck & Buck," "Orange County," "The Good Girl" and the Jack Black vehicles "School of Rock" and "Nacho Libre"—comedies that touched on ambition and being on the flip side of success. More recently, Mr. White appeared on HBO in the acclaimed series "Enlightened." He co-created it

with Laura Dern, who starred as an idealistic and delusional corporate whistle-blower.

"In Hollywood, I've been lucky enough to have had a career that has lasted a while. That means each year I come into contact with more people who are super successful, and they become part of your barometer," Mr. White says.

He once measured himself against high-school classmates but the comparison shifted after professional gigs such as writing on "Freaks and Geeks," a 1999 TV sitcom that launched the careers of Hollywood heavyweights including Judd Apatow, James Franco, Seth Rogen and others.

"I'm embarrassed by the part of me that is Brad," says Mr. White, adding that he swore off Instagram because he started resenting his friends—and himself—for curating life through personal photographs.

Inevitably, there are relapses. Mr. White was hired to work on the screenplay for "The Emoji Movie," a high-paying job that he says involved three weeks of "restructuring" a script about sentient icons living in a smartphone. He got a writing credit on the movie, which was released in July—and received a unanimous beating from critics. Having his name tied to the flop was an ego blow to the part of himself "chasing the respect of the world," Mr. White says. Yet the money he earned from "The Emoji Movie" gig bought him time to write "Brad's Status" and another film, "Beatriz at Dinner." Released in cinemas in June, "Beatriz at Dinner" starred Salma Hayek as a holistic healer at odds with the wealthy guests at a party hosted by her client.

"For me to keep doing the things I want, you have to become more

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SPORTS



The NFL wants to showcase young superstars like Dak Prescott, left; allow players like Seattle's Rodney Smith, above, to celebrate more; and show fewer commercials and more Tom Brady.

FOOTBALL

The NFL's Plan to Win You Back

BY MATTHEW FUTTERMAN
AND ANDREW BEATON

The National Football League has never had an off-season like 2017.

League officials spent a nervous spring and summer plotting to ensure that the season beginning Thursday is nothing like 2016, a year when the NFL's aura of invincibility cracked. Television audiences declined and empty seats dotted stadiums as the league confronted problems including increased media competition, continuing questions about player safety, and controversial player protests during the national anthem.

Suddenly desperate to right its ship, the league sought advice from its media partners to design a season they hope will start strong and gain momentum. The schedule is packed with attractive games in prime-time slots, especially in September and October, to get fans hooked early.

The league and its television partners also moved forward with a plan to cut the number of commercial breaks and made several other moves to improve the flow of the game. The networks shuffled announcers in search of voices that would appeal to younger fans. On the field, penalties for innocuous touchdown celebrations—moments tailor-made for viral videos—were done away with.

"This was very detailed, very

thorough, and very sincere," said Burke Magnus, ESPN's executive vice president for scheduling and programming.

The stakes are high for a league that has been secure in its supreme status for decades.

"This season is really a big indication of what was last year just a misnomer, or is that the trend moving forward?" said Steve Rosner, partner of 16W Marketing, which represents NFL broadcasting talent such as Phil Simms and Boomer Esiason.

Network chiefs are as anxious as their league counterparts. NBC Sports president Mark Lazarus, who hopes to use the NFL as a launching pad for the Winter Olympics in February, said it was important that ratings bounce back this year.

"Every Sunday night I am up all night waiting to see what our numbers are," he said. "We get our report card every Monday morning and I want high marks."

Designing a more appealing schedule is a key part of the fix. Brian Rolapp, chief media and business officer for the NFL, said the league tries to heed its media partners' wishes every year, though it's difficult to give each network all the matchups it wants.

"I enter every season optimistic but a lot depends on what happens on the field," Rolapp said.

For 2017, Magnus said ESPN demanded more support for Monday Night Football, once the league's premier showcase. The network

pushed for more divisional and intra-conference games aiming "to return Monday Football to the position where we think it should be."

The league had little choice but to grant many of those wishes this season, not just because ESPN pays the NFL \$1.9 billion a year on average for the Monday night games. Even though NFL games remained the most popular shows on television.

The stakes are high for a league that has been secure in its supremacy for decades.

Season ratings plummeted for the first half of the season before rebounding somewhat over the final two months. Average viewership per game fell 8% overall. Ratings for Monday night games on ESPN and Thursday night games on the NFL Network dropped 12% and 14%, respectively. NBC Sunday Night Football's audience dropped 10%.

The NFL has some built-in security: The league's \$27.9 billion deal with CBS, Fox and NBC runs through 2022. However, its \$450 million deal with the NBC and CBS for its slate of Thursday night games, which can also be seen on the NFL Network, ends after this season, providing additional urgency for a rebound. A one-year

pact with Amazon to stream Thursday night games also expires after this year.

This season kicks off Thursday night with a match-up between the Super Bowl champion New England Patriots and Kansas City Chiefs, a division champ last year. Five of New England's games are scheduled for prime-time slots, including a week seven Super Bowl rematch with the Falcons on a Sunday night.

The Dallas Cowboys are in prime slots five times, including a first-week showdown with the New York Giants. The Atlanta Falcons and Green Bay Packers, who met in the last season's NFC Championship game, face off in week two. ESPN's Monday Night Football matchups in September feature the Cowboys, Denver Broncos and New York Giants.

Meanwhile, the perennially awful Cleveland Browns and Jacksonville Jaguars aren't slotted in prime time at all.

To keep things moving during broadcasts, the NFL has standardized halftime at 13 minutes, 30 seconds, rather than allowing it to fluctuate in certain games and stadiums; introduced a 40-second play clock after a touchdown and prior to extra point; and centralized replay review in New York City. Networks can use what is known as "double-box advertising," allowing fans to watch the field during a commercial.

The NFL can't manage away all

of its challenges. The league and the networks blamed much 2016's audience decline on the oxygen-sucking presidential election. While the election may be long over, President Donald Trump continues to dominate national attention.

Michael Nathanson, a media analyst, said "the expectations that the news cycle post-election would dissipate clearly has not yet come to fruition."

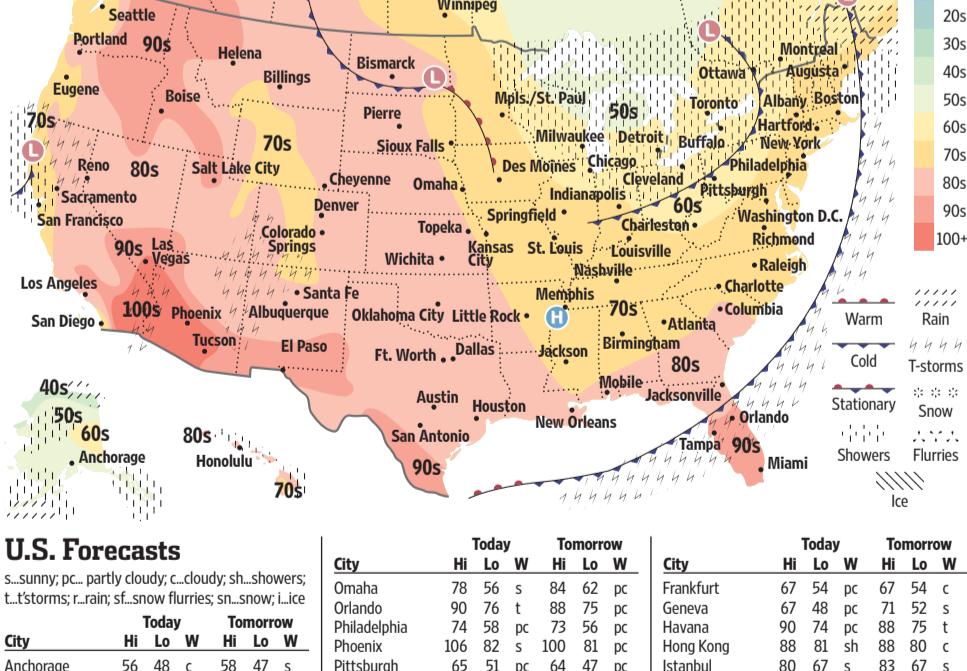
The league's dicier problems also have not abated.

The controversy over quarterback Colin Kaepernick, whose decision to kneel during the national anthem to protest racial injustice sparked boycotts, has lingered, if not grown. Kaepernick is currently unsigned and groups of players in multiple NFL cities knelt during the anthem in the weeks following the white supremacist rally in Charlottesville.

This summer, days after the league's billion-dollar concussion settlement with former players went into effect, a damning new study in the Journal of the American Medical Association moved the issue of player health and safety back to the fore.

More than anything, perhaps, the league needs to find a new narrative that will capture casual fans—"Who Can Beat the Patriots?" has been around for 15 years—and a new generation of stars to fill the void left by the Peyton Manning and, eventually, Tom Brady.

AccuWeather.com



U.S. Forecasts

S=sunny; pc=partly cloudy; c=cloudy; sh=showers;

t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

City Today Hi Lo W Tomorrow Hi Lo W

Anchorage 56 48 c 58 47 s

Atlanta 76 56 s 79 60 s

Austin 86 57 s 86 60 s

Baltimore 74 54 pc 74 52 s

Boise 93 66 pc 90 63 pc

Boston 76 58 r 73 55 pc

Burlington 70 52 sh 66 50 sh

Charlotte 76 54 s 77 56 s

Chicago 68 54 pc 67 49 pc

Cleveland 67 53 sh 66 52 sh

Dallas 85 64 s 87 65 s

Denver 87 57 s 88 59 pc

Detroit 65 50 sh 65 46 c

Honolulu 88 74 pc 88 75 sh

Houston 85 62 s 86 63 s

Indianapolis 71 53 pc 75 51 pc

Kansas City 76 56 s 82 60 s

Las Vegas 101 78 s 93 73 pc

Little Rock 78 56 s 80 59 s

Los Angeles 85 67 pc 82 66 pc

Miami 93 81 t 93 81 pc

Milwaukee 66 51 pc 64 52 pc

Minneapolis 71 52 pc 70 52 s

Nashville 74 53 s 78 55 s

New Orleans 82 67 s 84 68 s

New York City 74 58 pc 73 56 pc

Oklahoma City 82 60 s 83 62 s

International

Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 65 58 pc 62 53 r

Athens 85 71 s 87 72 s

Baghdad 110 78 s 106 74 s

Bangkok 93 78 t 94 80 t

Beijing 90 64 s 89 68 s

Berlin 62 53 pc 64 55 c

Brussels 65 57 pc 61 52 r

Buenos Aires 70 53 s 68 57 t

Dubai 105 87 s 105 88 s

Dublin 61 51 r 60 49 sh

Edinburgh 59 49 s 59 47 t

The WSJ Daily Crossword | Edited by Mike Shenk



E-MOBILITY | By Mark MacLachlan

Across

- 1 Crossed one's fingers
2 Fine-tune
6 Plays in the street
11 CEO's degree
14 Discombobulated
15 Designer of Doha's Museum of Islamic Art
16 Middle-earth's Azog, e.g.
17 Harrison mate
18 Banana without a peel?
20 Place
22 They're scored on a 1 to 5 scale
23 Croquet and badminton?
27 Say no to

- 28 Louis le Grand, par exemple
29 Big pistachio producer
31 Reelection seekers
32 Neophyte, in Internet gaming lingo
33 Military command center, for short
35 Like some larcenies
37 [not my error]
39 Storyteller of the 6th century B.C.
43 Chum
45 Zip along
47 Jack's predecessor

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

69 Paris's Pont Invalides

70 Like many D&D players

71 Links legend Sam

72 Orders at the diner

73 National League RBI leader in 1934

74 David, for one

75 Chilling

76 Challenge St. Nick to go down a chimney?

77 Dribble catcher

78 She was Emma in 1998's "The Avengers"

79 Some smoked fish

80 Follows strictly

81 Free of coarseness

82 Working cat

83 Gillian Jacobs's "Community" character

84 Pursues, as a police tip

85 Polish text, say

86 Beehive, e.g.

87 Klutzy move

24 Primo

25 Alejandro's eyes

26 Add insult to injury

27 Perform some pruning?

28 Item with an airplane mode

29 Gospel singer Winans

30 Source of extra income

31 Creole staple

32 Furtive look

33 Tangy quencher

34 Additionally

35 System

36 Deliberately hurts

37 Thanksgiving dinner VIP

38 Poetic "fowl" whose fiery eyes now burned into my bosom's core"

39 Skater Michelle

40 Wrap up

41 Fairground enclosure

42 Bourne's former employer

43 Tycoon Turner

Previous Puzzle's Solution



OPINION

The Immigration Morass



WONDER
LAND
By Daniel
Henninger

After the Mayflower landed at Plymouth Rock in 1620, ships of people kept coming from Europe. As a result of this uncontrolled influx, the region's native tribes voted unanimously to pass the Immigration Control Act of 1632. As we know, it didn't work.

Fast-forward 354 years and the tribal council known as the U.S. Congress passed the Immigration Reform and Control Act of 1986. That one didn't work either.

There must be a lesson in here somewhere for President Trump, who tweeted a demand that Congress legislate a solution for the immigrant children called Dreamers. Don't bet your 401(k) gains on Congress getting the job done.

Immigration control has become modern America's version of Prohibition, which should have proved that some tides of human behavior are so strong that no legislation can shut them down. This is a truth normally associated with conservatives, except on immigration.

A conservative minority, citing the death of the culture and rule of law, has turned immigration into a political and legislative morass. An incomplete list of Congress's recent efforts to regulate illegal immigration includes the 1996

Illegal Immigration Reform and Immigration Responsibility Act, the 2002 Enhanced Security and Visa Reform Act, the 2002 Homeland Security Act, the 2004 Intelligence Reform and Prevention Act and the 2005 Real ID Act.

Until the late 19th century, the U.S. had virtually no controls on immigration. Still, the human animals resented incursions into their turf. Ethnic gangs slugged it out on city streets. You will be fired today if you say or write the slurs used them for Italians, Jews, Chinese, Poles, Hungarians, Slovaks, Irish, blacks or Germans. But somehow America boomed as immigrants flowed in from all over the world.

During World War II, with so many men away fighting the war, the nation's agriculture industry needed workers to get produce from the fields to market. Congress enacted the Bracero Program, which created temporary work permits mainly for Mexicans—in effect, a guest-worker program. President Lyndon Johnson ended the program in 1965, which is the last time the U.S. had a system that allowed market demand to decide how many foreigners the economy needed.

Immigration—legal or illegal—is propelled everywhere almost entirely by economic forces as strong and inexorable as the currents of the sea.

In the 1980s, two things happened simultaneously to create the current obsession with immigrants: The Latin American debt crisis hammered the

region's economies, most notably Mexico's; and Ronald Reagan's supply-side economics—tax cuts and deregulation—created a boom in the U.S., which extended through the Clinton presidency.

Two decades of U.S. economic vitality pulled workers out of floundering Latin American economies and into jobs here in agriculture, construction, fisheries, textiles, restaurants and hotels.

This issue has turned into a deadweight loss by the day for the Republican Party.

This great migration peaked and began to fall around 2005 as Mexico's economy stabilized. In other words, the only thing that will ever reduce immigration flows is jobs-producing economic policies in Latin and South America, which should be a self-interested U.S. policy priority, but isn't. Mr. Trump's threat to terminate the North American Free Trade Agreement would re-create the regional economic imbalances of the 1980s and guarantee a second great migration of illegal immigrants that no wall will stop.

The 800,000 so-called Dreamers are essentially bystanders to Congress's refusal since 1986 to allow 11 million stranded illegal immigrants to leave the U.S. when their jobs

are over and come back if their help is needed.

Attorney General Jeff Sessions, announcing Tuesday that the Deferred Action for Childhood Arrivals program was being rescinded, said it had "denied jobs to hundreds of thousands of Americans."

I'm open to proof that American workers are willing to pack fish in Massachusetts, clean bathrooms at a Motel 6 in Georgia or tar roofs during the summer in Texas—at any wage. But I don't believe it. I don't believe Mr. Sessions and his allies would support a guest-worker program, such as the state-run visa program proposed by Wisconsin's Sen. Ron Johnson, to normalize the in-and-out flow of foreign workers and create an immigration law with any hope of compliance. They just want them out.

A Wall Street Journal/NBC News poll this week had 64% of respondents agreeing that "immigration strengthens the U.S." Even a plurality of rural voters agreed. Immigration is becoming a deadweight loss by the day for the Republican Party and conservative politics.

Most likely, the House's anti-immigrant members will make Republican-led DACA reform impossible. What an astonishing irony it will be to see people seeking a life in the private sector driven into the ranks of the public-sector Democrats.

Write henninger@wsj.com.

Obama's Deplorable DACA Decision

By Karl Rove

I believe that "Dreamers"—foreign-born men and women, age 15 to 36, brought here illegally when they were children—should be allowed to stay in America, the only country most of them remember. That's why I find President Obama's recent attack on President Trump so deplorable.

Mr. Trump announced Tuesday that in six months he would end Deferred Action for Childhood Arrivals, the program that temporarily shelters Dreamers from deportation. Shortly afterward Mr. Obama called the decision "cruel," "self-defeating" and "contrary to our spirit."

This needlessly inflamed the situation, making a solution harder to achieve. Besides, Mr. Obama knows that federal courts appeared ready to strike down DACA on the ground that suspending immigration laws for a whole class of people is unconstitutional.

Take it from Mr. Obama himself. Before establishing DACA in 2012, Mr. Obama said on at least 22 occasions that he lacked the power to act unilaterally. In July 2010 he declared that simply ignoring the laws and ending deportation "would be both unwise and unfair." The next April he said: "I know some here wish that I could just bypass Congress and change the law myself. But that's not how democracy works."

As late as September 2011, Mr. Obama was saying "this notion that somehow I

can just change the laws unilaterally is just not true."

After President Trump's announcement, Mr. Obama could have been constructive. He could have said that he disagreed with ending DACA but understood the legal concerns. Mr. Obama then could have encouraged lawmakers to pass legislation to settle the issue, playing off Mr. Trump's comment that "hopefully now Congress will be able to help." Instead Mr. Obama decided to scorch his successor.

His attack on Trump needlessly inflames the situation, making it worse for Dreamers.

Comity is essential to resolving this dilemma. A stand-alone measure for Dreamers can't pass this Congress. Neither can a comprehensive immigration-reform bill. What might pass is a bill that makes trade-offs to satisfy immigration advocates and restrictionists alike. But with other legislative deadlines rapidly approaching, it might be months before Congress can take up immigration.

Funds for disaster relief need to be replenished following Hurricane Harvey. The Federal Emergency Management Agency will run out of money as soon as Friday, two days before Hurricane Irma is expected to hit Florida.

To avoid a government shutdown, a federal budget—covering at least part of the coming fiscal year—must be passed by Oct. 1. That's also the deadline for reauthorizing the Children's Health Insurance Program, the Federal Aviation Administration and federal flood insurance. Then the debt ceiling must be raised by mid-October. Oh, and Congress has yet to pass a budget resolution.

The first three reauthorizations can be bipartisan. Mr. Trump caved to demands by House Minority Leader Nancy Pelosi and Senate Minority Leader Chuck Schumer to combine Harvey relief with just a three-month debt ceiling increase. Some Republicans will grumble, preferring instead to link the debt ceiling to further spending restraint, and GOP congressional leaders preferred an increase that would last through the midterm elections.

But this at least pressures those Republicans and Democrats inclined to vote irresponsibly against any debt-ceiling increase.

Most Democrats will oppose whatever budget resolution Republicans offer, since its passage would create a procedural opening for tax reform to pass the Senate with only 51 votes under the reconciliation process. Even if this allows

Majority Leader Mitch McConnell to dodge a filibuster on tax reform, he still must limit defections to only two of the GOP's 52 senators.

Even then, tax reform isn't a lock to pass the House. After

demanding regular order for months, the Freedom Caucus now threatens to bypass the Ways and Means Committee by offering its own tax package. Such conflicts inside the House caucus could prevent Republicans from legislative victories.

Some Democrats might vote to fund the government—but not if the legislation includes money for Mr. Trump's border wall. Yet a Republican-only spending bill could fail in the House because of Freedom Caucus defections. Or it might fall short in the Senate if more than a pair of GOP senators walk away.

Congress has a lot it must do in a short time, and more to deal with soon thereafter. Success will require lawmakers and their constituents to be patient. It doesn't help the country to raise passions as Mr. Obama's comments did.

In the end, Republicans have the most to lose, which may explain why Mr. Obama chose to speak up. Democrats understand voters will blame the GOP if Congress fails to act, and they know Republican leaders will be hard-pressed to keep their fractious caucuses together. Republicans need to understand they must cooperate, compromise and move forward together or risk losing their congressional majority.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of *"The Triumph of William McKinley"* (Simon & Schuster, 2015).

Tubman Beats Jackson on the \$20 Bill

By Lou Weiss

For a conservative allergic to political correctness, there couldn't be a worse time to make the case for Harriet Tubman on the \$20 bill. Recall that the Obama administration backed a new note to replace Andrew Jackson's visage with Tubman's. Asked about the idea last month, Treasury Secretary Steven Mnuchin was lukewarm. "People have been on the bills for a long period of time," he said. "Right now, we've got a lot more important issues to focus on."

Leftists are already waging total war against the villains of history. They won't be happy until babies are no longer named David after the Israeli king—who, in addition to killing Goliath, also committed adultery and second-degree murder. But one hates to make the case of Jackson vs. Tubman about political correctness, so let's make it partisan:

Andrew Jackson? It is hard to find a more colorful American life in any age. A survivor of battles, duels and an assassination attempt, he disdained Congress and the courts, much like Mr. Trump and Mr. Obama. He beat the British on the field in a war that was basically a draw.

The seventh president disliked paper money. Put him on Bitcoin.

He held slaves and created the Trail of Tears. Like most anti-abolitionists, he was a Democrat, although unlike them he invented the party. Jackson was a foe of the Electoral College, which has served Republicans so well recently.

Harriet Tubman? She was one of the most self-reliant and heroic women in American history. Born in 1820 into slavery in Maryland, she went on to work for the Union Army, first

as a cook and nurse, then as a scout and spy. She carried a gun while raiding plantations, and were she around today you can bet she'd be a member of the National Rifle Association.

She was a Republican who fled from the Democratic slave state of her birth.

Jackson's current image on the \$20 bill is rather dramatic, showing his flowing mane. Tubman, who stood just above 5 feet, doesn't have the same physical glamour. She was beaten from a young age and was hit in the head by a metal weight thrown at another slave—an injury that caused her seizures and headaches her entire life. In a country obsessed with superficial beauty, what a fabulous respite to feature someone whose notoriety is based on her accomplishments and character.

I have been carrying a faux Harriet Tubman \$20 bill in my wallet for the past two years while awaiting the real deal. I printed a bunch of them at

home to give as storytelling props during our Passover Seder. The point was to highlight, with great pride, the various ways the Passover story has been culturally expropriated by everything from the American founding and the Civil War to the 1960s civil rights marchers and the Russian refusenik movement.

Few are a better fit for Passover than Harriet Tubman, whose nickname in the Underground Railroad was Moses. She alone guided several hundred slaves to freedom. What better emblem for the \$20 bill than a woman who threw off the yoke of oppression and took it upon herself to fight for others?

With his hatred of a national bank and disdain for paper money, Jackson would be the perfect icon for the virtual currency Bitcoin. Tubman deserves to be on the \$20 bill.

Mr. Weiss is a carpet salesman in Pittsburgh.

BOOKSHELF | By Jonathan H. Adler

Why We Need Fewer Lawyers

Rebooting Justice

By Benjamin H. Barton and Stephanos Bibas (*Encounter*, 231 pages, \$23.99)

The first thing we do, let's kill all the lawyers." Proposed by Dick the Butcher, a nefarious rebel in "Henry VI, Part 2," the line often gets a laugh. But it also makes a serious point: Fewer lawyers would make it easier to overthrow the king and install a new regime. Lawyers, Shakespeare implies, are the guarantors of justice.

Or are they? According to Benjamin Barton and Stephanos Bibas, law professors at the University of Tennessee and the University of Pennsylvania, respectively, the answer is "not necessarily." In their brief and accessible "Rebooting Justice," Messrs. Barton and Bibas observe that, when it comes to securing justice in an efficient and affordable fashion, lawyers can in fact be the primary obstacle.

As the authors note, the legal profession presents a "paradox." "America has more lawyers than any country in the world," they write, "and law schools are graduating more

new lawyers than there are jobs. Yet legal education and legal advice are horrifically expensive." Even basic legal services at small or mid-size firms may cost more than \$200 an hour, placing meaningful legal representation beyond the reach of many Americans.

Why are legal services so expensive if there is an ample supply of lawyers? The costs of legal education and guildlike restrictions on entry to the profession play a role. More significant, however, is the increasing complexity of legal processes, particularly those that are contested. Few legal matters can be handled quickly; given hourly rates, this means that few can be handled cheaply. The result, as the authors note, is that many legal issues "are too complicated to handle without a lawyer but too expensive to handle with one."

Some indigent clients can find relief from legal-aid programs, law-school clinics and pro bono representation, but the reach of these resources is limited. Messrs. Barton and Bibas report that funding for legal aid is down 63% from its high in the 1980s. They also observe that the qualification criteria for this support are stringent in the extreme. In Tennessee, for example, the income cap to qualify for local legal aid was so low that even a full-time worker earning the \$7.25-an-hour federal minimum wage would make too much money to qualify. Given that legal representation for a basic child-custody or property dispute can easily cost thousands of dollars, many low- and middle-income families are left to fend for themselves.

Confronting the system "pro se"—choosing to represent oneself—is, as Messrs. Barton and Bibas note, on the rise. Unfortunately, while some pro se litigants may achieve their goals, the overwhelming majority of them are at a severe disadvantage. During courtroom proceedings, judges report, pro se litigants often fail to raise objections or properly introduce evidence. Procedural rules and requirements demand an experienced guide, all the more so when there are lawyers on the other side.

Like nurse practitioners in medicine, paralegals and notaries can cut costs in the legal profession by providing basic services.

One commonly proposed solution to these problems is simply to expand publicly funded representation—in other words, to load the system with more lawyers. According to Messrs. Barton and Bibas, this approach is neither probable nor preferable. State legislatures already resist providing public defenders the resources they need; they're not about to open their coffers for divorce lawyers. And even if resources were available to subsidize lawyers for civil matters, it's not clear that this would be an improvement. Increasing the number of lawyers would increase complexity and costs, with no guarantee of improved outcomes.

A large portion of "Rebooting Justice" is devoted to the authors' ideas for systemic changes aimed at reducing the reliance on lawyers. They note that in medicine, for example, paraprofessionals like nurse practitioners and physician assistants increasingly provide basic services at lower costs. There's no reason that paralegals, notaries, social workers and others with relevant training could not do the same in law.

Messrs. Barton and Bibas are also hopeful that evolving technologies can fill many legal-service needs. Web-based databases have expanded public access to once-arcane legal rules and judgments, and companies like LegalZoom offer inexpensive, download-able forms to cover basic legal matters, like living wills or articles of incorporation. One promising technological innovation, the authors note, is computer-assisted mediation of the sort used by PayPal and eBay. When conflicts arise between buyers and sellers, these companies employ automated online dispute resolution (ODR) systems that algorithmically identify areas of agreement and propose solutions. While far from perfect, ODR is able to resolve roughly 90% of reported disputes, reducing costs and allowing human facilitators to focus on the most difficult cases. Applied to the legal system, ODR could address many dispute-resolution needs at a fraction of the cost of hiring lawyers.

As exciting as technology is, Messrs. Barton and Bibas recognize that it will not be enough to fix what ails our legal system. Their more radical suggestion is to restructure the system so that many processes are specifically designed to omit lawyers. For example, instead of trying to fund lawyers for litigants who might otherwise represent themselves, legal processes could be made more friendly to pro se representation.

The biggest obstacle to such reforms could well come from the legal profession itself. Legal practice remains regulated at the state level, and state bar authorities are good at squelching competition. They would almost certainly resist reforms that would lower barriers to entering the legal market or make lawyers' services less necessary.

How exactly to get around this obstacle is just one of the important areas inadequately addressed in "Rebooting Justice." Nor are all the answers that Messrs. Barton and Bibas provide convincing. They are, however, asking the right questions. And regardless of whether one accepts all of its recommendations, "Rebooting Justice" does jump-start a much-needed conversation about the future of the practice of law.

Mr. Adler is a professor of law at the Case Western Reserve University School of Law.

OPINION

REVIEW & OUTLOOK

The Pelosi-Schumer-Trump Congress

The American people may think they elected a Republican government last November, but it's increasingly hard to tell. The latest evidence came Wednesday when President Trump accepted a Democratic offer to raise the federal debt ceiling for a mere three months in return for \$8 billion for Hurricane Harvey relief.

"We had a very good meeting with [Democratic leaders] Nancy Pelosi and Chuck Schumer. We agreed to a three-month extension on debt ceiling," Mr. Trump said Wednesday aboard Air Force One on his way to a rally in North Dakota.

"So we have an extension, which will go out to December 15. That will include the debt ceiling, that will include the CRs [to fund the government] and it will include Harvey—the amount of money to be determined, but it will include—because everyone is in favor obviously of taking care of that situation," he added. "So we all very much agree."

Ah, dogs and cats living together.

What really happened is that Mr. Trump overruled his Treasury Secretary and GOP leaders who wanted a debt-ceiling increase to run past the 2018 election. Mr. Trump instead gave Democrats exactly what they want, which is to set up an even steeper fiscal cliff on debt and spending in December when Republicans hope to be focusing on tax reform.

Republicans will now have to take at least two difficult votes to raise the debt ceiling, while Democratic leverage will increase when the day of reckoning comes. The chances of a government shutdown in December have now risen sharply, or at least they have if Mr. Trump wants to pass something with more than a few Republican votes.

Mr. Trump may not like GOP leaders Paul

Ryan and Mitch McConnell, but is he trying to elect Speaker Pelosi? As Nebraska Sen. Ben Sasse put it in a press release: "The Pelosi-Schumer-Trump deal is bad."

Part of the problem is that Congressional Republicans once again helped put themselves in this box. Congress can't let the U.S. default on its debt, so the majority party has

to raise the debt ceiling whether it likes it or not. The smart GOP play was to attach a long-term debt increase to some other must-pass legislation and get it over with. One and done.

In familiar self-defeating fashion, the usual House suspects refused, insisting that the debt ceiling get a stand-alone vote. House Freedom Caucus Chairman Mark Meadows and Republican Study Committee leader Mark Walker also claim to be miffed that the debt-limit increase won't include spending cuts.

Yet most of these same Members won't vote to raise the borrowing limit no matter what they're offered. They find the actual work of governance beneath their dignity. Their mutiny means that Mr. Ryan lacked a GOP majority to raise the debt ceiling, which meant he had to go hat in hand to Mrs. Pelosi for Democratic votes. She and Mr. Schumer came up with their three-month gambit, which Mr. Ryan immediately labeled "ridiculous" and "unworkable," only to be sandbagged by Mr. Trump.

This may all sound like inside baseball, but it's politically relevant because it illustrates the Republican inability to govern. The Senate killed health-care reform. The House can't pass a budget resolution that is essential for tax reform. Mr. Trump is sore that Republican leaders failed on health care, so he now undermines their fiscal strategy and all but hands the gavels to Democrats. Readers might take note and hold off on spending that tax cut.

Teen-Pregnancy Subsidy Panic

Progressives defend some government programs as so inexpensive they aren't worth cutting (the National Endowment for the Arts) and the rest as too large and important to touch (Medicaid). Witness the meltdown over the Trump Administration's decision to redeploy funding for teen-pregnancy prevention.

Earlier this summer the Health and Human Services Department decided to wind down the Obama Administration's Teen Pregnancy Prevention Program, which offers grants to localities and organizations, ostensibly to import proven methods of preventing teen pregnancy or experiment with fresh approaches, mostly through education about birth control. HHS certifies "evidence-based" curricula for teens or underwrites new ideas. The program has handed out more than \$800 million since its start in 2010.

So how's that working out? The Obama Administration last year evaluated 18 programs that replicated allegedly tested approaches: Three yielded mixed results and 11 had no lasting effect on behavior. Three had a negative effect, meaning they increased the likelihood of teens engaging in sex or becoming pregnant, which takes some doing in the current culture.

A single curriculum showed positive results, but a second study then showed no discernible effect. Supporters insist results will improve over time, and it's hard to imagine they could get worse. Yet the next round of grants include some of the same curricula.

Trump's Malaysia Swamp

A visit to the White House is a diplomatic plum that world leaders covet. So why is President Trump bestowing this honor on Malaysian Prime Minister Najib Razak, who jailed an opposition leader and is a suspect in a corruption scandal that spans the globe?

Mr. Najib will visit the White House next week for a presidential photo-op that could help him win the next general election and imperil Malaysia's democracy. Yet it isn't clear that Mr. Trump and Secretary of State Rex Tillerson are getting anything in return for associating with a leader their own Justice Department is investigating. This could set them up for a repeat of the way Mr. Najib humiliated Barack Obama.

Mr. Najib oversaw the creation of 1MDB, a state-owned fund that was supposed to attract foreign investment. The U.S. Justice Department alleges that the Prime Minister and his associates looted the fund of \$4.5 billion. The DOJ has filed civil lawsuits to freeze more than \$1.6 billion of assets allegedly stolen from the fund. Five other nations are also investigating, and Singapore has convicted five financiers of money laundering and fraud. Mr. Najib hasn't been charged and denies wrongdoing, and Malaysia's Attorney General cleared him.

Under Mr. Najib, Malaysian authorities also conducted a six-year prosecution against opposition leader and former Deputy Prime Minister Anwar Ibrahim on dubious charges of sodomy, for which he was sentenced to five years in prison. That legal farce helped Mr. Najib's party win a narrow victory in the 2013 election.

So how should the U.S. engage a troubled Malaysia? Mr. Obama cozied up to Mr. Najib and

The feds don't need to spend \$200 million on a failed sex-ed program.

Senate Democrats fired off a letter in July to HHS Secretary Tom Price condemning the "short-sighted" cut that "puts at risk the health and well-being of women and our most vulnerable youth."

Remember this program has existed for a mere seven years. HHS's Office of Adolescent Health—there is such a thing—allowed grantees another year to wrap up projects.

The letter notes that the rate of teen pregnancy has dropped precipitously in recent decades, and the birth rate among 15- to 19-year-olds dipped to around 22 per 1,000 women in 2015, down from roughly 40 in 2007. Academics can debate the reasons for this good news, but everyone can agree no credit is owed to these HHS programs, which reach fewer than 1% of American teenagers. Zeroing out the program two years before the grants expire saves about \$200 million.

The Senate hasn't confirmed the assistant health secretary who would oversee such Title X grants, and President Trump's nominee is Texas pediatrician Brett Giroir. Sen. Patty Murray (D., Wa.) asked Mr. Giroir about the teen-pregnancy funding in his confirmation hearings. She later said she's "unconvinced" he would fight the Trump Administration's "ideological attacks on women," as if no one of good faith can disagree about the benefit of federal subsidies to teach 11- and 12-year-olds about sex when local sex-ed courses can already do the same.

Mr. Giroir deserves a prompt confirmation, and HHS deserves credit for allocating this public money to more productive uses.

chose to ignore the prosecution of Mr. Anwar when he made the first visit by a U.S. President in 60 years to Kuala Lumpur in April 2014. Eight months later, he invited Mr. Najib for a showy round of golf in Hawaii.

But that precedent is not consistent with Mr. Trump's promise to "drain the swamp" of Washington politics. Two months after that golf round Mr. Anwar was jailed again. And shortly after Mr. Obama made nice with Mr. Najib, Frank White Jr., who served as co-chair of President Obama's re-election committee before becoming a lobbyist for Malaysia, sold a stake in a 1MDB-linked solar technology firm back to the fund for \$69 million.

The benefits of commuting with Mr. Najib aren't obvious. Perhaps Mr. Tillerson thinks Malaysia will help tighten the financial screws on North Korea, which has long used the country as a business hub. But Mr. Najib isn't likely to stop his strategic drift toward China. Keeping 1MDB afloat will require cash infusions, and China, eager to help fellow authoritarians, can deploy its One Belt, One Road slush fund. Mr. Najib can then buy off the opposition and consolidate power.

If Malaysia slides into dictatorship, it will almost surely fall into Beijing's orbit. The U.S. relationship depends on Malaysia remaining a viable democracy. That's why helping Mr. Najib at this critical moment is a mistake.

Mr. Trump will be told that it's too late to cancel the meeting, but the U.S. can find a diplomatic excuse in Hurricanes Harvey and Irma or congressional battles. Any embarrassment is better than giving a scandal-tainted leader a White House photo-op.

Did Tillerson tell his boss he's repeating an Obama mistake?

months after that golf round Mr. Anwar was jailed again. And shortly after Mr. Obama made nice with Mr. Najib, Frank White Jr., who served as co-chair of President Obama's re-election committee before becoming a lobbyist for Malaysia, sold a stake in a 1MDB-linked solar technology firm back to the fund for \$69 million.

The benefits of commuting with Mr. Najib aren't obvious. Perhaps Mr. Tillerson thinks Malaysia will help tighten the financial screws on North Korea, which has long used the country as a business hub. But Mr. Najib isn't likely to stop his strategic drift toward China. Keeping 1MDB afloat will require cash infusions, and China, eager to help fellow authoritarians, can deploy its One Belt, One Road slush fund. Mr. Najib can then buy off the opposition and consolidate power.

If Malaysia slides into dictatorship, it will almost surely fall into Beijing's orbit. The U.S. relationship depends on Malaysia remaining a viable democracy. That's why helping Mr. Najib at this critical moment is a mistake.

Mr. Trump will be told that it's too late to cancel the meeting, but the U.S. can find a diplomatic excuse in Hurricanes Harvey and Irma or congressional battles. Any embarrassment is better than giving a scandal-tainted leader a White House photo-op.

OPINION

REVIEW & OUTLOOK

The Pelosi-Schumer-Trump Congress

The Republican gang that can't even shoot at each other straight.

Ryan and Mitch McConnell, but is he trying to elect Speaker Pelosi? As Nebraska Sen. Ben Sasse put it in a press release: "The Pelosi-Schumer-Trump deal is bad."

Part of the problem is that Congressional Republicans once again helped put themselves in this box. Congress can't let the U.S. default on its debt, so the majority party has

to raise the debt ceiling whether it likes it or not. The smart GOP play was to attach a long-term debt increase to some other must-pass legislation and get it over with. One and done.

In familiar self-defeating fashion, the usual House suspects refused, insisting that the debt ceiling get a stand-alone vote. House Freedom Caucus Chairman Mark Meadows and Republican Study Committee leader Mark Walker also claim to be miffed that the debt-limit increase won't include spending cuts.

Yet most of these same Members won't vote to raise the borrowing limit no matter what they're offered. They find the actual work of governance beneath their dignity. Their mutiny means that Mr. Ryan lacked a GOP majority to raise the debt ceiling, which meant he had to go hat in hand to Mrs. Pelosi for Democratic votes. She and Mr. Schumer came up with their three-month gambit, which Mr. Ryan immediately labeled "ridiculous" and "unworkable," only to be sandbagged by Mr. Trump.

This may all sound like inside baseball, but it's politically relevant because it illustrates the Republican inability to govern. The Senate killed health-care reform. The House can't pass a budget resolution that is essential for tax reform. Mr. Trump is sore that Republican leaders failed on health care, so he now undermines their fiscal strategy and all but hands the gavels to Democrats. Readers might take note and hold off on spending that tax cut.

Chinmaya Gharekhan
Scarsdale, N.Y.

LETTERS TO THE EDITOR

U.S. Afghanistan Policy Faces Many Variables

Your balanced editorial "Trump's Afghan Commitment" (Aug. 23) rightly points out that Mr. Trump's most significant shift is the challenge to Pakistan. As many observers have stated, Pakistan is unlikely to modify its Afghan policy under threats, especially since it now has strong support from the second most powerful country in the world—China.

For Pakistan, there is an almost existential issue, namely the boundary with Afghanistan. The boundary in the form of the Durand Line was negotiated ("imposed" according to the Afghans) by the British in 1893 and was inherited by Pakistan in 1947. The line has never been recognized by Afghanistan, which claims the whole of Pakistan's Khyber Pakhtunkwa province because its population is Pashtun, the largest ethnic group in Afghanistan. Afghanistan was the only country to oppose Pakistan's U.N. membership in 1947. Even the Taliban, a Pakistani creation dependent on Pakistan for military and other vital support, has refused to recognize the line. According to Ahmed Rashid in his book "Descent Into Chaos," the then-president of Afghanistan, Mohammed Najibullah, offered to recognize the Durand Line during the U.N.-led negotiations in the late 1980s, but Pakistan refused the offer. One possible reason for that is Pakistan would prefer to leave the border undefined so it couldn't be accused of violating an international border.

A lasting solution to the Afghan crisis won't be possible unless the boundary issue is settled to the satisfaction of both sides.

Chinmaya Gharekhan

Scarsdale, N.Y.

Mr. Gharekhan is a former ambassador of India to the U.N.

The U.S. has virtually no economic or financial leverage over Pakistan. There are only 23 U.S. companies that

are full members of the U.S.-Pakistan Business Council, which is virtually dormant. I have served in Washington the past six years as an honorary investment counselor for the Pakistan Board of Investment, but in that time there has been literally no U.S. investment in Pakistan and not a single Pakistani or U.S. trade event, program or delegation either way, to or from Pakistan. China is now the overwhelming economic lifeline for Pakistan. And frankly, few if any U.S. firms have or will choose to engage in the Pakistani rather than the five-times-larger India market.

CHARLES KESTENBAUM

Senior foreign service officer (Ret.)

Vienna, Va.

The president might learn something from another leader who got mired in "the graveyard of empires." At a Nov. 13, 1986 Politburo meeting, Mikhail Gorbachev said it is time to go: "We have been fighting in Afghanistan for already six years. If the approach is not changed, we will continue to fight for another 20-30 years. . . . What, are we going to fight endlessly as a testimony that our troops are not able to deal with the situation? We need to finish this process as soon as possible." Moscow got out of its hole and never looked back.

We should leave it to the neighboring countries—Pakistan, Iran, China and Russia—which have a stake in cauterizing the malignant ISIS and other terrorist cancers that would emerge in a collapsed Afghanistan and threaten their security. They should fashion a regional containment policy as the U.S., offshore, allocates air power and special forces to knock out terrorist cells as they emerge. Anything more risks our staying in the hole we've been in for 16 years. It is time to stop digging.

BENNETT RAMBERG
Los Angeles

The Trouble With 'Off the Shelf' Hearing Aids

Regarding your editorial "Hearing Aid Breakthrough" (Aug. 26): As a board certified ear, nose and throat doctor, I share some of your enthusiasm about increasing competition and decreasing cost in the hearing aid market.

Many patients of mine have struggled with the costs of hearing aids. I would temper the argument though and disagree with a few points. We always recommend a medical evaluation before wearing hearing aids, as there are many treatable forms of hearing loss. Also, there are conditions where hearing loss may be a symptom of something else. While this isn't true for a majority of patients, direct purchase of hearing aids could delay a diagnosis.

Another concern I have is that many patients will buy an "off the shelf" hearing aid at a deep discount, but without the proper fitting and programming they will find it unusable and end up buying another (higher quality) hearing aid in the end. I already see this with patients who buy discounted hearing aids at big-box retailers such as Sam's Club and Costco. Finally, I would disagree that hearing

JASON ACEVEDO, M.D.
Abilene, Texas

One can see how far we have slid as a nation when we are thankful for the government giving us permission to buy a hearing aid. And what a pitiful people we have become to put up with such nonsense. I hope we are on a roll and can continue with other strides toward freedom and personal responsibility.

An occasional Valium at night does wonders for my back pain and yet I have to go beg a doctor for every 10 doses. This is because regulators somehow have superior judgment?

How are hearing aids like dope? It is not the substance, it is the hijacking of our ability to reason by a regulatory state that has turned us into a nation of idiots.

Fritz Groszkruger

Dumont, Iowa

Shelby Steele's article would have been much more interesting had it been entitled: "Why America Can't Let Go of Racism."

TIMOTHY KAMINSKI

St. Louis

I think that Shelby Steele's diagnosis of the left is pretty accurate ("Why the Left Can't Let Go of Racism," op-ed, Aug. 28). There really isn't a better explanation for liberals hurrying to play the race card every time they find themselves losing an argument or an election.

What's worse than the party of tax and spend? It's the party of hate and racism. Liberals can't shake the label of tax and spend because it's true, so they attempt to label conservatives as hateful and racist. There are too many blacks and Hispanics who are conservatives for that to work on anyone except liberals. How is wanting an orderly immigration system hateful? How is wanting to provide jobs for all Americans hateful? How is wanting to provide for the defense of our country hateful? How is wanting all Americans to have the opportunity to build a life for themselves hateful?

The Democratic Party better find something else besides gay rights, abortion and race-baiting to run on or it is going to lose more Senate seats in 2018. The anti-Trump Republicans better get moving on solving health care, tax cuts, immigration and infrastructure or they will be looking for new jobs in 2018.

TERRY LARSON

Seffner, Fla.

Mr. Steele elegantly describes what many people feel about the constant

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Pepper ... And Salt

THE WALL STREET JOURNAL



"Delivered by a stork? Don't be silly, sweetie. A drone brought you."

OPINION

Democrats Have the Green Party Blues

By George Melloan

The political commentariat has unleashed a torrent of words since the 2016 election analyzing what befell the Democrats. Donald Trump won because of his TV fame; he tweeted his way into the White House; the Russians did it; etc.

Why not spend a few more words on the current demeanor of the Democratic Party? It was losing badly in elections at all levels as early as 2010, well before Mr. Trump came along. Despite its deeply flawed candidate, Hillary of the indiscreet emails, it won the popular vote for the presidency and therefore still has to be taken seriously.

The party's environmental extremism puts it at odds with working people whose aspiration is prosperity.

Its members and backers, particularly at influential media organizations like the New York Times, the Washington Post and MSNBC, have been heaping abuse on the new president, suggesting Mr. Trump's victory was illegitimate. When they hurl the words "fascist" and "plutocrat" wildly, their anger begins to sound pathological.

We know that the Democrats have been, since the New Deal, the party of government. Some of the outrage at Mr. Trump comes from federal bureaucrats who fear for their jobs.

That's understandable enough—simple economic determinism, as the Marxists might say.

But recent history reveals something else that may help explain the Democratic Party's problems. Whereas it became the party of labor in the late 1930s and then snatched the civil-rights banner out of Republican hands in the 1960s, of late it has veered in a direction that does not particularly suit the interests of either working people or people of color with ambitions to climb the economic ladder. It has become, in essence, America's Green Party, eclipsing the tiny party that bears that name.

Underlying the Green philosophy is a distrust of economic growth. That's what distinguishes Greens from garden-variety environmentalists who simply want a safe and clean environment, as everyone does. Although the Greens operate under the flag of environmentalism, they have greater ambitions. They are a modern manifestation of a back-to-nature movement, feeding on the guilt and anxiety that accompany scientific advance.

Greens adopted the Democratic Party precisely because it is the party of government. They see government power as the way to suppress the animal spirits of private enterprise that produce innovation and new wealth.

Under Green influence, Democratic lawmakers, when they controlled Congress, designated large tracts of the American West as new "wilderness areas." They fostered the Endangered Species Act, which has been an effective barrier to industrial or agricultural development



DREW ANGERER/GETTY IMAGES

Protesting a planned Scott Pruitt speech at New York's Harvard Club, June 20.

in more than a few states, often on specious claims of endangerment. They vastly expanded the amount of private property officially designated as "wetlands," thus restricting its use. Other examples abound.

And of course the Democrats, with Al Gore as their Joan of Arc, took up arms against fossil fuels with the fantastic claim that burning them endangers the planet. If that isn't a call for a return to the dark ages—literally—what is? Without oil, coal and gas to run the power plants that supply electricity for lights, household appliances and factories, the economy would shut down. In Australia, Green attacks on coal have in fact caused blackouts.

To demonstrate how Green the Democrats have become, one need go no further than President Obama's statement last year that

climate change (the new code word for global warming) is the nation's No. 1 problem. He also claimed 97% of scientists agree that "climate change is real, man-made and dangerous." But actual scientists don't agree 97% on much of anything.

The modern Green movement got traction from the 1968 founding of the Club of Rome at that city's Accademia dei Lincei. Describing itself as a global think tank concerned with the "future of humanity," it produced a global best seller called "The Limits to Growth," predicting, inaccurately, that at the then-current rate of development mankind would soon exhaust the Earth's natural resources. Maurice Strong, a self-described socialist and former oil tycoon, imported the Club of Rome's philosophy into the United Nations, launching the U.N.'s propagation of the global warming theory.

The Democrats still claim to be the party of labor, but their attack on the energy sources that keep the economy running can hardly be described as pro-worker. Government employee unions still adhere to the Democrats, but the leaders of industrial unions, who now represent only a single-digit percentage of the workforce, are belatedly beginning to have second thoughts.

Working people, fed up with the diktats of the Greens who infest their farms and factories, were a major factor in the election of Mr. Trump. The Greens, concentrated in coastal blue states, were shocked that anyone would question their motives. But to many Americans it looked like the Greens were disdainful of the aspirations of working people to live the good life—and there may have been some truth to that. When Mrs. Clinton described them as "deplorables," that was the last straw.

If the Democrats want to make a comeback, they should think about purging their ranks of these zealots. Greens want to deprive the economy of its basic energy sources, and they have little regard for the consequences, mainly because they don't think they will be among the victims. It might take some doing, but ditching the Greens is, if you'll excuse the expression, Democrats' best path out of the wilderness.

Mr. Melloan is a former deputy editor of the Journal editorial page and author of "Free People, Free Markets: How the Wall Street Journal Opinion Pages Shaped America" (Encounter, 2017).

Why Corporate Tax Reform Is a Bipartisan Cause

By Laura Tyson

Corporate tax reform is one of the few issues that attract bipartisan support in Washington. Lawmakers from both sides agree that the current system is deeply flawed. Because the U.S. hasn't updated its tax code in 31 years, Congress has a once-in-a-generation opportunity to level the playing field for American businesses and workers.

When U.S. multinationals sell products abroad, it spurs production, employment and income at home. Facing the highest corporate tax rate in the developed world—38.9% on average, including state taxes—and a system of taxation that follows them wherever they go, U.S. companies are at a disadvantage in global markets. This discourages investment, innovation and job creation back home.

In 2013, U.S.-based multinationals directly employed 23 million Americans and supported another 53 million American jobs through their domestic supply chains and employees' spending. To serve global markets, U.S. multinationals locate significant shares of their world-wide economic activities in the U.S.—more than two-thirds of

their value added, their capital expenditures, and their research and development, and just under two-thirds of their employment in 2014.

U.S. multinationals face increasing global competition from businesses in developed and emerging-market economies. Between 2000 and 2016, the number of U.S.-headquartered companies in the Forbes 500 declined more than 25%. The outdated U.S. corporate tax system was partly to blame.

The U.S. corporate tax rate was among the lowest among developed countries after the 1986 tax reform. It is now the highest. A recent study confirms that even after accounting for deductions, credits and other tax-reducing provisions, U.S. multinationals face among the highest effective tax rates in the world. Many U.S. companies opt out of the corporate tax system by organizing as partnerships and "pass through" businesses. In 2013, corporations accounted for only 44% of business income in the U.S. compared with about 80% in 1980.

The world-wide American corporate tax system subjects U.S. companies' foreign earnings to the U.S.

corporate tax, with the amount owed offset by credits for taxes paid in foreign jurisdictions. In contrast, 29 of the 35 countries in the Organization for Economic Cooperation and Development have adopted territorial systems, which largely exempt the foreign business earnings of their multinationals from home-country taxation. This puts U.S.

The number of Forbes 500 companies that have their headquarters in the U.S. has fallen 25% since 2000.

multinationals at a competitive disadvantage when doing business abroad. They face the high U.S. corporate rate on their earnings in foreign markets while their global competitors face the much lower local rates. This difference translates into a sizable cost advantage for foreign multinationals, allowing them to charge lower prices and capture market share from U.S. companies.

Current law allows U.S. multinationals to defer U.S. tax payments on foreign earnings until they are repatriated. Most American companies take advantage of this option for at least some of their foreign earnings. As foreign earnings have grown and foreign corporate tax rates have plummeted, the deferral option has become more attractive. An estimated \$2.6 trillion of U.S. companies' foreign earnings is now trapped abroad. This is money that might otherwise be used to finance investment, job creation and domestic growth.

Tax considerations also influence corporate decisions about how acquisitions are financed and where merged or acquired entities are headquartered. The combination of a high corporate tax rate and an outdated world-wide system has caused some U.S. companies to move their headquarters overseas or pursue an acquisition by a foreign competitor. It has also reduced U.S. companies' competitiveness in cross-border acquisitions.

In such acquisitions, a U.S. purchaser of a foreign company owes U.S. tax on the resulting foreign income stream. That's tax that wouldn't

be owed by a foreign purchaser headquartered in a country with a territorial tax system. According to an analysis of Thomson Reuters data, foreign acquisitions of U.S. companies were more than three times as great in deal value than U.S. acquisitions of foreign companies in 2015. That suggests the U.S. is no longer the country of choice for global companies' headquarters and activities.

The competitive dynamics of the global economy were different in 1986, when the U.S. last reformed its tax code. It is time for comprehensive reform that reduces the corporate rate, broadens the tax base, simplifies the system, and adopts a modern territorial approach with safeguards to protect the U.S. tax base. Lawmakers on both sides should work together to craft reforms that will benefit America's workers, companies and economy.

Ms. Tyson is a distinguished professor of the Graduate School at the University of California and serves as an economic adviser to the Alliance for Competitive Taxation. She headed the Council of Economic Advisers and the National Economic Council during the Clinton administration.

Congress Can Rescind the CFPB's Gift to Trial Lawyers

By Ted Frank

Do Americans need more lawsuits? They'll get them if the Consumer Financial Protection Bureau has its way. The CFPB—created by the Dodd-Frank Act of 2010 and still run by an Obama appointee—issued a rule in July barring financial institutions from including arbitration clauses in their contracts with customers. That means disputes would have to be settled by class-action lawsuits, which mostly benefit lawyers.

The agency justifies its rule by claiming it found that 79% of money paid in class-action settlements goes to consumers. The statistic is bogus. Lawyers publicize the handful of settlements in which cash actually goes to consumers but hide the overwhelming majority of settlement results from public view.

A Florida federal district court, for example, has in recent years approved several settlements with banks concerning mortgage-insurance practices. Lawyers collected tens of millions of dollars. But the claims process for mortgage-holder class members was so arduous that consumers were certain to receive only a fraction of that. Class members, who have no say over who is appointed as their attorney, objected repeatedly. The court refused to consider how much class members would actually receive in the settlements—or even require its disclosure.

How did the CFPB study treat settlements like these, in which there is no public information about how much the class received? It assumed every class member got paid, then calculated its ratio based on that fictional "gross relief" number. The agency also calculated a "net relief"

ratio based on actual payments—but that ratio ignored all settlements in which the actual payments were not disclosed, as well as those in which the class received no cash at all and the attorneys got 100% of the proceeds.

My legal team at the Competitive Enterprise Institute got involved in a recent class-action settlement involving Duracell batteries. (The CFPB rule only applies to financial businesses, but the rules for what lawyers can take from class-action settlements are the same for batteries as for banks.) The plaintiffs attorneys in the Duracell case received more than 16 times as much as their clients. They countered that since the majority of class-action settlements fail to compensate more than 99.7% of the class, their 0.5% compensation rate was above average. We regularly litigate against

settlements with even worse ratios than that.

Class-action attorneys fees often total thousands of dollars an hour. And even that number understates the windfall to lawyers because, as

The bureau's rule against arbitration won't help consumers, but it will lead to many more lawsuits.

The Wall Street Journal reported in 2013, many cases involve \$25-an-hour temps with law degrees doing menial tasks that are billed to class members at over \$500 an hour.

The CFPB's study also ignored the millions of dollars spent on lawyers to defend against lawsuits even

when the defendants prevail—costs eventually passed to consumers.

Congress has a chance to undo this CFPB regulation, thanks to the Congressional Review Act of 1996. The law requires federal agencies to submit new rules to Congress, which then has 60 "session days" to disapprove such rules with a simple majority vote and presidential signature. The House voted in July to repeal the CFPB rule. The Senate can save consumers billions by following suit.

Trial lawyers are a major source of Democratic funding and can expect lockstep Democratic opposition to efforts to repeal the rule, as happened in the House. Senate Republicans need to unify and get the 50 votes required to perform the consumer-protection role the CFPB has abdicated.

Mr. Frank is an attorney at the Competitive Enterprise Institute.

Notable & Quotable: Is Weather Climate?

Scott Adams blogging at Dilbert.com, Sept. 6:

It wasn't that long ago that climate scientists and their supporters mocked the critics who looked out their window, saw snow in the winter, and declared "global warming" to be a ridiculous hoax.

The climate scientists were right about that. You can't predict the future by looking at today's weather, even when the weather is setting records. . . .

If the recent hurricanes and weather extremes are meaningful in terms of climate change, we really, really need to know that.

THAT is NEWS. In fact, no news is bigger than that news. Even the risk from North Korea is smaller than the

risk of total climate catastrophe. So if the current weather extremes are statistically meaningful, and science confirms, why-the-hell isn't that the lead story everywhere?

On the flip side, if climate scientists do NOT believe our current weather extremes are meaningful in terms of climate predictions, I'd say THAT should be the lead story too, simply because so many people believe they are seeing the beginning of the end times, climate-wise.

So why is the biggest story in the world conspicuously missing from the news? Keep in mind that climate change is still the biggest story even if the hurricanes are NOT telling us something new. The public wants to know how big the threat is. We're scared!!!

Instead of that news, we get mostly crickets. . . .

My working hypothesis is that science doesn't know one way or another whether the current weather extremes are predictive of things to come. And if they are not yet sure, they would say as much. And that would be a problem for news organizations dedicated to reporting climate science risks as real and dire. If you think the world is best served by convincing the public that climate risks are real, your most socially responsible play in this case is to ignore climate scientists at the moment and let the public believe (without the benefit of scientific support, at least right now) that current temperature extremes are a clear sign of climate collapse.

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BUSINESS & FINANCE

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Inflation and Growth Go Separate Ways

Economies pick up but prices stall in shift with broad policy-making, market implications

By JON SINDREU

The world's biggest economies are chalking up stronger growth. Yet what was once thought to be growth's constant companion is puzzlingly missing: inflation.

The U.S. economy grew at an annualized 3% in the second quarter, but in July consumer-price inflation advanced only 1.7% from the previous year.

Japan's economy grew by an annualized 4% in the same quarter, for its longest expansion since 2006. Yet inflation

hovers around zero, as it has for most of two decades. Euro-zone inflation is stuck at 1.5% despite the bloc's recovery.

Standard economics teaches that prices are ultimately set by supply and demand. When growth is strong, people demand more products and companies need to offer better pay to hire more workers, and so prices go up.

But there are signs the relationship is broken. If it is, the consequences are vast for economic policy making and financial markets.

"There's no question this is a very fundamental challenge to our knowledge and our policy making," said Adam Posen, president of the Peterson Institute for International Economics.

The growth-inflation relationship is the fulcrum of central banking: Central banks set an inflation target—usually around 2%—and then lower interest rates to help prices adjust whenever demand falters. If there is a risk that excessive spending pushes inflation over the target, they raise rates to retard growth.

It is essential to investors' decisions about where to put money: Bonds do well when interest rates fall, and falling interest rates traditionally are taken as signaling concerns about growth, so stocks and bonds typically cushion each other.

Yet in 2017, and for much of the postcrisis period, bonds and stocks have been going in the same direction. This year,

the S&P 500 has risen almost 10%, while 10-year Treasury prices have gained 6%, pushing the benchmark U.S. bond yield down near 2%—a level typically associated more with fi-

that statistics miss people in temporary jobs or outside the labor force—in other words, the economy isn't necessarily as strong as the numbers suggest.

In a speech Tuesday, Federal Reserve governor Lael Brainard said that "one simple explanation may be the experience of persistently low inflation": Because inflation has been low and often falling for much of the past decade, households and firms now expect low inflation in the future as well.

Paul Donovan, chief economist at UBS Wealth Management, believes the bond market is giving the wrong signal about inflation. "Bond markets are rigged," he said, by extraordinary demand for safe

debt, created by an aging population, regulation and central bank buying.

But it is also possible, investors say, that something deeper has changed. Candidates include globalization, the decline of labor unions and the rise of big multinationals holding down consumer prices in an effort to grab market share.

Bond markets aren't imagining low inflation. Unemployment across the developed world has fallen to where it was before 2008, so in theory companies should be offering more generous pay increases to attract workers and increasing prices to offset the cost. Neither is happening.

A partial explanation is that workers can't demand pay

Please see SHIFT page B2

Whitman Deflects Talk of An Exit

By RACHAEL KING

When Meg Whitman declared to Hewlett-Packard investors at an annual meeting in 2012 that it would take five years to turn around the troubled hardware maker, there was an audible gasp in the room, the chief executive recalled.

"They were like, 'You've got to be kidding me. Five years?'" Ms. Whitman said in a recent interview. "I think they just didn't quite understand how deep the hole H-P had dug itself."

The 61-year-old chief has since carved up one of Silicon Valley's most storied technology companies in a series of splits and sales. A fourth major deal completed Friday—the \$8.8 billion spinoff of its software business—is the culmination of a controversial turnaround plan that went off script. It involved the largest split in corporate history, tens of thousands of layoffs, \$18 billion in write-offs and a nearly entire recasting of the executive ranks.

The results are mixed, analysts say, delivering billions of dollars to shareholders and erasing some debt but arguably without the innovation needed to effectively compete in declining markets for corporate hardware.

Now that the five years are over, the question is what is next for Ms. Whitman, who previously served as chief executive of eBay Inc. and ran for governor of California in 2010.

Speculation about Ms. Whitman's possible exit from **Hewlett Packard Enterprise** Co. revved up over the past several weeks following reports she was interviewing for **Uber Technologies** Inc.'s top job. Some people familiar with her thinking say she has begun to make plans to leave HPE—which split from HP Inc. in 2015—as soon as this fall.

Asked about whether she is leaving the company, Whitman

Please see CEO page B4

India's Market and Economy Stand Out From Rest of the Crowd



Raking It In

Investors have been pouring funds into India at a time when many other Asian nations have received much smaller inflows or even outright withdrawals.



Sources: EPFR Global (data); Dhiraj Singh/Bloomberg News (photo)

THE WALL STREET JOURNAL.

Sanofi Ends Zika Vaccine Testing

By PETER LOFTUS

Drugmaker **Sanofi** SA has ended its development of two Zika virus vaccines, citing a decline in new infections and limits on U.S. government funding, a move that illustrates the challenges in sustaining research in emerging infectious diseases after major outbreaks subside.

A division of the U.S. Department of Health and Human Services, the Biomedical Advanced Research and Development Authority, or Barda, informed the French company's Sanofi Pasteur vaccine unit in August that the agency had reviewed the Zika projects it was funding and "decided to focus on a more limited set of goals and deliverables," Sanofi said in a statement posted on its website last week.

As a result, the company said it is discontinuing its development of the Zika vaccine it had been testing in partnership with the U.S. Army since last year. The Walter Reed Army Institute of Research originally developed that vaccine, which contains an inactivated virus, and Sanofi had been helping to study whether it was safe and effective in people, with a \$43 million Barda grant.

Jon Heinrichs, associate vice president and Zika project leader at Sanofi, said in an interview that Sanofi's development of the Army vaccine was going to take several years longer than expected because of the need to evaluate new vaccine doses manufactured by the company, and because of the decline in infection rates. He said Barda was unable to commit to additional funding to accommodate the longer timeline.

"The driving forces behind this are change in epidemiology and lack of additional funding," Mr. Heinrichs said.

Sanofi had been part of a big push by drug companies and government and private researchers to find new vaccines

Please see ZIKA page B2

Opioid Report Faults Drugmaker

By JOSEPH WALKER

A representative of **Insys Therapeutics** Inc. misled a health insurer into approving payment for a prescription of the company's addictive fentanyl painkiller, and 14 months later the woman who received the prescription was dead at age 32 from complications related to the drug, according to a report by a U.S. Senate committee investigating the opioid crisis.

The report released Wednesday is the first to stem from an investigation into the soaring

rate of opioid deaths in the U.S., one being led by Sen. Claire McCaskill, the top-ranking Democrat on the Senate Homeland Security and Governmental Affairs Committee. The investigators said they have been reviewing "thousands of pages" of documents to learn how companies marketed the drugs and what steps they have taken to prevent opioids from being diverted onto the black market.

Wednesday's report provides new details on the operation of the Insys Reimbursement Center, or IRC, which was tasked with helping patients and doc-

tors secure prior authorization from insurers for prescriptions of Subsys, an inhaled form of fentanyl.

The Senate investigation comes as Insys is already facing multiple state, federal and civil lawsuits over allegations that it defrauded insurers and paid kickbacks to doctors. Federal prosecutors have alleged that IRC staff, under the direction of Insys executives and managers, frequently misrepresented their identities and patient diagnoses to defraud insurers who paid for Subsys, which can cost tens of thousands of dollars a

month.

Insys is seeking to reach a legal settlement with the U.S. attorney's office in Boston to resolve allegations related to the company's sales and marketing practices and the IRC, the company has said. The Boston prosecutors are investigating both civil and criminal allegations against the company, according to people familiar with the matter.

Insys, based in Chandler, Ariz., has revamped its executive ranks over the past year, and 90% of its sales force be-

Please see INSYS page B2

INSIDE



BURGER CHAINS TO TEST IPO MARKET

FINANCE, B10

HEARD ON THE STREET | By Justin Lahart

Hurricanes Push Fed Off Course on Rates

The devastation Hurricane Harvey brought to Houston, and any further destruction Hurricane Irma could cause, pose little long-term threat to the U.S. economy. But the **Federal Reserve's** plans to raise rates one more time this year may not weather the storms.

One of the peculiarities of how we gauge the economy is that natural disasters end up looking like a wash. When people are unable to buy things or go to work, and

when businesses are forced to close, gross domestic product gets dinged. But the effort to rebuild what was lost can more than offset those drags. And property that is permanently lost doesn't show up at all in growth measures. The timing of these pluses and minuses is what matters for the Fed.

Any boost that comes after this year's hurricanes probably won't show up until sometime in the fourth quarter. Hurricane-related losses, on the other hand, will show up earlier. The lost oil, natural gas and chemical

production in the Houston area, in particular, will weaken GDP. So, too, will the higher gasoline prices that have come as a result of the storm, which will leave consumers with less to spend.

Economists at Barclays estimate Harvey will shave as much as 1 to 1.5 percentage points off GDP growth in the third quarter. Irma could make a further dent.

The Fed has been aiming to raise rates for the third time this year at its mid-December meeting. At that point, it will know how much GDP weakened in the third

quarter, but it won't have much certainty about the scope of any rebound.

With a weaker economy, the only thing that would get the Fed to raise rates would be inflation heating up quickly. The hurricanes could cause that as supplies shrink and demand rises, but the Fed will likely see any price increases as temporary.

The Fed has paused its rate-increase campaign whenever there have been doubts about growth. The hurricanes are big enough to convince all but the biggest doubters. Wait til next year.

WIND WINS CONVERSIONS IN RURAL U.S.

ENERGY, B2

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BUSINESS & FINANCE



DAVID KASNIC FOR THE WALL STREET JOURNAL

An Indiana wind farm. The industry has powerful allies, including Energy Secretary Rick Perry, a booster while Texas governor.

Wind Powers Rural U.S.

BY ERIN AILWORTH

FOWLER, Ind.—BP PLC does big business harvesting energy in and around this farm town. But it isn't oil and gas—it's wind.

Hundreds of wind turbines ring Fowler, their white towers rising for miles amid the golden-tipped cornfields and leafy soybean plants blanketing much of Benton County, population 8,650. More than half of the county's 560 turbines are operated by BP, which has three wind farms here.

"Turbines as far as you can see," said Ryan Linzner, who manages the BP wind farms.

Wind developers have made \$17 million in payments to the county and have spent \$33 million on roads, a boon for an economically struggling community that about a decade earlier considered hosting a waste dump to generate jobs and government revenue.

The wind farms took hundreds of construction workers to build and created 110 permanent jobs, mostly wind technicians—in charge of servicing and maintaining wind turbines—who, according to federal data, earn about \$51,500 a year in Indiana.

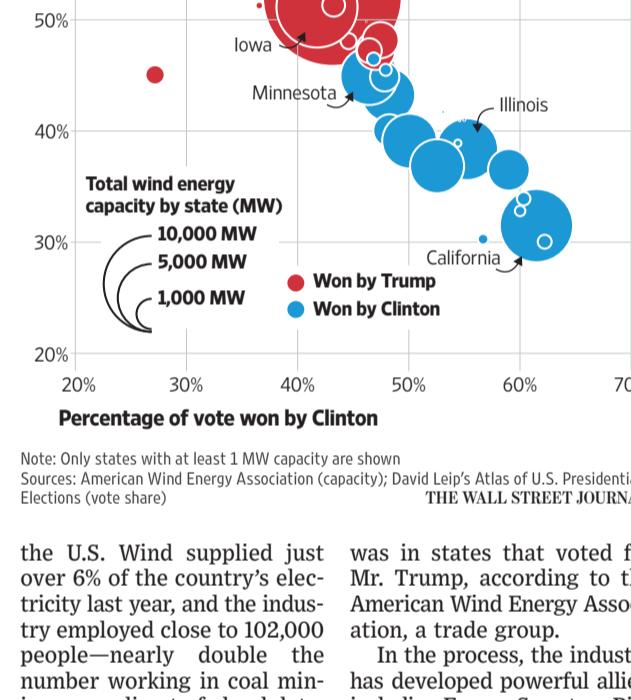
"Benton County didn't see the recession until 2011," said the county commission's president, Bryan Berry, who has three turbines on his farmland. "The wind industry helped keep things open."

As wind becomes a bigger part of the U.S. electricity mix, it is becoming an economic force in rural communities such as Fowler, a development that is changing the political conversation around renewable energy in many parts of

Political Winds

Nearly 90% of the wind capacity brought online in 2016 was in states that voted for Donald Trump.

Percentage of vote won by Trump



Note: Only states with at least 1 MW capacity are shown

Sources: American Wind Energy Association (capacity); David Leip's Atlas of U.S. Presidential Elections (vote share)

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the U.S. Wind supplied just over 6% of the country's electricity last year, and the industry employed close to 102,000 people—nearly double the number working in coal mining, according to federal data.

President Donald Trump campaigned in part on reviving the U.S. coal industry and has been critical of renewable-energy subsidies. But heavily Republican states such as Indiana, Iowa, Texas and Wyoming have embraced wind for the work and revenue it brings.

Nearly 90% of the wind capacity brought online in 2016

was in states that voted for Mr. Trump, according to the American Wind Energy Association, a trade group.

In the process, the industry has developed powerful allies, including Energy Secretary Rick Perry, who presided over a wind-turbine boom as governor of Texas, and Sen. Chuck Grassley, the Iowa Republican who chairs the Judiciary Committee.

While some in Congress have argued against the federal subsidies that wind energy receives, Mr. Grassley said that support helped build an industry that creates jobs

and lowers the nation's need for foreign oil. "It helps us to be energy independent," he said, adding that wind's growing competitiveness with traditional energy sources has diminished the need for wind tax credits, which are being phased out.

Excluding subsidies, it costs about \$47 per megawatt hour to generate electricity from wind in North America over the full lifetime of a facility, compared with \$63 for natural gas and \$102 for coal, according to a 2016 analysis by Lazard Ltd.

Wind produces more than 36% of Iowa's electricity, nearly 7 gigawatts of capacity in all, second only to Texas' 21 gigawatts.

The falling price of wind power, along with its environmental benefits, helped persuade companies such as Facebook Inc., Microsoft Corp. and Alphabet Inc.'s Google to open data centers in the state, said Debi Durham, director of the Iowa Economic Development Authority.

"We use this wind portfolio, this renewable portfolio, as a calling card when we are talking to companies," she said.

Indiana is an up-and-coming wind competitor, with nearly 2 gigawatts of wind capacity. More than half that capacity is in Benton County, where there is roughly one turbine for every 15 residents.

In addition to BP, which owns wind farms here with Dominion Energy Inc. and Sempra Energy, the area's wind developers include Orion Energy Group LLC, Pattern Energy Group Inc., and the North American subsidiary of Électricité de France SA's EDF Energies Nouvelles.

ZIKA

Continued from the prior page and medicines after the mosquito-borne virus spread rapidly in Brazil and elsewhere in the Americas in 2015 and 2016. The Zika virus was linked to causing defects in many babies and fetuses of women infected by the virus.

The rate of new infections has declined, and in November 2016 the World Health Organization lifted the public-health emergency for the outbreak it had declared earlier last year.

The decline in infection rates may prolong vaccine development time lines because researchers may have to enroll more people in clinical trials to get enough data to demonstrate safety and efficacy, Anthony S.

Fauci, director of the National Institute of Allergy and Infectious Disease, said in an interview.

Development of vaccines for such unpredictable pathogens is "a risky business," Dr. Fauci said. "It's unlike the development of drugs and therapeutics for predictable diseases. It's tenuous."

"Zika remains a public health threat and we remain committed to working with industry on Zika diagnostics and vaccines," Barda Director Rick Bright said in a statement Wednesday. He said the agency continually evaluates the projects it is funding, which led to revising the contract with Sanofi. He added that Barda continues to fund the development of several Zika diagnostics and blood-screening tests and three other vaccines.

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SHIFT

Continued from the prior page raises. In its annual report in June, the Bank for International Settlements found a "positive and significant" link between wages and the strength of unions. Unionization has dropped by half over four decades.

Enrique Martínez-García,

economist at the Federal Reserve Bank of Dallas, published research in July showing that globalization is part of why inflation has been low and unresponsive to growth.

What makes the problem

difficult to solve is that inflation hovered around policy makers' targets for more than two decades until 2008, after shooting up in the 1970s. Central banks were then credited with subduing inflation by raising rates and cooling the economy, but many investors now doubt they can manage the effect in reverse.

"Inflation is not a leading indicator" of growth anymore,

said Didier Borowski, head of macroeconomic research at Amundi, Europe's largest asset manager. He said "much more competition at the global level" is leading producers to price more aggressively.

Indeed, the focus of many analysts is now on the market power of superstar firms, especially technology giants such as Alphabet Inc. or Amazon.com Inc., rather than on traditional supply-and-demand explanations.

"When Amazon enters a market, it drives prices down," said Jason Helfstein, a tech-sector analyst at Oppenheimer & Co.

Federal Reserve Bank of Chicago President Charles Evans referred to Amazon's purchase of Whole Foods Market Inc. as an example of "disruptive technology" that keeps inflation down.

Source: the company

THE WALL STREET JOURNAL.

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BUSINESS NEWS

Peltz Details His Fixes For P&G

BY SHARON TERLEP
AND DAVID BENOIT

Activist investor Nelson Peltz on Wednesday laid out a detailed case for why Procter & Gamble Co. should give him a board seat, painting a picture of a company impenetrable to outsiders and incapable of navigating the changing consumer landscape.

In a 94-page presentation, Mr. Peltz's Trian Fund Management LP criticized the company as having lost its position as a consumer-goods leader and settled for "mediocrity," urging a restructuring of its businesses, the hiring of outsiders and branching out into smaller, local brands to attract coveted millennial shoppers.

The blueprint is the latest salvo in Mr. Peltz's attempt to win a board seat at the maker of Tide and Pampers, the largest company to ever face a proxy fight. It is Trian's response to the company's months-long argument that Mr. Peltz brings no new ideas to the table and therefore hasn't earned a seat.

Both sides are courting investors who are set to decide at the company's Oct. 10 shareholder meeting whether to add Mr. Peltz to the board. P&G executives say the company already is bringing in outsiders, simplifying its governing structure and cutting costs to free up cash to create and market new products.

"The problem is that they have lost and are continuing to lose market share," Mr. Peltz said in an interview last week. "Once you've had a consumer and he's left you, it's very hard to bring that consumer back."

P&G has said Mr. Peltz's ideas are either ill-informed or retreads of work that is already under way. "We're already doing something and he's jumping on and saying, 'Do more of it,'" P&G Chief Executive David Taylor said in an interview last week.

Trian, which owns a \$3.5 billion stake, says P&G should organize itself into just three business units, down from 10, by combining businesses, such as beauty, grooming and health care. The units would operate autonomously and have total control over sales, marketing, manufacturing and other major functions. P&G downsized to 10 business units from 16 as part of a restructuring effort carried out before Mr. Taylor took over in late 2015. The company has no plans to further reduce that number.

In a statement Wednesday, P&G said its board and management team would review Trian's presentation but added that the investor "has an outdated view of our company. The fact is P&G is a profoundly different Company than it was just a few years ago."

The company's structure is one of the thorniest points of debate between the two sides. While Trian criticizes P&G's overly complex "matrix" structure, P&G executives say a major restructuring in the last year has created autonomous units with control over all parts of their business. They say functions still controlled by regional and corporate chiefs, such as negotiating with retailers like Wal-Mart Stores Inc. and Target Corp., are best handled at higher levels.

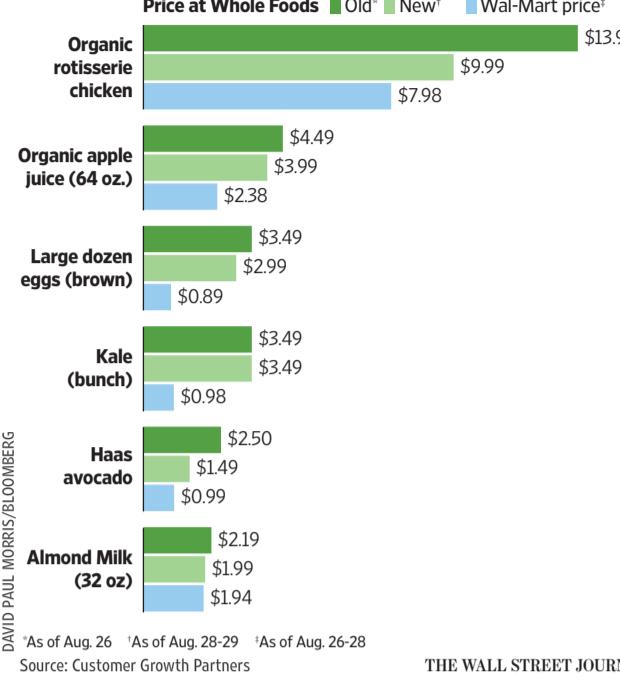
In its presentation, Trian calls for P&G to set a goal of having about 25 of the company's top 100 executives with significant outside experience.



Some shoppers said prices would have to fall by 20% for them to spend more at the grocery chain.

Price Check

Whole Foods has cut prices on some items, but they are still cheaper at Wal-Mart.



^aAs of Aug. 26 ^bAs of Aug. 28-29 ^cAs of Aug. 26-28

Source: Customer Growth Partners

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Whole Foods Becomes Less Pricey

Some cuts under Amazon's ownership: '10 cents here and there,' says shopper

BY HEATHER HADDON
AND LAURA STEVENS

back-to-school rush.

A J.P. Morgan & Chase Co. analysis of four days of car traffic to Whole Foods stores found visits were up compared with averages before the merger and during comparable periods over the previous three years.

But the chain's prices remain higher than those at Wal-Mart Stores Inc. or deep-discounters such as Aldi and Trader Joe's, analysts have found.

A comparable basket of Wal-Mart goods is still 37% cheaper than at Whole Foods, according to a store survey by Consumer Growth Partners. Whole Foods had narrowed the gap by 3 percentage points from before the merger, the market research firm found.

"Wal-Mart will not see a major short-term competitive threat even from a repriced Whole Foods Market," said Craig Johnson, the firm's president. A Wal-Mart spokesman said the company felt confident of its position in the industry.

Whole Foods stores in different regions of the country are also holding routine sales

that go beyond the Amazon markdowns, a spokeswoman for the grocer said. She said Whole Foods would continue to cut prices, adding that its products are superior to those sold by its competitors. Amazon declined to comment.

Amazon's takeover of Whole Foods has heightened the competition among grocery stores. An increase in the number of businesses that sell food has contributed to an extended period of lower food prices, just at a time when large chains are racing to invest in e-commerce operations. Grocery stocks are down 18% this year, according to FactSet.

A spokeswoman for Ahold Delhaize NV, owner of U.S. grocery chains such as Food Lion and Stop & Shop along with the Peapod online grocery service, said the company is investing more in e-commerce and private-label brands to compete.

Monique Kofoid, a 52-year-old stay-at-home mother shopping at a Whole Foods in Chicago on Tuesday, said she believes Amazon will transform grocery shopping as it has buying other consumer

goods. She said she hopes to buy more of her groceries through Amazon Prime as the company sells more products through the online membership service.

Whole Foods hasn't added to its list of items marked down after the merger last

Foods in nearby Berkeley on Tuesday and was touting its low prices.

"Our bananas have been priced at 19 cents for 17 years," one sign read. Whole Foods' conventional bananas now cost 49 cents a pound.

"I love the shopping experience here," said Carol Dreher, a nurse shopping for items including flowers, bananas and potatoes at Trader Joe's. "And I love the prices."

But Whole Foods had undercut Trader Joe's on some products. Two pounds of organic Driscoll strawberries were \$6.49 at Whole Foods, compared with \$6.99 at Trader Joe's. Organic red, seedless grapes sold for \$2.49 per pound at Whole Foods compared with \$2.99 at Trader Joe's.

Cutting prices on a few items isn't likely to replenish the ranks of Whole Foods customers that have been declining for nine consecutive quarters, Barclays analysts said. Some shoppers said prices would have to fall by 20% for them to shop more at Whole Foods.

—Sarah Nassauer
and Annie Gasparro
contributed to this article.

49

Cents per pound for conventional bananas at Whole Foods stores

Holy Guacamole! Avocados Get Scarce

BY BENJAMIN PARKIN

Meager avocado harvests have caused a shortage of the fatty fruit, pushing prices to record highs.

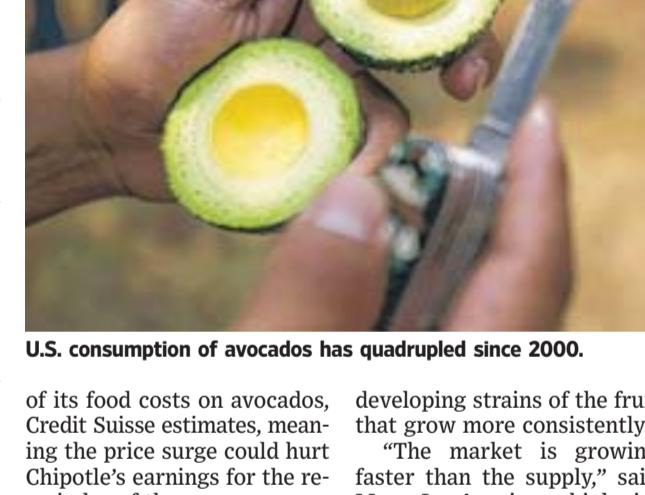
Avocado farming is a volatile business. Output from avocado trees alternates from year to year, with a high-yield season one year typically followed by a leaner one the next. Packers and distributors usually offset a bad harvest in California, the largest U.S. growing state, with fruit from elsewhere in the Americas.

This summer a smaller crop in California coincided with a tough season in Mexico after a lack of rain delayed the main harvest there. As a result, wholesale prices have soared 75% since mid-July to around \$80 for a case of 48 Hass avocados, according to the American Restaurant Association Inc.

Average retail prices for avocados rose 35% in the first half of this year to \$1.21 per avocado, according to the Hass Avocado Board, pushed higher by strong demand.

"There's just not enough supply out there," said David Maloni, president of the American Restaurant Association.

That is threatening the bottom line at restaurants like Chipotle Mexican Grill Inc. The burrito maker spends 10%



U.S. consumption of avocados has quadrupled since 2000.

of its food costs on avocados, Credit Suisse estimates, meaning the price surge could hurt Chipotle's earnings for the remainder of the year.

Chipotle declined to comment in detail ahead of its next earnings report in October. The company said it believes the impact of rising avocado prices would be temporary.

U.S. Vice President Mike Pence said on an August trip to Latin America that the U.S. would allow imports of Hass avocados, the most common variety, from Colombia to widen its supplier base. Scientists are also working to make crop cycles more uniform by

developing strains of the fruit that grow more consistently.

"The market is growing faster than the supply," said Mary Lu Arpaia, a biologist breeding new avocado varieties at the University of California at Riverside.

U.S. consumption of avocados has quadrupled since 2000, the Hass Avocado Board said. Demand is also increasing in Europe and Asia.

Glowing publicity of the fruit's high nutrient and beneficial-fat content has driven its popularity, analysts say. High-end restaurants and food trucks increasingly use the fruit, said Erik Thoresen of

Bruised Fruit

Tough harvests have prompted a run-up in avocado prices.

\$100 per case of 48 hass avocados.



Source: American Restaurant Association, U.S. Department of Agriculture

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restaurant consultancy Technomic, helping make it a staple in more than just guacamole.

The Whole Foods chain slashed prices for its avocados and many other products last month as Amazon.com Inc. assumed ownership of the natural-food grocer. Not many other retailers or restaurants can afford to follow suit with wholesale prices so high.

"We're paying a lot more for the product," said Rob Bertels, vice president of marketing at Mission Produce Inc. in Oxnard, Calif., one of the world's largest avocado distributors. "We're hoping production will ramp up."

Toys 'R' Us Seeks Help To Rework Its Debt

BY PAUL ZIOBRO

Toys "R" Us Inc. has retained lawyers from Kirkland & Ellis LLP to help restructure \$400 million in debt due next year, a person familiar with the matter said, the latest move by the toy chain as it struggles with online competition.

The Wayne, N.J.-based retailer has been burdened with debt since private-equity owners Bain Capital, KKR & Co. and Vornado Realty Trust took it private in 2005 for \$6.6 billion. It has swapped debt coming due this year and next for longer-term debt with a higher interest rate, and analysts had expected it to do the same with a \$400 million bond due next year.

Toys "R" Us could successfully restructure its debt without seeking bankruptcy protection, Wells Fargo & Co. analyst Tim Conder said in a research note. But he added lenders are becoming leery working with retailers given the number of bankruptcies and online competition from Amazon.com Inc. and others.

Toys "R" Us, which operates about 875 stores in the U.S. and another 765 abroad, has previously indicated it was working with bankers at Lazard Ltd. on a potential debt refinancing.

Kirkland & Ellis's restructuring group, with more than 100 lawyers, has long been one of the go-to law firms for companies looking to revamp operations or to restructure their finances.

The law firm has represented a number of troubled retailers that have sought bankruptcy protection within the past year. CNBC earlier reported that Toys "R" Us had hired Kirkland.

CSX Says Service Woes Took Toll

BY PAUL ZIOBRO

CSX Corp. on Wednesday lowered some of its financial targets after a summer of railway congestion and service woes as its chief executive, Hunter Harrison, implemented his railroading strategy.

The railroad said due to various operating challenges in July and August, it now expects its 2017 operating ratio, a closely watched metric, to register "around the high end of the mid-60s" percentage range, instead of being squarely in the mid-60s. Oper-

ating ratio is the percentage of revenue consumed by operating costs, so the lower the better for a company.

CSX also scaled back its per-share profit growth to between 20% and 25% this year, instead of being in the higher end of that range.

Mr. Harrison took over in March and promised to run the company's 21,000-mile network more efficiently by idling excess equipment, closing some freight yards and running trains on a tighter schedule. However, the changes have caused congestion, delays and



The railroad operator has lowered some of its financial targets.

ANDREW HARVEY/BLOOMBERG NEWS

TECHNOLOGY

WSJ.com/Tech

Intel Wins Reprieve on EU Antitrust Fine

Ruling by bloc's highest court could blunt regulatory action against U.S. tech firms

BY NATALIA DROZDIAK

BRUSSELS—The European Union's highest court on Wednesday backed Intel Corp.'s appeal of a €1.06 billion (\$1.26 billion) EU antitrust fine in 2009, referring the case back to a lower court and dealing a blow to a regulator that has taken a hard line on U.S. tech

giants.

The decision could embolden companies challenging the European Commission, the bloc's antitrust authority, in court over competition decisions—cases the regulator typically wins. It could also force the commission to re-examine its strategy in several cases.

The Intel case centers on whether an industry-dominant company abuses its commercial power by offering rebates to business customers to retain its market position. The commission in 2009 argued that the chip maker violated the bloc's

antitrust rules because the use of rebates by dominant companies necessarily hurts competition.

The European Court of Justice said in a statement that the lower court failed to examine whether Intel's rebates to other companies in fact restricted competition. The decision means that regulators may now have to prove in each case that the rebate offers would cause economic harm.

"This is certainly a defeat for the European Commission and indicates a certain relaxation of the formalistic case law on

abuse of dominance," said Assimakis Kouninos, a Brussels-based partner at law firm White & Case. "While the Intel case is about rebates, all major corporates being investigated by the commission can take this as a positive sign."

The ruling could have ramifications for other abuse-of-dominance cases, including the regulator's antitrust probe into Qualcomm Inc., which is accused of illegally paying Apple Inc. to exclusively use its chips and selling chips below cost to force a competitor, Icera Inc., out of the market.

Most recently, the EU levied a record €2.42 billion fine against Alphabet Inc.'s Google in June for abusing its market position with its shopping service. Google has said it is considering an appeal.

"The commission takes note of today's ruling by the European Court of Justice and will study the judgment carefully," the commission said.

Intel welcomed the ruling. "While this case concerns events that happened more than a decade ago, we have always believed that our actions were lawful and did not harm

competition," said Steven Rodgers, the company's general counsel.

In the Intel case, the commission penalized the company over rebates it granted to four major computer manufacturers—Dell Inc., Hewlett-Packard Co., NEC Corp. of Japan and Lenovo Group—for using its microchips between 2002 and 2007. The antitrust authority found that Intel had used the rebates, coupled with its dominant position, to lock rival Advanced Micro Devices Inc. out of the market, reducing choice for consumers.

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4	004375CX4	ACCR 2005-1 M5	3,000,000
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7	07324FAFD2	BAYV 2007-B 1A3	1,244,000
8	073879DK1	BSABS 2004-FR1 M6	3,080,000
9	073879HHA	BSABS 2004-HE8	1,300,000
10	17307GET1	CBASS 2004-CB3 B2	3,412,000
11	12486EGB8	CBASS 2004-RP1 M2	1,700,000
12	161542EC5	CFLAT 2004-OP1 B1	500,000
13	161542EE1	CFLAT 2004-OP1 B3	1,000,000
14	162765AH4	CHEC 2004-1 M5	2,000,000
15	162765AZ4	CHEC 2004-2 M7	3,858,000
16	17307GNX2	CMILTI 2005-OP1 M7	2,000,000
17	1266716R2	CWL 2004-5 M7	4,000,000
18	126673BK7	CWL 2004-6 M8	4,000,000
19	126673J7E	CWL 2004-7 M7	2,000,000
20	126673PWX	CWL 2004-BCS B2	1,250,000
21	126673PV8	CWL 2004-CCS M8	1,250,000
22	126673UCA	CWL 2004-EC2 M5	2,500,000
23	126697AE1	CWL 2007-12 A3	5,000,000
24	152314K71	CXE 2004-CM3	3,500,000
25	152314MP2	CXE 2005-AM7	4,000,000
SALE NO. 2 - MIXED BAG. Bid Deadline: September 12, 2017 at 1:00 p.m. (ET)			
No.	CUSIP/ISIN	Security	Amount (\$)
1	073868MT5	BALTA 2004-11 B1	1,000,000
2	073879BS6	BSABS 2004-AC3 B1	4,000,000
3	16165YAT9	CFLEX 2007-M1 F24	5,800,000
4	225451SEK0	CSFB 2004-AR3 CB3	4,870,000
5	251563ESF7	DMSI 2004-4 M2	2,200,000
6	30251YAF5	FNBA 2004-AR1 M3	3,116,000
7	41161P1FY4	HVMLT 2004-6 B2	4,000,000
8	45254NKA8	IIMM 2004-6 M4	2,000,000
9	576434RX4	MALT 2004-5 B2	2,779,000
10	576433DS3	MARM 2004-14 B1	1,979,000
11	576433VE3	MARM 2004-14 B2	1,737,371
12	59020UCD5	MLCC 2004-B 1A2	1,250,000
13	65535VEX2	NAA 2004-AR2 M2	3,025,000
14	68383NAM8	OPMCA 2004-1 M7	1,718,000
15	760985Z9H	RAMP 2004-SL1 M6	1,630,500
16	760985Z2A	RAMP 2004-SL1 M7	1,304,400
17	74951PCP1	RESIF 2004-A B5	2,000,000
18	74951PCQ9	RESIF 2004-A B6	1,000,000
19	74951PCZ9	RESIF 2004-B B6	2,300,000
20	74951PDH8	RESIF 2004-C B5	1,000,000
21	74951PDJ4	RESIF 2004-C B6	1,073,000
22	92978TAN1	WBCMT 2007-C31 E	5,000,000
23	000011AAA1	A AND K FDG LLC 7.87 10APR34 *	5,000,000
24	59560UAB7	MDST 2004-1 M1	2,000,000
25	073242BB6	MBI 2004-1 B2	4,000,000
26	073242BB9	MBI 2004-3 B1	2,000,000
27	073248SK7	MBI 2004-5 B2	2,250,000
28	073249AL3	MBI 2004-6 B2	1,400,000
29	05551PAE6	BLX 2004-AC	5,000,000
30	12328MAY8	BLC 2004-AC	1,000,000
31	86359DUK1	LBSBC 2005-2A8	1,000,000
32	52521BAH9	LBSBC 2006-3A8	2,000,000
33	52521GAJ4	LBSBC 2007-1A B2	3,271,000
34	52521GAJ3	LBSBC 2007-3A M1	5,500,000
* = Financial settlement			
SALE NO. 3 - SUBPRIME RMBS. Bid Deadline: September 13, 2017 at 10:00 a.m. (ET)			
No.	CUSIP/ISIN	Security	Amount (\$)
1	32027NPJ7	FFML 2004-FB1 M1	1,250,000
2	32027NQX1	FFML 2004-F6 M3	4,000,000
3	36228SF31	GSA 2004-3 B1	4,000,000
4	36242DW99	GSA 2005-3 B1	1,300,000
5	36242DN20	GSAMP 2004-OPT B1	1,504,000
6	36242DZA6	GSAMP 2004-SB1 M1	4,774,000
7	36242DK2N	GSAMP 2004-WF B1	1,381,000
8	393513AL0	GTSH 2005-HE1 M7	1,200,000
9	43708AXAO	INABS 2005-AM7	1,000,000
10	45660EAG4	INHEL 2004-C M2	2,000,000
11	542514GU2	LBMLT 2004-3 M2	2,250,000
12	57643LFDS3	MABS 2004-OP1 M2	2,000,000
13	61746RHHT	MSAC 2004-HE5 B1	3,054,000
14	61744CH2	MSAC 2004-HE8 B2	2,000,000
15	61744CGR1	MSAC 2004-SD3 B1	2,000,000
16	66987XZ42	NHCL 2004-2 B2	4,000,000
17	71085PAJ1	PCHLT 2004-1 M5	2,000,000
18	74978FAB5	RAC 2007-SP3 M1	4,000,000
19	76110W75	RASC 2004-KS10 M5	5,000,000
20	76110WXH4	RASC 2004-KS3 M11	4,000,000
21	81375WAU0	SABR 2004-D01 M2	4,000,000
22	81375WAB9	SABR 2004-NC1 M1	3,000,000
23	86358EHW9	SAIL 2004-G M6	4,000,000
24	86358EJL1	SAIL 2004-5 M7	4,000,000
25	86358EMY9	SAIL 2004-9 M6	2,000,000
26	805564QLB8	SAST 2004-2 M4	2,000,000
27	94980GAT8	WFHET 2004-2 M6	4,000,000
NOTICE OF PUBLIC SALE • Property to be Sold			
Public Sale No. 1: Wednesday, September 13, 2017, 10:00 a.m. EDT			
Asset Type for Lot 1 is: ABS CDO; Lots 2-10 is: Subprime; Lots 11-50 is: Zero Factor - RMBS.			
Lot #	CUSIP	Issue	Original Face
1	925345AEQ	VERT 2006-1A A3	1,000,000
2	07324MAD7	BAYC 2006-SP1 M3	3,500,000
3	07324MAF5	BAYC 2006-SP1 M2	2,000,000
4	07324MAF9	BAYC 2006-SP1 M3	3,250,000
5	07324MAG0	BAYC 2006-SP1 M4	1,650,000
6	002575A55	ABAC 2006-10 A4	500,000
7	126670WF1	CWL 2006-3 M4	3,000,000
8	126670XW2	CWL 2006-4 M3	7,000,000
9	126670YL6	CWL 2006-5 M3	3,250,000
10	126670ZSO	CWL 2006-6 M5	5,000,000
11	04541GW1H	ABSC 2006-HE2 M2	14,000,000
12	004421XMO	ASCE 2006-ASP P6 M6	1,426,000

Special Advertising Feature

Surface Runs Deep

Microsoft's versatile Surface Pro is a game-changer for the modern mobile workforce

In

our always-on, hyperconnected age, it's not just flexibility that workers want. It's not a glossy workspace, subsidized lunches or even a great benefits package. It's mobility.

The mobile workforce is set to grow to 1.87 billion by 2022, states a report from Strategy Analytics, accounting for 42.5 percent of the entire global workforce. To stay ahead of the curve, employers in every industry will need to undergo a digital transformation and think mobility-first to put themselves in the position to adapt and execute against tomorrow's innovations.

That transformation begins with a device like Microsoft Surface Pro, orchestrated and pre-configured by CDW. With enhanced battery life, two-in-one versatility and the full suite of Office 365 applications, it's the ideal vehicle to empower the growing mobile workforce.

"Both current employees and younger people entering the workforce demand the ability to work from anywhere, whenever they want," says Ryan Argall, Microsoft Category Manager at CDW. "A 9-to-5 workday isn't necessarily the norm anymore, and employers know that they need to meet the demands of the modern worker in order to recruit and retain top talent. The new Surface Pro is really the ultimate device for the modern, mobile, productive worker."

GOING MOBILE

With the flexibility of a tablet and the power of a best-in-class laptop, Surface Pro is meticulously engineered to adapt to any work environment. Lightweight design and a multiposition kickstand provide on-the-go mobility, while a click-in keyboard and Surface Pen allow users to engage in the work style of their choice.

Its versatility spans the industry spectrum too. In the retail space, Surface

Pro gives sales professionals the ability to work closely with customers as they stroll the aisles and assess inventory levels in real time — wholly transforming the in-store experience. The device also strongly resonated with educators; in a 2015 IDC study sponsored by Microsoft, 88 percent of teachers said they thought stylus tools like Surface Pen allowed them to increase the quality of instruction in the classroom.

It's a natural fit for the finance world as well. "Financial advisors are people who are out on the road or in other offices; they're meeting with clients at their homes, at a coffee shop or anywhere else they can," Argall says. "Surface Pro allows them to run deep analytics, go through a presentation or annotate contracts side by side with a client, from anywhere. It gives them the flexibility and adaptability to stay nimble and productive wherever they might be."

For instance, one payroll company that partnered with CDW for a mobility solution armed its sales team with Surface Pros as they went out to meet with customers. The approach paid off — employees were glad to leave their heavy laptops back at the office when they were out in the field, while new customers were won over by the collaborative spirit of interacting via Surface Pro and Surface Pen.

ORCHESTRATING SUCCESS

There's no one-size-fits-all approach to mobility. With CDW, every IT orchestration is tailored to meet a client's specific needs and help them down the path of digital transformation. "We live

in a world of ubiquitous information and data, and the organizations that are going to rise are the ones that are nimble and have the ability to transform, innovate and adapt based on the information that's available to them," Argall says. "CDW is there to help our customers make the most of that opportunity."

With Surface Pro, that goes beyond simply introducing a new device into the workplace. It means looking at the requirements holistically, evaluating employee workloads and calculating the return on investment Surface Pro brings into a new work environment. Meanwhile, at CDW's configuration centers, each device is configured, imaged and pre-loaded with the applications and settings needed in order to be ready out of the box.

Ultimately, businesses that embrace the mobility Surface Pro affords could end up seeing dividends with job seekers and current employees alike. According to an American Payroll Association survey, nearly 73 percent of workers say that mobile technology makes their jobs easier and allows them to be more productive. Meanwhile, statistics from Global Workplace Analytics state that 80-90 percent of the U.S. workforce says they'd like the ability to work remotely at least part-time.

"At CDW, we're focused on helping our customers understand these types of challenges and rise to the occasion," Argall says. "Our customers are looking to realize the benefits of enhanced mobility and productivity solutions, and that's exactly what our partnership with Microsoft and Surface Pro provides."

The Wall Street Journal news organization was not involved in the creation of this content.



All in one, and one for all. Orchestrated by CDW.

In a workplace that demands more flexibility than ever, you need a device that adapts. All-portable, all-powerful, the Microsoft Surface Pro can help you take on any task with the power of a laptop and the versatility of a studio and tablet. When it arrives preconfigured and optimized by CDW with all the critical applications, security and tools you need, you can stay productive on your own terms. It's more than technology. It's IT Orchestration by CDW.™

CDW.com/surface

 **Microsoft
Surface**

 **PEOPLE
WHO
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BUSINESS NEWS

Do Free Business Courses Pay Off?

More people are flocking online for no- or low-cost M.B.A. courses, but the career benefits are still unclear

BY KELSEY GEE

An explosion of online business courses is prompting some students to ask: What's the ROI for free classes?

Schools like the University of Pennsylvania's Wharton School and the University of Illinois at Urbana-Champaign College of Business have attracted thousands of people to free or low-cost digital versions of courses taken by full-time, two-year M.B.A. students.

Classes such as "Selling Ideas" and "People Analytics," two current Wharton offerings, have helped schools win attention and revenue at a time of waning interest in the flagship M.B.A. degree.

"It used to be the case that an M.B.A. from a top school was a golden passport to professional success, and a few universities had a monopoly on the credential," said Bill Aulet, who teaches entrepreneurship at the Massachusetts Institute of Technology's Sloan School of Management, which offers a suite of free classes online. Those credentials matter less now that online learning and nonuniversity training have widened access to skills that once came only with an M.B.A., he said.

For learners, though, the career payoff remains unclear as many new certificates have been untested in the job market, giving the credential less sway than a traditional B-school degree.

Still, students in massive open online courses, or MOOCs, tend to be further along in their careers and not immediately interested in an M.B.A., said Anne Trumbore, Wharton's senior director of online learning. In a recent survey of 4,650 of the school's online learners, roughly two-thirds were located outside the U.S., and



JOHN BOAL FOR THE WALL STREET JOURNAL

Over three years Laurie Pickard amassed multiple certificates, but no degree, taking free online courses from schools like Wharton.

around 60% were seeking to advance their careers.

Wharton has enrolled nearly one million professional learners since 2015. Around 100,000 of those have taken individual courses or strung together a series of classes to earn credentials such as a professional certificate in digital marketing, paying up to \$600 a course. By contrast, the school each year graduates 900 M.B.A. students, who pay about \$250,000 for their degrees.

Harvard Business School, meanwhile, charges up to \$1,500 for eight-week classes like "Becoming a Better Manager" via HBX, its online learning platform. HBX revenue doubled to \$10 million last year, according to the school's most recent financial statement.

"MOOCs have found their

audience, and it's professional learners seeking career-related credentials," said Dhawal Shah, who has run the course search engine Class Central since 2011. The strong brands of top business schools like Harvard and Wharton carry special weight in the increasingly crowded online educational market, he added.

Laurie Pickard began taking free M.B.A.-level courses online while working as an international development specialist in Rwanda in 2013. Ms. Pickard, now 36 years old, chronicled her free coursework from schools like Wharton and University of Michigan's Ross School of Business on her blog, No-Pay M.B.A.

Over three years, she amassed an online following, along with multiple certificates, but no degree. In 2015, Ms. Pickard was promoted—in

part, she says, because her employers were impressed by her new business acumen.

M.B.A. grads get a median base salary boost of around \$30,000, according to the Graduate Management Admission Council, which administers the traditional B-school entrance exam. Calculating the return on low-cost online classes is harder.

"There seems to be a certification for everything these days, from facilitation to surface engineering, and it's harder and harder to gauge what someone has learned," said Anthony Gagliardo, director of human resources at NASA's Jet Propulsion Laboratory.

A study of more than 17 million online job listings found that of 2,500 certifications requested by employers, the most commonly sought

were those awarded by industry associations, not schools.

"The fact that employers almost never ask for most certificates raises questions about whether people are pursuing a credential that actually has currency in the market," said Matt Sigelman, chief executive of Burning Glass Technologies, a labor-market data firm that conducted the analysis.

Even so, business-school leaders are pushing further with online courses to raise both revenue and visibility. A recent GMAC survey found that 8% of prospective business school students said they had completed at least one online course, compared with 6% the year before.

"We're reaching people who would never show up on our doorstep if Wharton only had an in-person program," Ms. Trumbore said.

Rice Adds Presidency At 21st Century Fox

BY JOE FLINT

Fox Networks Group Chairman and Chief Executive Peter Rice has been promoted to the newly created position of president of **21st Century Fox**, the company said Wednesday.

Mr. Rice will continue to oversee all of Fox's broadcast and cable television operations with the exception of Fox News, which continues to report to 21st Century Fox Executive Chairman Rupert Murdoch. Mr. Murdoch is also executive chairman of the news unit.

As part of his new role, Mr. Rice will work with 21st Century Fox leadership on strategic initiatives to help the media company compete in a rapidly shifting entertainment landscape.

Fox's cable channels, including Fox News and sports networks, are solid performers, benefiting from growth in subscription fees from pay-TV providers. They helped boost the company's top line in the most recent quarter, even as the broadcast unit and film studio weighed on results, which modestly beat analysts' earnings estimates.

The Fox network, which has been mired in a ratings slump, recently tapped Michael Thorn to replace the departing president of entertainment, David Madden.

Mr. Rice is seen as one of the top executives at the entertainment conglomerate and is close to not only Mr. Murdoch but also his sons Lachlan and James, to whom he reports. Lachlan Murdoch is executive co-chairman of 21st Century Fox alongside his father, while James Murdoch is the company's chief executive.

21st Century Fox and Wall Street Journal parent News Corp share common ownership.

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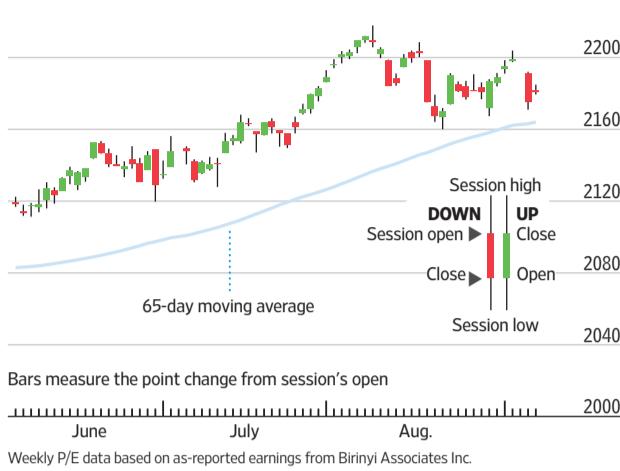
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

21807.64 ▲ 54.33, or 0.25%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
Current divisor 0.14523396877348

6/2017 7/2017 8/2017

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2465.54 ▲ 7.69, or 0.31%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
20000 20400 20800 21200 21600 22000 22400

6/2017 7/2017 8/2017

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Nasdaq Composite Index

6393.31 ▲ 17.74, or 0.28%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
5900 6100 6200 6300 6400 6500

6/2017 7/2017 8/2017

Major U.S. Stock-Market Indexes

	Latest			52-Week			YTD		
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.
Dow Jones									
Industrial Average	21849.24	21794.07	21807.64	54.33	▲ 0.25	22118.42	17888.28	17.7	10.3 8.4
Transportation Avg	9346.72	9237.46	9310.15	42.76	▲ 0.46	9742.76	7755.40	15.5	2.9 2.7
Utility Average	744.56	737.91	738.50	-4.31	▼ -0.58 ■	748.16	625.44	8.7	12.0 9.1
Total Stock Market	25534.25	25428.93	25489.83	71.50	▲ 0.28	25692.25	21514.15	12.5	9.5 6.7
Barron's 400	643.11	639.82	641.85	1.23	▲ 0.19	661.93	521.59	14.8	6.7 6.0

Nasdaq Stock Market

Nasdaq Composite	6407.40	6356.20	6393.31	17.74	▲ 0.28	6435.33	5046.37	21.0	18.8 11.7
Nasdaq 100	5964.38	5909.92	5951.13	18.40	▲ 0.31	5988.60	4660.46	23.2	22.4 13.3

Standard & Poor's

500 Index	2469.64	2459.20	2465.54	7.69	▲ 0.31	2480.91	2085.18	12.8	10.1 7.1
MidCap 400	1724.40	1716.90	1719.67	1.33	▲ 0.08	1791.93	1476.68	8.7	3.6 6.1
SmallCap 600	842.54	837.78	839.94	2.01	▲ 0.24	876.06	703.64	9.7	0.2 7.7

Other Indexes

Russell 2000	1406.02	1399.27	1402.20	2.54	▲ 0.18	1450.39	1156.89	11.2	3.3 6.2
NYSE Composite	11889.27	11855.15	11872.92	45.77	▲ 0.39	12000.02	10289.35	9.0	7.4 2.4
Value Line	516.91	514.40	516.07	1.67	▲ 0.32	533.62	455.65	5.5	2.0 0.8
NYSE Arca Biotech	4237.22	4176.80	4214.63	6.34	▲ 0.15	4232.90	2834.14	24.1	37.1 10.9
NYSE Arca Pharma	530.52	527.12	529.59	3.88	▲ 0.74	549.20	463.78	1.1	10.0 0.1
KBW Bank	92.05	91.08	91.53	0.15	▲ 0.16	99.33	69.71	27.3	-0.3 8.4
PHLX® Gold/Silver	92.80	90.62	91.35	-1.06	▼ -1.14 ■	101.08	73.03	-9.6	15.8 -1.4
PHLX® Oil Service	127.96	125.75	127.22	2.10	▲ 1.67	192.66	117.79	-18.8	-30.8 -23.9
PHLX® Semiconductor	1110.56	1099.88	1105.76	2.13	▲ 0.19	1138.25	768.37	38.4	22.0 19.3
CBOE Volatility	12.59	11.35	11.63	-0.60	▼ -4.91 ■	22.51	9.36	-2.6	-17.2 -1.3

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
VanEck Vectors Gold Miner	GDX	8,165.9	24.95	0.03	▲ 0.12	24.96	24.91
General Electric	GE	7,065.3	24.92	...	unch.	24.95	24.85
Micro Focus Intl ADR	MFGP	6,332.5	31.73	...	unch.	31.83	31.60
Scorpio Tankers	STNG	5,020.4	3.55	0.04	▲ 1.14	3.60	3.50
SPDR S&P 500	SPY	4,915.3	246.41	-0.49	▼ -0.20	247.01	246.20
Cnsmr Staples Sel Sector	XLP	4,405.2	55.28	...	unch.	55.28	55.18
Industrial Select Sector	XLI	4,404.4	67.90	...	unch.	67.96	67.86
ExxonMobil	XOM	2,990.8	78.78	...	unch.	78.85	78.46

Percentage gainers...

RH	RH	1,881.2	66.70	17.28	▲ 34.97	70.40	48.92
Cabela's	CAB	1,634.3	61.10	7.66	▲ 14.33	61.40	53.44
Envision Healthcare	EVHC	13.3	52.40	3.63	▲ 7.44	52.40	48.52
Verint Systems	VRNT	91.8	41.60	2.15			

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Open interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.							
Sept 3.1075	3.1385	3.1075	3.1315	0.0240	6,363		
Dec 3.1300	3.1605	3.1250	3.1515	0.0235	224,606		
Gold (CMX) -100 troy oz.; \$ per troy oz.							
Sept 1340.00	1340.30	▲	1332.60	1333.90	-5.30	833	
Oct 1341.00	1343.50	1332.70	1335.20	-5.40	45,841		
Dec 1345.00	1347.70	1336.40	1339.00	-5.50	435,966		
Feb'18 1348.70	1351.10	1341.40	1343.00	-5.40	32,191		
June 1356.60	1356.60	1348.10	1350.10	-5.40	9,364		
Dec 1366.10	1366.10	1360.30	1361.10	-5.30	8,971		
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
Sept 963.50	963.50	941.50	938.15	-24.90	160		
Dec 955.55	963.95	930.15	931.90	-25.10	34,434		
March'18 956.35	956.45	925.80	926.80	-24.10	597		
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
Sept 991.20	1006.90	▲	991.20	1005.60	-1.80	20	
Oct 1009.40	1017.50	1003.60	1007.10	-1.90	64,537		
Silver (CMX) -5,000 troy oz.; \$ per troy oz.							
Sept 17.95	17.970	17.800	17.816	-0.029	1,875		
Dec 17.980	18.070	17.885	17.910	-0.031	158,719		
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
Oct 48.59	49.42	48.52	49.16	0.50	518,140		
Nov 49.04	49.84	48.96	49.62	0.48	266,459		
Dec 49.40	50.18	49.31	50.00	0.47	332,585		
Jan'18 49.68	50.45	49.62	50.31	0.45	183,907		
June 50.30	50.89	50.21	50.83	0.33	156,931		
Dec 50.43	50.96	50.34	50.92	0.26	191,542		
NY Harbor ULS (NYD) -42,000 gal.; \$ per gal.							
Oct 1.7385	1.7645	1.7374	1.7595	.0115	100,462		
Nov 1.7232	1.7481	1.7224	1.7462	.0139	76,960		
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
Oct 1.6835	1.6940	1.6430	1.6733	-.0258	130,436		
Nov 1.5751	1.5930	1.5702	1.5879	-.0007	93,757		
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.							
Oct 2.970	3.019	2.960	3.000	.028	298,804		
Nov 3.045	3.097	3.034	3.069	.025	144,010		
Dec 3.190	3.325	3.180	3.216	.027	94,966		
Jan'18 3.285	3.320	3.279	3.315	.028	141,471		
March 3.240	3.283	3.235	3.268	.024	107,298		
April 2.914	2.933	2.907	2.925	.014	121,893		

Agriculture Futures

	Agriculture Futures						
	Open	High	Low	Settle	Chg	Open interest	

	Open	High	Low	Settle	Chg	Open interest	
Corn (CBT) -5,000 bu.; cents per bu.							
Sept 343.75	347.25	342.00	347.00	2.75	2,981		
Dec 357.50	362.00	356.00	361.00	2.50	799,417		
Oats (CBT) -5,000 bu.; cents per bu.							
Dec 232.00	235.00	230.00	233.75	2.50	4,659		
March'18 239.00	242.00	238.50	242.00	3.00	899		
Soybeans (CBT) -5,000 bu.; cents per bu.							
Sept 960.50	962.85	960.00	964.50	4.00	954		
Nov 967.00	976.75	964.75	971.00	2.50	386,099		
Soybean Meal (CBT) -100 tons; \$ per ton.							
Sept 301.40	305.40	301.10	303.60	.80	2,321		
Dec 307.90	310.50	306.00	308.70	.70	190,741		
Soybean Oil (CBT) -60,000 lbs.; cents per lb.							
Sept 35.22	35.40	34.91	35.21	.11	2,473		
Dec 35.38	35.77	35.19	35.56	.12	208,074		
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.							
Sept 1244.50	1242.50	1244.50	1245.50	-.40	129		
Nov 1271.50	1277.50	1264.00	1272.00	-.55	9,223		
Wheat (CBT) -5,000 bu.; cents per bu.							
Sept 425.00	428.00	421.00	421.75	-.875	288		
Dec 441.00	448.00	439.25	445.75	2.75	266,664		
Wheat (KCC) -5,000 bu.; cents per bu.							
Sept 415.00	423.00	415.00	423.25	3.75	318		
Dec 442.75	449.75	440.25	448.75	3.75	147,765		
Wheat (MPLS) -5,000 bu.; cents per bu.							
Sept 614.75	616.25	614.75	628.50	18.75	88		
Dec 629.00	645.00	629.00	644.50	15.50	42,968		
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.							
Sept 142.25	143.75	142.00	143.300	1.25	7,783		
Oct 142.350	144.075	142.25	143.700	1.20	17,628		
Cattle-Live (CME) -40,000 lbs.; cents per lb.							
Oct 104.700	105.450	104.500	104.700	.25	133,270		
Dec 109.500	110.500	109.175	109.800	.425	85,910		
Hogs-Lean (CME) -40,000 lbs.; cents per lb.							
Oct 64.000	64.350	63.250	63.550	-.200	92,871		
Dec 60.465	60.675	59.900	60.275	.100	68,141		
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.							
Sept 394.90	397.40	389.00	390.00	-.60	542		
Nov 385.30	385.80	378.10	379.30	-.49	3,506		
Milk (CME) -200,000 lbs.; cents per lb.							
Sept 16.32	16.36	16.21	16.34	.06	5,569		
Oct 16.33	16.42	16.27	16.3606	4,133		
Cocoa (ICE-US) -10 metric tons; \$ per ton.							
Sept 1,940	1,940	1,940	1,954	-.20	118		
Dec 1,951	1,951	1,888	1,917	-.29	142,092		
Coffee (ICE-US) -37,500 lbs.; cents per lb.							
Sept 127.00	127.50	127.50	126.60	.10	364		
Dec 128.00	128.85	126.75	127.90	.05	116		

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, September 6, 2017

	Stock	Net Sym Close	Stock	Net Sym Close
NYSE				
ABB	ABB 23.78 0.21	Cummins CMI 159.48 0.41	Mastercard MA 132.89 0.23	RoyalDutchA RDSA 56.55 0.85
AES	AES 11.11 0.02	GpoAeroport PAC 108.69 0.86	McCormick MKC 97.54 1.27	RoyalDutchB RDSB 57.88 0.85
Aflac	AFL 81.68 0.16	GpoAeroport ASR 202.28 0.55	McCormickVtg MKC/V 96.30 0.12	SAP SAP 106.37 1.31
AT&T	T 36.57 -0.52	GpoAlAvAciones AVAL 9.21 0.11	McDonalds MCD 158.22 -0.88	S&P Global SPGI 151.20 -1.98
AbbottLabs	ABT 51.19 0.16	GpoFinSandtMdx BMSX 10.41 0.21	McKesson MCK 152.09 4.27	Vantiv VNTV 70.56 0.09
AbbVie	ABV 77.05 1.80	Grupotelevisia TV 24.97 0.03	Medtronic MDT 79.87 0.05	VariMed VAR 103.73 0.65
Accenture	ACN 131.12 1.35	GuideWireSoftware GWRE 73.23 -2.05	Merck MRK 64.00 0.38	CiscoSystems CSCO 31.87 0.85
AcuityBrands	AYI 179.90 3.34	IfFirst filing IF 11.00 0.00	MerLife MET 47.95 0.64	MicrochipTech MCHP 86.12 -0.37
Adient	ADNT 27.76 0.31	q-Temporary exemption from Nasdaq requirements. q	MettlerToledo MTD 605.47 2.22	MinimilProducts MXIM 46.56 0.12
AdvancedAeroTechs	AAT 64.71 0.42	t-NYSE bankruptcy. t	NordicTrack NTDO 19.40 0.00	MelcoResorts MLCO 22.66 0.46
AgnicoreEagle	AEM 50.59 -0.89	v-Trading halted on primary market. v	Notable NOTB 10.00 0.00	MetcordLibre MELI 257.88 1.25
Agricor AGU	99.18 2.02	y-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies. y	OfficeMax OMX 10.00 0.00	MicrochipTech MCHP 86.12 -0.37
AirProducts	APD 144.50 0.03	BestBuy BBY 55.66 -0.27	Oncor ONCR 42.65 0.20	MinimilProducts MXIM 46.56 0.12
AlaskaAir ALK	73.68 0.63	BrcdRadLab A BIO 216.68 0.70	Orbital ORBL 10.00 0.00	MelcoResorts MLCO 22.66 0.46
Albermarle	ALB 118.66 1.99	BlackKnightFin BKFS 43.15 0.40	Outback OUTB 10.00 0.00	MetcordLibre MELI 257.88 1.25
Alcoa AA	44.03 0.01	BlackRock BLK 129.19 -1.46	Panasonic PC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AlexanderRealRes ALR	120.39 -0.06	BlackstoneGroup BCX 32.19 -0.03	ParkeDavis PD 10.00 0.00	MetcordLibre MELI 257.88 1.25
Alibaba BABA	168.14 -1.78	BlkRock BLK 129.19 -1.46	Patheon PTHE 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Alleghany Y	54.04 0.45	Boeing BA 234.62 -2.38	PaycomSoftware PAYC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AlliGen AGL	20.77 0.00	BoehringerIngelheim BI 46.42 -0.46	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Allegion ALLE	80.26 0.86	BorgWarner BWA 46.42 -0.46	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Allergan AGN	223.61 -0.17	BrownForman BFA 19.10 0.24	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AllianceData ADD	220.38 0.88	BrownForman BFA 19.10 0.24	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AllianceBernstein AB	23.60 0.25	BrownForman BFA 19.10 0.24	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AllianzEnergy LNT	42.60 -0.31	BrownForman BFA 19.10 0.24	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Allstate ALL	87.50 1.01	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AllyFinancial ALL	22.50 0.14	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AlticeUSA ATUS	30.20 0.28	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Altisource ALTR	MO 63.27 0.40	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AlmofChina ACH	18.62 0.06	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Ambev ABEV	6.45 0.16	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AmericaMtn AEM	59.47 -0.39	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AmericaMovil AMX	18.35 0.10	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AmericaMovilAM AMOV	18.22 0.06	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AmGen ACC	48.19 -0.22	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AEP AEP	73.30 -0.79	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Apamerise AMP	135.10 -0.57	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AmericusBrngn ABC	80.72 1.03	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Almetek AME	63.46 0.45	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Amphenol APH	80.58 0.23	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AnadarkoPetrol APC	42.35 0.87	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Andeavor ANDV	99.15 0.13	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AB InBev ABI	119.45 0.61	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AnnalyCap NYL	12.37 0.04	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AnteroMidstream AM	33.59 0.02	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AnterResources AR	19.95 0.05	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Anthren ANTM	193.65 -3.53	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Aon AON	140.23 -0.12	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Apache APA	40.13 0.71	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Apartmtn AIV	45.34 0.02	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
ApplGlobalWgmt APG	28.58 -0.03	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
AquaAmerica ATPW	33.62 0.11	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
Aramark ARMK	40.35 0.04	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
ArcelorMittal MT	26.28 0.19	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
ArcherDaniels ADM	42.40 0.46	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Arconic ARNC	24.34 -0.05	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AristaNetworks ANET	177.23 -2.50	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
ArrowElec ARW	77.23 -0.09	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AstraZeneca AZN	30.34 0.27	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Athene ATH	52.86 0.10	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MinimilProducts MXIM 46.56 0.12
AtmosEnergy ATO	86.73 -1.29	Broadridge BRDG 17.84 -0.11	PattersonPharm PTC 10.00 0.00	MetcordLibre MELI 257.88 1.25
Autohome ATMH	65.19 0.18	Broadridge BRDG 17.84 -0.		

BANKING & FINANCE

Burger Chains Crave IPO

Bobby's Burger Palace and Fat Brands plans come at challenging time for the sector

BY JULIE JARGON
AND CORRIE DRIEBUSCH

Two gourmet hamburger chains are betting investors will have an appetite for their companies' shares, even as America's hunger for fancy burgers is waning.

Los Angeles-based **Fat Brands**, parent of the 162-unit Fatburger chain, said it wants to raise \$24 million from an initial public offering, according to regulatory filings made with the Securities and Exchange Commission on Wednesday. It said it wants to use part of the IPO proceeds to fund a planned \$10.6 million purchase of the Ponderosa and Bonanza Steakhouse chains owned by **MetroMedia Restaurant Group**, retire debt and finance future acquisitions.

Bobby's Burger Palace, a 17-unit chain owned by New York-based celebrity chef Bobby Flay, has said publicly it wants to raise up to \$15 million in a flotation to fund domestic and international expansion. It hasn't filed paperwork with the SEC and declined to provide further details.

The plans come amid struggles for fast-casual burger restaurants, which face fierce competition and tightened consumer spending.

Kathleen Smith, principal at Renaissance Capital, an IPO investment advisory firm, said fast-casual restaurants that have gone public in recent years have "really underperformed, and it's going to be challenging when it comes to generating investor enthusiasm."

Shake Shack Inc., the burger joint that went public in January 2015, has seen declining consumer traffic. Shares of Shake Shack rose 11% on their first day of trading from their IPO price of \$21, closing that day at \$45.90. On Wednesday, Shake Shack shares closed at \$31.11.

Habit Restaurants Inc., another publicly traded fast-casual burger chain, reported a second-quarter same-store



BYRON SMITH FOR THE WALL STREET JOURNAL

Fatburger's XXXL burger. Parent Fat Brands wants to raise \$24 million in an initial public offering.

sales increase of just 0.1% amid what it called a "choppy consumer environment."

While Shake Shack and Habit did traditional IPOs, Fatburger and Bobby's are looking to go public under federal rules, known as Regulation A+, that are intended for small businesses.

Reg A+ allows companies to raise up to \$50 million by removing some hurdles and regulatory requirements.

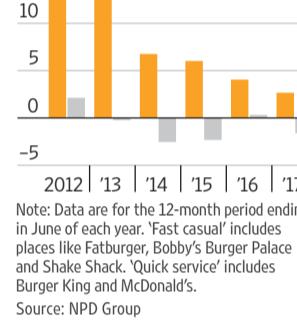
In doing so, it has the potential to open investors up to more risk, say some bankers and analysts. June was the first time a company used the provision to list on a national exchange, and since then several more companies have tried to follow.

Last year was the slowest for U.S.-listed IPOs since 2003 in terms of money raised, according to data provider Dealogic.

In 2017, things have perked up, but there have been recent disappointing performances by some recent offerings, such as Blue Apron Holdings Inc. and

Burger Blues

Traffic to burger restaurants, change from a year earlier



Note: Data are for the 12-month period ending in June of each year. 'Fast casual' includes places like Fatburger, Bobby's Burger Palace and Shake Shack. 'Quick service' includes Burger King and McDonald's.

Source: NPD Group

THE WALL STREET JOURNAL.

Snap Inc. Some analysts say that could cause a chill in the IPO market for the second half of the year.

Fat Brands Chief Executive Andrew Wiederhorn said in an interview that he plans to diversify beyond burgers.

The chain already owns 19 Buffalo's, Café chicken wings restaurants and 66 smaller Buffalo's Express restaurants that are located together with Fatburgers.

In its filing, Fat Brands spelled out Mr. Wiederhorn's previous legal troubles. He formerly pleaded guilty to one count of filing a false tax return and of violating the Employee Retirement Income Security Act of 1974 with regard to a company he previously led. He served a 14-month sentence in 2004-2005 and paid \$2 million in fines and restitutions.

Fat Brands plans to launch its formal pitch to investors next week and close the offering by the end of September, according to Mark Elenowitz, chief executive of TriPoint Global Equities, which is underwriting Fat Brands' offering.

Fatburger said it plans to list on the Nasdaq Stock Market. Bobby's said it hopes to list on the New York Stock Exchange.

Goldman Pulls Back From HNA

BY JULIE STEINBERG
AND ANJANI TRivedi

Goldman Sachs Group Inc. has stopped working on the potential listing of a Chinese company owned by **HNA Group Co.** because of concerns about the conglomerate's ownership structure, according to a person familiar with the matter.

Goldman in recent months was tapped by HNA to arrange financing for **Pactera Technology International Ltd.**, a Beijing-based information-technology outsourcing firm, ahead of a planned initial public offering.

However, the New York bank last month told potential investors in the fundraising that it was suspending work on the financing and on the IPO itself, the person said. A timetable and a venue for the offering had yet to be determined, the person said.

Goldman's bankers have privately raised concerns about HNA's ownership structure, and the Chinese company hasn't provided enough information to satisfy the lender's

concerns, according to people familiar with the matter.

Closely held HNA this summer said a fledgling New York charitable foundation would be its single-largest shareholder following a series of share transfers from several individuals.

It said the rest of the company is owned by its founders and executives, as well as a charity in Hainan, where the airlines-to-hotels conglomerate is based. Since that disclosure, bankers and investors have stepped up scrutiny of HNA's still-opaque ownership structure.

Goldman is suspending its work on Pactera rather than resigning outright from the mandate. It could resume work on the deal if its concerns are addressed, said one of the people familiar with the matter.

Bank of America Merrill Lynch was previously selected to handle the IPO before Goldman but also opted not to proceed because of similar concerns about HNA's ownership, according to people familiar with the matter.

Deutsche Bank Chief Asks ECB to Wind Down Stimulus

By TODD BUELL

FRANKFURT—Deutsche Bank AG's chief said the European Central Bank should begin the process of ending its accommodative monetary policy, regardless of the strength of the euro.

Speaking at a banking conference Wednesday, Deutsche Bank CEO John Cryan said that while cheap money has helped countries and banks escape the crisis, it has also led to "ever greater upheavals."

He noted record real-estate prices in advanced economies. "The stock market appears only to know one direction," he said, adding "we are now seeing signs of bubbles in more and more parts of the capital market, where we wouldn't have expected them."

The comments further high-

light the discomfort among many in Germany over the ECB's monetary policy, which includes a negative interest rate on deposits that banks leave at the central bank overnight.

"The era of cheap money in Europe should come to an end, despite the strong euro," said Mr. Cryan. "I welcome the recent announcement by the **Federal Reserve** and now also from the ECB that they intend to gradually bring their loose monetary policy to an end."

"The central banks must, however, plot a middle way that averts massive losses on the markets," he said.

Speaking at the same conference, German Finance Minister Wolfgang Schäuble said "everyone hopes world-wide that we come to a normalization as soon as possible."

U.S. Firm Readies REIT Listing in Singapore

By P.R. VENKAT
AND SAURABH CHATURVEDI

SINGAPORE—KBS Realty Advisors LLC, an American-real-estate investment firm, is planning to raise about \$500 million via a Singapore initial public offering of some of its U.S. office assets, people familiar with the matter said.

The Newport Beach, Calif., company is in talks with the asset-management arm of Singapore conglomerate **Keppel Corp.** to form a joint venture that they plan to list as a

real-estate investment trust later this year, the people said.

The new company, based in Singapore, would have an initial portfolio of close to a dozen properties, including office buildings in Seattle, Houston, Denver and other U.S. cities, said the people.

The company would be the second Singapore-listed REIT to give investors in the city-state exposure to U.S. commercial properties. Last year, Canadian insurer **Manulife Financial Corp.** raised \$470 million with a Singapore list-

ing of some of its U.S. office properties under a real-estate investment trust called **Manlife US REIT**.

Singapore is a sought-after destination for REITs in Asia. The country is home to more than 40 REITs with a combined market capitalization of nearly \$60 billion. Large and small investors are drawn to their yields, which average 6% to 7%.

Founded in 1992, KBS Realty invests in, manages, develops and sells U.S. commercial real estate on behalf of pension funds, sovereign-wealth

funds and other institutional investors. As of June 30, the total value of KBS's real estate and real-estate-related investments stood at about \$11 billion, according to the company's website.

A spokeswoman for KBS declined to comment. A spokeswoman for Keppel Capital, the asset-management arm of Keppel Corp., declined to comment on the tie-up, but said the company is always on the lookout for opportunities to expand its fund-management business.

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. NAV is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. Net CHG is change in NAV from previous trading day. YTD%RET is year-to-date return. 3-YR%RET is trailing three-year return annualized.

e=Ex-distribution. f=Previous day's quotation. g=Footnotes x and s apply. j=Footnotes e and s apply. k=Recalculated by Lipper, using updated data. p=Distribution costs apply. 12b-1 r=Redemption charge may apply. s=Stock split or dividend. t=Footnotes p and r apply. v=Footnotes x and e apply. x=Ex-dividend. z=Footnote x, e and s apply. NA=Not available due to incomplete price, performance or cost data. NE=Not released by Lipper; data under review. NN=Fund not tracked. NS=Fund didn't exist at start of period.

Annualized returns are based on historical data. Past performance is no guarantee of future results.

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For more information, visit wsj.com/fundresearch.

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MARKETS

India Separates Itself From Pack

Political stability, tax overhaul help markets draw ahead of other emerging economies

BY CORINNE ABRAMS
AND DEBIPRASAD NAYAK

MUMBAI—India's stocks and currency have outperformed those of most large economies in the past six months as renewed confidence in the country's relative economic and political stability has made it an emerging-market haven.

The firm standing of the ruling Bharatiya Janata Party, good economic fundamentals, a prime minister with an appetite for overhauls, and a potential demographic dividend from a young population make the country an attractive bet, bullish investors say.

It is a turnaround from four years ago, when Morgan Stanley bundled India with Brazil, Indonesia, South Africa and Turkey as one of the "fragile five," because of its weak currency and economic fundamentals.

"India seems to be standing



Prime Minister Narendra Modi has pushed for economic revamps.

Modi's move last year to cancel 86% of the currency in circulation in a bid to tackle corruption and tax evasion hurt economic expansion in the short run. India's gross-domestic-product expansion slowed from first in the world for large economies to second behind China over the past two quarters as the lack of cash and confusion about the goods-and-services tax led to less spending by consumers and companies.

Some analysts say Indian shares look expensive. Stocks on the Sensex are trading at a price/earnings ratio of 23 times the expected profits for this fiscal year, a 17-year high.

But Indian stocks and bonds attracted about a net \$27 billion from foreign investors this year through August. Demand for offshore rupee-denominated bonds has been so high that regulators shut down new issues.

Foreign direct investment hit a high of \$60 billion for the fiscal year that ended on March 31.

Some optimists hope that India is finally emerging from China's shadow. India's long-term stock performance sug-

gests it is pulling away. The Sensex is up more than 80% in the past five years, while China's Shanghai Composite Index has risen about 66%.

One part of the positive story is the "political stability with the Modi government coming into power and also getting footholds in the states so they could turn on the reform agenda," said Stefan Grünwald, a fixed-income specialist at Raiffeisen Bank International AG.

Mr. Modi's tax-collection

push has begun to yield results. After the currency move, direct tax revenue increased 19% from a year earlier to 1.9 trillion rupees (\$30 billion) from April to July.

The rollout of a long-de-

layed goods-and-services tax this year is also expected to increase compliance and eventually boost growth.

The market is pricing in the expectation that Mr. Modi's party has enough support to push through more change and win the 2019 general election, "and that will help him to legislate more reform which will in turn lead to a stronger economy," said Mr. Cornell of Ocean Dial.

Treasurys Turn Down After Debt Limit Step

BY SAM GOLDFARB

U.S. government bonds pulled back as President Donald Trump and Democratic leaders said they had agreed on a short-term extension of the federal government's borrowing limit as part of a Hurricane Harvey aid bill.

CREDIT MARKETS The yield on the 10-year Treasury note settled at 2.108%, up from 2.072% Tuesday, which was its lowest close since Nov. 9. Yields rise when bond prices fall.

Under an agreement reached at the White House, lawmakers would extend both the debt limit and government funding until Dec. 15. Though it isn't certain that Congress will pass the measure, the apparent progress led investors to pull cash out of assets that previously benefited from the threat of either a debt-ceiling breach or a government shutdown.

Along with bonds, gold prices fell, while the Japanese yen weakened against the dollar. At the same time, four-week Treasury bills rallied, reflecting better odds that holders would be paid on schedule.

Despite Wednesday's increase, the yield on the 10-year note is still much lower than most analysts projected at the start of the year, when it stood at around 2.5%.

Now just a "chip shot away" from 2%, the yield could easily drop below that level, though it would be difficult to hold there without an event that hurts the economy "rather than simply fears of things," said Michael Cloherty, head of U.S. interest-rate strategy at RBC Capital Markets.

Treasurys have been bolstered this year by a surprising run of soft inflation data. Low inflation helps preserve the purchasing power of the fixed payments and makes it less likely that the Federal Reserve will raise interest rates.

Wanda Sues Over Reports

BY WAYNE MA

BEIJING—Dalian Wanda Group, the property and entertainment giant controlled by billionaire Wang Jianlin, has filed defamation lawsuits against at least 10 Chinese social-media accounts that published reports the company says sent its shares and bonds tumbling.

According to a copy of one lawsuit reviewed by The Wall Street Journal, Wanda is taking issue with claims that Mr. Wang was detained by police at Tianjin's airport last month and barred from leaving China.

The lawsuit said the social-media reports were false but widely read and forwarded online, "triggering a market panic" that led to a drop in Wanda's bond prices and a nearly 10% decline in the shares of its publicly listed unit in Hong Kong.

The reports also hurt Wanda's reputation and ability to obtain financing and led to the stagnation of its investment projects, according to the lawsuit.

The other lawsuits make similar claims, according to a person familiar with the matter. In a statement, Wanda said that the suits have been accepted by Chinese courts and that the company is seeking 5 million yuan (\$764,000) in damages as well as a public apology from the social-media accounts.

In the suit that was reviewed by the Journal, Wanda is also seeking data on the post from Tencent Holdings Ltd., which operates China's largest social-media network.

A Tencent spokeswoman didn't reply to a request for comment.

Wu Xiaowei, one of the defendants named by Wanda, said he was merely sharing reports he had read elsewhere in social media and later deleted them from his microblog account.



Vehicles line up at a Chevron gas station Wednesday in Florida as Hurricane Irma got closer. The S&P 500 energy sector added 1.6%, its largest rise in two months.

Energy Stocks Lift Markets After Downturn

BY AMRITH RAMKUMAR
AND GEORGI KANTCHEV

U.S. stocks rebounded from their worst session in weeks, boosted by shares of energy companies.

Energy stocks rose alongside oil prices as

WEDNESDAY'S MARKETS Gulf Coast refineries continued to restart following Hurricane Harvey, boosting demand for crude.

The Dow Jones Industrial Average rose 54.33 points, or 0.2%, to 21807.64. The S&P 500 advanced 7.69 points, or 0.3%, to 2465.54 and the Nasdaq Composite climbed 17.74 points, or 0.3%, to 6393.31. The three indexes had posted their biggest one-day declines since Aug. 17 on Tuesday.

"We remain overweight equities and don't think [Tuesday] was a sign of things to come," said Jon Adams, senior investment strategist with BMO Global Asset Management. "Our bias has been to buy the dips," he said.

The S&P 500 energy sector climbed 1.6%, its largest one-day advance in two months.

Chevron and **Exxon Mobil**

were two of the biggest gainers in the Dow industrials, with shares of Chevron adding \$2.35, or 2.1%, to \$111.79 and Exxon Mobil shares climbing 1.60, or 2.1%, to 78.78. Together, the two stocks added roughly 27 points to the blue-chip index as U.S. crude oil rose 1% to \$49.16 a barrel.

News from Washington drove some modest intraday moves in stocks and U.S. government bonds. Stocks slightly pared gains and Treasury yields fell briefly after Federal Reserve Vice Chairman Stanley Fischer announced his intention to resign, months before his term was set to expire.

Treasury yields then climbed after news that President Donald Trump and congressional leaders had agreed to raise the federal government's borrowing limit for three months.

Doubts about raising the debt ceiling had weighed on markets in recent weeks.

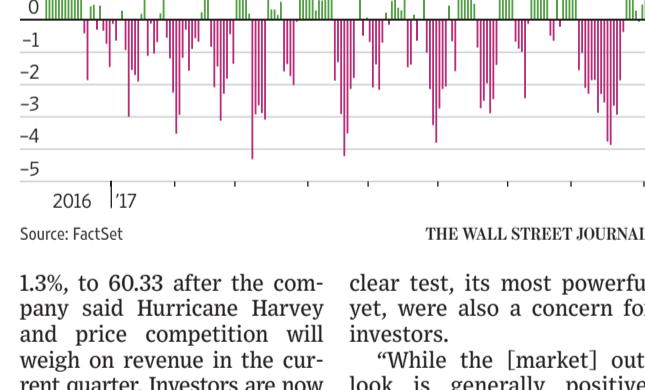
Financial stocks rose after their worst day since mid-May, with the KBW Nasdaq Bank Index, a measure of 24 of the largest U.S. bank stocks, edging up 0.2%.

United Continental Holdings shares fell 77 cents, or

Rebounding

The S&P 500 energy sector posted its best five-day performance since early December.

Percentage change over five trading sessions



Source: FactSet

THE WALL STREET JOURNAL

1.3%, to 60.33 after the company said Hurricane Harvey and price competition will weigh on revenue in the current quarter. Investors are now tracking Hurricane Irma, which has grown into one of the most powerful storms ever recorded over the Atlantic Ocean, prompting evacuations in Florida and disrupting travel.

Financial stocks rose after their worst day since mid-May, with the KBW Nasdaq Bank Index, a measure of 24 of the largest U.S. bank stocks, edging up 0.2%.

Continuing tensions following North Korea's recent nu-

globe have supported stocks this year, with U.S. indexes hitting records over the summer even as investors have grown anxious about how long the bull run can last.

Goldman Sachs Group Chairman Lloyd Blankfein on Wednesday sounded a warning about the markets, saying that some of what he sees "unnerves" him. "Things have been going up for too long," he told attendees at a Handelsblatt business conference in Frankfurt.

Earlier, the Stoxx Europe 600 rose less than 0.1%, with many investors looking ahead to the monetary-policy meeting of the European Central Bank on Thursday.

Most expect the ECB to wait until next month to announce the start of winding down its €2.3 trillion (\$2.74 trillion) stimulus program.

In Hong Kong, the Hang Seng Index—among the world's best-performing stock benchmarks this year—ended 0.5% lower, while Japan's Nikkei Stock Average fell 0.1%. Early Thursday, the Hang Seng Index and Nikkei were each up 0.5%, while South Korea's Kospi was up 1.2%.

Fintech Firm Square Seeks to Establish Bank

BY PETER RUDGEAIR

Square Inc. is looking to get into the banking business.

The San Francisco-based finance firm led by Jack Dorsey plans to submit an application Thursday to form a wholly owned bank based in Utah, the company said. The unit, to be called Square Financial Services Inc. would offer loans and deposit accounts to small businesses and be capitalized with \$56 million.

Square would be the third financial-technology company pursuing a banking license in recent months. In doing so, it

follows in the footsteps of online lender **Social Finance** Inc. and mobile-banking startup **Varo Money** Inc. Square's application comes as federal regulators are giving their blessing to the most new banks since the financial crisis.

Square had been offering small-business loans and cash advances through its lending arm, Square Capital, since 2014 through a deal it had with Celtic Bank, another Utah-based lender. To date, the company says it has extended more than \$1.8 billion in credit to more than 141,000 firms.

"As we scale, it's becoming

increasingly important that we have direct relationships with regulators," said Jacqueline Reses, who leads Square Capital and will be the chairman of the bank. The acting chief executive of Square's bank will be Lewis Goodwin, who recently joined Square from Green Dot Corp. where he helped lead the banking subsidiary of the prepaid debit-card company.

Square's consumer-facing initiatives, including its digital money-transfer service, Square Cash, and its recently launched installment-loan business, would remain separate from the bank.

Square is applying for a charter to form an industrial loan company, an entity that enjoys many of the same privileges as traditional banks and can be part of a corporation that does things other than banking. Sixteen other industrial banks are licensed to operate in Utah, including one owned by car maker BMW AG.

Ms. Reses said Square chose to apply for an industrial-loan company charter as opposed to a traditional banking license because aspects of its business, such as selling hardware payment terminals and offer-

MARKETS

The Euro's Brisk Advance Hinders ECB

Central-bank concerns include 'overshooting' exchange rate and below-target inflation

By MIKE BIRD

The euro is back to where it began, partying like it's 1999.

As the euro rallies to the levels of its birth, its creator, the European Central Bank, may be getting nervous. And some analysts think it could climb higher.

On Jan. 4, 1999, the first trading day of the euro's existence, the euro reached \$1.1789, according to the ECB. That is only roughly 1% from its level of \$1.1917 late Wednesday in New York.

On a trade-weighted basis, the euro is even closer to its genesis. The European Central Bank's nominal effective exchange rate, which measures the euro's value against the currencies of its 12 closest trading partners, currently sits at 103.6, almost exactly its level of 103.8 in 1999.

The euro has been on quite a ride since the ECB pressed the button on the currency that January. It hit a low of \$0.825 in late 2000 and bounced to a high of \$1.599 during 2008, when the dollar went through a particularly weak patch.

In more recent years, through much of 2015 and 2016, the currency traded in a much narrower range as investors despaired over weak growth and anti-establishment politicians calling for the euro's end.

This year the euro has been on a tear, rising 13% against the dollar, helped by a round of good economic data and as concerns over political risk in the region decline. The dollar's recent broader weakness has also helped.

The central bank's govern-

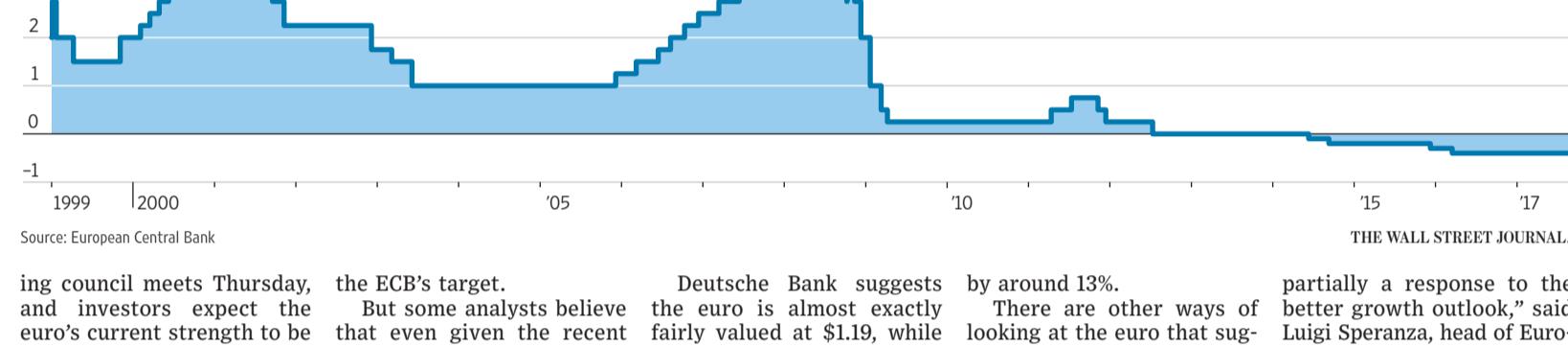
Round Trip

The euro has surged 13% against the dollar this year, driven by an uptick in European growth and sinking U.S. inflation readings that may complicate Federal Reserve rate-increase plans. The gains have taken the euro's value against a basket of major currencies back to the level at which the common currency started nearly two decades ago.

Euro against 12 trading partners, change from Jan. 4, 1999



European Central Bank's key interest rate



Source: European Central Bank

ing council meets Thursday, and investors expect the euro's current strength to be on the agenda. The minutes of the ECB's July meeting included concerns about the currency's exchange rate "overshooting in the future."

Among the possible concerns for a central bank: A stronger currency drags down import prices, reducing inflation at a time when regional price-growth is still below

the ECB's target.

But some analysts believe that even given the recent gains, the currency is either trading at what they believe it is worth or it may even be undervalued.

Analysts use various methods to estimate what they see as the appropriate level of exchange rates, based on factors such as the country's current-account surplus or deficit, growth and inflation.

Deutsche Bank suggests the euro is almost exactly fairly valued at \$1.19, while BNP Paribas' analysts believe that the currency's fair value is more like \$1.33.

The Big Mac index of London-based magazine The Economist compares the purchasing power of different currencies by looking at the cost of a McDonald's Corp. burger. That suggests that the euro is still undervalued

by around 13%.

There are other ways of looking at the euro that suggest comfort with its current trading position.

Three-month euro-dollar risk reversals, a measure of the cost of protection against a drop in the currency, have moved into positive territory for the first time in several years—meaning that the euro is regarded as safer.

"A stronger euro is at least

partially a response to the better growth outlook," said Luigi Speranza, head of European market economics at BNP Paribas. "As the recovery is domestic-led, it is less vulnerable to external shocks than in the recent past."

"Importantly, the euro is still below its historical average in real terms," Mr. Speranza added. "The eurozone economy remains rather competitive."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

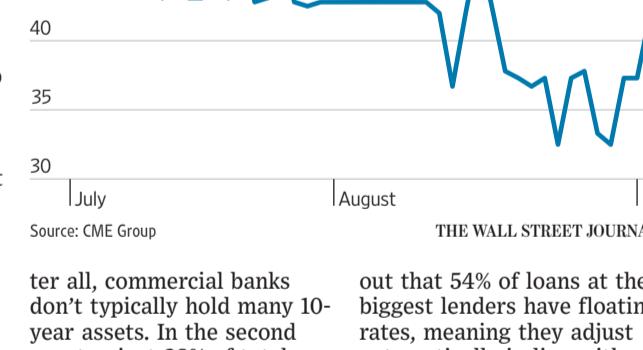
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Why the Bank Stock Rally Is Over

Not Counting on Higher Rates

Probability implied by futures markets of a quarter-point increase in December



Source: CME Group

panded this year despite a flattening yield curve.

The big problem for banks right now is that short-term rates, which are largely controlled by the Federal Reserve, aren't likely to go higher for a while. Markets are now pricing in a 36% chance that the Fed will raise rates at its December meeting, according to CME Group, down from more than 50% in early July. Stubbornly low inflation, luke-warm employment reports and the uncertain fallout from one or possibly even two disastrous hurricanes have tempered rate bets.

Various other indicators also are pointing in the wrong direction for banks. Loan growth continues to be slow, capital markets activity is weak, and defaults on consumer loans are ticking up.

The glorious bank rally following last year's presidential election suddenly seems like a long time ago.

—Aaron Back

OVERHEARD

It is a country best known for fairy tales, Legos and environmentalism, but Denmark is also home to two oil-and-gas companies.

That is about to be one and pretty soon zero. Partially state-owned Dong Energy, which stands for Danish Oil & Gas, is about to complete the sale agreed to earlier this year of its oil-and-gas operations.

Dong, it appears, has already moved on. The company's website shows lots of pictures of windmills and not a pump jack anywhere.

Its decision to exit from its namesake industry started something of a trend. Last month, the only other Danish oil-and-gas company of note, a unit of shipping company A.P. Moeller-Maersk, was sold to France's Total.

Dong shareholders are happy with the stock outperforming the energy sector. Now, it is time to do something about that name.

China Merchants Bank Is Deep Into the Danger Zone

Juiced Up

China Merchants Bank's annualized return on equity



*First half of the year

Source: Daiwa

much of which they have recorded off their balance sheets, even though most customers assume the banks will guarantee them.

China Merchants has about 2.1 trillion yuan (\$316 billion) of these outstanding, the biggest exposure among its mid-size bank peers, and is dependent on them for both fee income and as a source of funding.

Amid the regulatory crackdown, the bank issued fewer wealth-management products than it did a year earlier.

If regulators step up efforts to force China Merchants to bring all of its wealth-management products onto its books, it would have to raise 100 billion yuan in new capital, according to

analysts at Autonomous Research.

China Merchants' balance sheet isn't all that it seems. The bank has been a big user of asset-management plans. This tool allows banks to set up unconsolidated entities that buy their souring loans and then issue securities to investors. China Merchants' exposure to such plans rose nearly 20% to more than 400 billion yuan in the first half, and that is likely where many soured loans have been put.

The bank is also looking squeezed when it comes to income. One of its key customers is Anbang Insurance Group, which owns New York's Waldorf Astoria hotel as well as a 10% stake in China Merchants. Anbang is among the institutions Bei-

jing is scrutinizing following a wave of overseas acquisitions.

There already are signs that China Merchants is preparing for a capital crunch. Last month, it said it would issue bonds valued at up to \$5.3 billion. Last week, it said it was injecting capital into a fund-management subsidiary that deals with its more than \$150 billion asset-management business.

All of these issues suggest its current valuation of 1.3 times book value is overly generous, especially as other comparable Chinese banks trade below one times book. As Chinese banks face a challenging period, China Merchants should be on top of the worry list.

—Anjani Trivedi

Relief for the embattled U.S. automotive industry is coming from an unlikely source: hurricanes.

Cox Automotive estimates the number of vehicles damaged by Hurricane Harvey in Texas at between 300,000 and half a million. Perhaps 20% will be repaired, and most of the rest replaced with secondhand vehicles. At least some will drive new-car sales, though.

Brokerage Evercore ISI puts the potential bump to 2017 new-car sales from Harvey at about 135,000, or a little under 1%. That

wouldn't be enough to restore the market to growth, but it would cushion the decline. The impact on profits in Detroit would also likely be greater, as Texans favor pickups in which U.S. manufacturers specialize.

Meanwhile, the storms should support used-car prices.

This is more significant for manufacturers than it sounds. Secondhand prices have been falling as cars leased three years ago hit dealer lots in greater numbers. The residual values that car makers' finance arms include in their models are likewise falling, weighing on profits. They are compensating for this by tightening terms of leasing packages, even as secondhand models get cheaper. This is a reason U.S. new-car sales are weakening despite near-record consumer confidence. Any support for used-car prices should slow this erosion.

The storms won't wash away Detroit's long-term challenge—investing in electric and self-driving vehicles as domestic demand stalls—but they may give it a much-needed late-year fillip.

—Stephen Wilmot

Forget China's debt binge, piles of bad loans and billions in dodgy investment products: Investors have fallen in love with Chinese banks again. Their favorite object of affection is China Merchants Bank, whose Hong Kong-listed shares are up nearly 60% this year to a record.

Aside from the perennial, and serious, concerns about the Chinese financial system, the crackdown on banks by Chinese regulators should be enough to make investors nervous.

On the surface, China Merchants is doing well. Net profit rose at a double-digit percentage pace in the first half, while its nonperforming-loan balance fell sharply.

Beneath the surface, there

are problems brewing. The bank is deeply reliant on wealth-management products, which are short-term investments that promise higher returns than ordinary bank deposits. Chinese banks have issued hundreds of billions of dollars of these products in recent years,

and that is likely where many soured loans have been put.

The bank is also looking squeezed when it comes to income. One of its key customers is Anbang Insurance Group, which owns New York's Waldorf Astoria hotel as well as a 10% stake in China Merchants. Anbang is among the institutions Bei-