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What's News

Business & Finance

China is considering relaxing rules requiring foreign auto makers to have a local partner, a move that could pave the way for Tesla to build cars there. A1

◆ **More large companies** are disclosing their political spending and boards are taking on more direct oversight, a study found. B1

◆ **Microsoft is unveiling** a customer-service virtual assistant as it takes on IBM in the market to apply artificial intelligence to everyday business needs. B1

◆ **GE agreed** to sell its industrial-solutions unit to ABB for $2.6 billion as its new CEO continues efforts to streamline the company. B1

◆ **Unilever agreed** to buy Carver Korea for $2.7 billion, the latest in a string of skin-care acquisitions. B3

◆ **Target is raising** its minimum wage to $11 an hour starting next month and to $15 within three years as it competes to lure workers. B3

◆ **A Hellman & Friedman** consortium is buying Danish payments-processing firm Nets for $5.3 billion. B5

◆ **The U.K. and EU** need to agree on a deal to protect trillions of dollars in derivatives contracts after Brexit, the Bank of England said. B8

◆ **Hurricane Maria** caused an estimated $40 billion to $85 billion in insured losses, mostly in Puerto Rico. WSJ.com

◆ **China said** it fined three social-media operators for hosting banned content. B4

World-Wide

◆ **Republicans pushing** a last-ditch bill to repeal the ACA made several changes to win support as they neared a critical deadline. A1

◆ **Germany's Merkel** began laying the groundwork for a three-way governing coalition after her bloc's weaker-than-expected victory. A1

◆ **Nationalist party AfD** made deep inroads in the strongholds of Germany's establishment parties, detailed data showed. A5

◆ **Japan's Abe called** a national election, betting voters would rally behind his alignment with Trump in confronting North Korea. A4

◆ **North Korea's** foreign minister said the U.S. had declared war and Pyongyang had the right to respond. The U.S. dismissed the claim. A4

◆ **Kurds voted** in a referendum on independence from Iraq, risking backlash from Baghdad and the international community. A3

◆ **Trump issued** a new ban on entry to the U.S. that puts limits on eight countries, including Chad, North Korea and Venezuela. A6

◆ **Poland's president** introduced a law that would force a third of top judges to retire and give parliament more power to replace them. A5

◆ **Sharif returned** to Pakistan to face a corruption trial, the ex-prime minister's political party said. A4

◆ **Defense Secretary Mattis** arrived in India on a trip to reinforce a budding U.S.-India defense partnership. A4

CONTENTS

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39

9 779219 986122

Iraqi Kurds Rush to Participate in Independence Referendum

CHRIS MCGRATH/GETTY IMAGES

CROWD CONTROL: Police try to keep people from forcing their way into a voting station in the northern Iraqi city of Erbil. Kurds began voting Monday in a landmark referendum on independence from Iraq, risking backlash from Baghdad and the international community. A3

Merkel Seeks New Coalition

German chancellor faces arduous talks to secure fourth term as far-right party rises

By Anton Troianovski And Andrea Thomas

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

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

That leaves a three-way coalition with the Free Democrats and the environmentalist Greens, a combination never before formed on the federal level, as Ms. Merkel's only viable option. Ms. Merkel said she would invite the parties to preliminary talks and was committed to reaching an agreement.

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

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

Far more skeptical rumblings came from Munich, the base for the CDU's influential Bavarian sister party, the Christian Social Union. The CSU suffered a stunning set-

Please see ELECT page A5

◆ Rise of AfD challenges Germany's mainstream........ A5

New U.S. Health Repeal Targets Key Votes

By Stephanie Armour

WASHINGTON—Republicans pushing a last-ditch effort to topple the Affordable Care Act neared a critical deadline armed with changes to the bill's text and a new Trump administration analysis aimed at winning over wavering senators.

It was far from clear the changes would be enough to change the minds of the two GOP senators who have declared their opposition, however, or others who have said they are leaning against the legislation. But sponsors appeared to have little to lose, needing to lock in 50 votes before a Saturday deadline, when a crucial parliamentary vehicle expires with the end of the fiscal year.

The updated version of the bill sponsored by Sens. Lindsey Graham (R., S.C.) and Bill Cassidy (R., La.), circulating among lobbyists and on Capitol Hill as senators returned to Washington on Monday, would provide more benefits to states including Alaska, home to Republican Sen. Lisa

Please see HEALTH page A6

Pyongyang Official: U.S. Declared War

North Korea's foreign minister said the country interpreted recent remarks by Trump as a declaration of war..... A2, A4

A WASHINGTON NOVICE TAKES ON THE TAX CODE

Treasury chief Mnuchin aims for an overhaul that no one else has managed since 1986

By Richard Rubin And Kate Davidson

Steven Mnuchin is facing the biggest test of his short political career.

The Treasury secretary has been working for months to bridge divides between an impulsive president and a fractious Congress to deliver on the Republican Party's promise of a simpler tax code with lower rates.

He has a powerful tailwind. Both Donald Trump and Republican lawmakers have promised a tax overhaul, which now remains one of their biggest domestic policy priorities since their efforts to repeal or overhaul the Affordable Care Act have so far fallen flat.

Stacked against Mr. Mnuchin, as negotiations near the make-or-break stage, are unresolved intraparty disagreements over how much lost tax revenue is acceptable and how tax cuts should be apportioned among companies, high-income earners and the middle class. Lobbyists stand ready to resist almost any proposed changes.

Mr. Mnuchin is tackling this terrain with less political experience than any other recent Treasury secretary. He didn't follow the trajectory of Henry Paulson or Robert Rubin, who acquired Washington contacts while leading Goldman Sachs Group Inc. And while Mr. Mnuchin has a close relationship with the president, it doesn't appear to be like that of James Baker with Ronald Reagan, which allowed Mr. Baker to manage the last major revamp of the tax code.

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

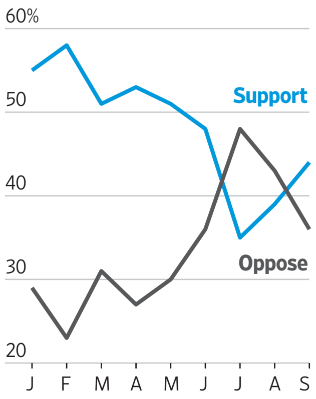
Please see TAXES page A8

With Popularity Rebounding, Abe Calls Election

AKO KON/BLOOMBERG NEWS

ON THE RISE: Japanese leader Shinzo Abe's decision to call an election is a bet that voters will back his North Korea policy. A4

Support for Prime Minister Shinzo Abe's cabinet



Source: NHK telephone polls, most recent of 1,285 adults conducted Sept. 8-10.

THE WALL STREET JOURNAL.

Tesla May Get Easier Road to China

By Trefor Moss And Eva Dou

SHANGHAI—China is considering relaxing rules requiring foreign auto makers to have a local partner, according to people with knowledge of the situation, a move that could pave the way for Tesla Inc. to manufacture vehicles in the country.

Tesla has long dreamed of planting its flag in China, the world's biggest market for electric vehicles, but finds itself the only notable auto maker without public plans to manufacture electric vehicles there. Finding a local partner has been a sticking point.

While there has long been talk of easing these rules, U.S. President Donald Trump's decision last month to launch an investigation into Chinese trade practices likely accelerated discussions, these people said.

Under a draft proposal shared with auto-industry executives, China is preparing to allow foreign companies to manufacture electric vehicles in free-trade zones without a Chinese partner, though the cars would be still subject to import tariffs if sold in the country, the people said. The plans were reported earlier by Bloomberg.

China's commerce ministry spokesman Gao Feng declined to confirm those plans when asked by state-owned broadcaster CCTV at a press briefing Thursday. But he said the government, in the future, would roll back policies limiting foreign investment in EVs,

Please see TESLA page A2

INSIDE

THOMAS PITILLI

AFTER A DISASTER, NEW CONFIDENCE

LIFE & ARTS, A12

SETH WENIG/ASSOCIATED PRESS

IT'S TIME TO REINVENT THE IPO

STREETWISE, B1

Science Affliction: Is There a 'Blade Runner' Curse?

* * *

Sci-fi film is back, but original was disastrous for corporate cameos

By Don Steinberg

When the sci-fi classic "Blade Runner" was released in 1982, it conjured a Los Angeles of 2019 whose steamy streets teem with flying cars and neon advertising.

Then came the curse: Many of the robust brands shown thriving in the cinematic future ran into financial troubles in the real world.

Next month, "Blade Runner" is back in a new film starring Ryan Gosling and Harrison Ford called "Blade Runner 2049." So will the "Blade Runner" curse return with the sequel?

Harrison Ford in 'Blade Runner'

The original corporate curse was widespread. Atari, whose logo shines on the street behind Mr. Ford in the original film, held an 80% share of the home videogame market in 1982. Within a year of its cameo, the company was dumping truckloads of unsold games into a New Mexico landfill, victim of a massive industry slump.

Headphone maker Koss Corp., featured on an electronics store in the original "Blade Runner," filed for chapter 11

Please see CURSE page A8

◆ Inside the remaking of 'Blade Runner'.................. A9

U.S. Has Options to Address North Korea

CAPITAL JOURNAL
By Gerald F. Seib

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

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

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

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

In fact, there are other, more creative options in America's tool kit. None is a silver bullet, and ultimately they may be more useful in freezing and containing North Korea's nuclear program than reversing it. Still, conversations with experts suggest a series of such options to increase pressure:

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

But there are further steps—provocative, to be sure—that could be taken. The U.S. Navy could begin patrolling more intensively the waters around North Korea to interdict ships believed to be taking goods to North Korean ports. That would further discourage commerce and military technology trade.

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

■ Unconventional warfare: In defense circles, this approach is called "nonkinetic" warfare, meaning tactics that aren't designed to kill or destroy. Cyberattacks, if successful, could hamper North Korea's ability to continue its nuclear and missile research or to use its weapons. Electromagnetic attacks could cripple communications.

SOUTH KOREAN DEFENCE MINISTRY/AGENCE FRANCE-PRESSE/GETTY IMAGES

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

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

■ Subversion and psychological warfare: A proliferation of modern technology—cellphones, DVDs and flash drives—in long-closed North Korea has made it possible to crack through official propaganda with messages from the outside, seeking to sow internal unrest.

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

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

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

The U.S. and its allies have more work to do to build a truly reliable missile-defense system, though. If the U.S. tries to down a missile, it had better succeed; failure might only further embolden Mr. Kim.

■ Intensified diplomacy: Michele Flournoy, a former undersecretary of defense in the Obama administration, says "the missing piece" in American strategy is a high-level diplomatic push.

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

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

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

A Belated Farewell for Two Victims of South Korean Ferry Tragedy

YONHAP/REX/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

DISTRAUGHT: Mourners held a memorial service in Seoul for Cho Eun-wha, left, and Huh Da-yoon, who were among four victims whose remains were found after the Sewol ferry was brought to land in April. More than 300 people died when the ferry sank in 2014.

TESLA

Continued from Page One

without mentioning joint-venture rules.

Industry watchers said such a change would be a limited concession by China, as long as a 25% tariff on imports remains in force. Last year, in a comparable move, China allowed foreign battery companies to set up wholly owned companies in selected free-trade zones, including Shanghai.

Even so, the development could be significant for Tesla, which analysts said is concerned that a joint venture could compromise its technology.

The Silicon Valley auto maker, led by Elon Musk, is under mounting pressure to open a Chinese base. General Motors Co., Volkswagen AG, Ford Motor Co. and many other foreign manufacturers with established operations in China have recently announced plans to begin or substantially increase electric-car production here as Beijing moves to phase out traditional gas and diesel vehicles.

Tesla said in June that it was talking to Chinese authorities about building a factory in Shanghai and that it hoped to have an announcement in 2017. On Friday, Tesla said it had no comment beyond that statement.

Analysts said Tesla appeared to be holding back on manufacturing plans in hopes that China would ease rules requiring foreign auto makers to set up 50-50 joint ventures if they want to build cars.

The free-trade-zone plan for electric vehicles would be more cosmetic than a game changer for many companies, said Jing Yang, an associate director at Fitch Ratings. Companies operating in those free-trade zones will almost certainly still incur a 25% tariff levied on imported cars and not qualify for China's generous EV subsidies, Ms. Yang said.

But that may be less of an issue for Tesla, a luxury brand with unquestioned cachet in China. Even with the tariffs, Tesla sold about 11,000 cars worth over $1 billion here in 2016—enough to make China its second-largest market, after the U.S.

That figure is dwarfed by the market potential, however, with Beijing targeting seven million electric-car sales in 2025, and 15 million in 2030.

Other foreign auto makers are overcoming their concerns about intellectual-property protection by building entry-level EVs with no cutting-edge technology. GM, for example, just launched its first pure-electric car for China, the Baojun E100, with a $5,300 price tag. Its premium U.S. offering, the Chevrolet Bolt, is unavailable here.

QILAI SHEN/BLOOMBERG NEWS

A Model S electric vehicle at a Tesla showroom in Shanghai.

But Tesla doesn't make low-end vehicles. Even the $35,000 Model 3 would be one of the priciest electric models in China.

At the same time, Mr. Musk has long hoped to set up shop in China, having first discussed plans for a Chinese plant in Beijing in 2015. He most recently visited China in April to meet top officials.

In March, Mr. Musk gained a powerful friend in internet giant Tencent Holdings Ltd.—which bought a 5% stake in the company for $1.8 billion—creating an alliance that could help smooth talks with Chinese officials.

A representative of one foreign car company cautioned that Chinese officials had been discussing the potential change for months, adding that "there's really nothing on the table yet."

Even with the rule change, this person added, foreign auto makers already established in China wouldn't abandon their existing joint ventures, which they have invested heavily in and spent many years building.

—Kersten Zhang and Yang Jie in Beijing and Tim Higgins in San Francisco contributed to this article.

New Brexit Talks Raise Hopes but Splits Linger

By Valentina Pop And Laurence Norman

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

Tensions remained, however, especially over a financial settlement between the U.K. and the bloc. The two negotiators, David Davis of the U.K. and Michel Barnier of the EU, exchanged sharp remarks on the money issue when going into four days of talks on Monday.

Mr. Davis repeated Mrs. May's pledge on Friday that no EU country would have to pay more into the EU budget or receive less from it as a consequence of Brexit. In the previous three rounds of talks, the U.K. refused to acknowledge that the bloc's seven-year budget, which runs through 2020, is binding on Britain.

"But it's obvious that reaching a conclusion on this issue can only be done in context of and accordance with a new deep and special partnership with the EU," he said.

Mr. Barnier however stressed that a deal on the financial settlement had to be reached before talks could move on to the future relationship. "We're not going to mix up discussions on debts and past commitments with our future relationship." The EU says the U.K.'s bill could be around €60 billion ($71 billion).

Mrs. May's request for a two-year transition in which the U.K. will still be part of the EU market and subject to its rules won't be granted automatically, Mr. Barnier said. "The EU has to decide whether to have a transitional period and whether it's in its interest," he said.

Talks about the transition period won't start before settling the accounts and other divorce issues, he said. Mr. Barnier specified, for example, the future rights of EU citizens in the U.K. and how to avoid re-creating the hard border between Northern Ireland, which is part of the U.K., and Ireland, part of the EU.

"The EU is keen and eager to understand better how the U.K. government will translate the prime minister's speech into negotiating positions. This is essential and would enable us to advance this week," he said.

Mr. Davis retorted that the British government has already laid out concrete proposals: "It will take pragmatism on both sides to make headway," he said.

Negotiations are stalled over what the EU says are past U.K. spending pledges.

Brexit talks have made only limited progress since they began in the summer and remain focused on three key issues: EU citizens' rights after Brexit, managing the Irish border with Britain, and reaching a deal on the U.K.'s financial commitments to the EU.

In London, divisions over Brexit goals have emerged anew in recent days.

Keir Starmer, Brexit spokesman for the Labour Party, on Monday said a Labour government would drop Mrs. May's "ideological red lines" in Brexit negotiations, which include gaining the power to cap immigration to the U.K., and instead work to delivering a deal focused on jobs and the economy. Controlling immigration was a main issue in the Brexit referendum campaign.

CORRECTIONS & AMPLIFICATIONS

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

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com**.

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Kurds Hold Vote on Splitting From Iraq

Prime Minister Abadi has said he wouldn't recognize the results of the referendum

By Isabel Coles
And Ali A. Nabhan

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

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

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

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

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

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

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

Kurds of all political persuasions overwhelmingly support independence and the region's main political parties have urged their followers to vote yes, even though some have questioned the timing of the vote and worry about the consequences.

The vote won't automatically trigger independence, but the U.S. and Middle Eastern governments say it could mean the end of a unified Iraq, destabilizing the greater region and undermining Iraq's fight against Islamic State.

The U.S., a backer of Mr. Abadi, opposes the vote. Representatives from the U.S.-led military coalition to defeat Islamic State have consistently said the referendum has had negative effects on the Iraqi government's military effort against the group, drawing its attention from a campaign targeting the last militant strongholds in the country.

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

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

Turkish President Recep Tayyip Erdogan in a speech Monday called the referendum "null and void and illegitimate," threatening to close the Turkish border with the Kurdish region and halt oil exports through a pipeline on which the Kurds depend economically.

—Ben Kesling contributed to this article.

CHRIS MCGRATH/GETTY IMAGES

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

Kurdistan's Independent Oil Boom Comes Under Fire

By Benoit Faucon, Sarah Kent and Summer Said

Iraqi Kurdistan's independence referendum has returned its renegade oil industry to the spotlight, prompting Turkish President Recep Tayyip Erdogan to threaten to cut off the region's petroleum exports and Baghdad to call for a de facto boycott of Kurdish crude.

Kurdistan has built up an independent oil sector against the odds, defying Iraq's central government, which claims control over the country's crude revenue. The result is an industry that accounts for 80% of the Kurdistan Regional Government's revenue and that exports nearly 600,000 barrels of oil a day—about the same as petrostates like Qatar and Ecuador.

More than half of the region's production is exported through a Turkish pipeline, the result of a controversial deal in 2013 with Ankara that allowed the Kurds to bypass Iraq's state oil company and sell crude independently. Baghdad has long complained about the deal, but international oil companies now routinely buy Kurdish oil and sell it abroad.

A move toward Kurdish independence could change the equation for Mr. Erdogan, who has waged a deadly, costly battle with Kurdish separatists. On Monday, Mr. Erdogan made a veiled threat to close the Kurdistan-Turkey pipeline, saying: "We own the tap, once we close it, that is done also."

Mr. Erdogan's comments came after the Iraqi government called for all countries to "deal exclusively" with Baghdad on oil and other matters. A senior adviser to the Iraqi oil industry said the government would pursue legal action if the Kurds declared independence.

The Kurdistan Regional Government didn't respond to requests to comment. Over the weekend, Kurdistan's Ministry for Natural Resources' Twitter page called Baghdad's oil regulators "corrupt" and accused the federal government of not paying the Kurds for oil in the past.

Kurdistan has worked to improve financial stability in its oil sector ahead of the referendum and tried to settle its debts with key players.

Japan's Abe Calls Vote as Ratings Rise

By Alastair Gale


TORU YAMANAKA/AGENCE FRANCE-PRESSE/GETTY IMAGES
Japanese Prime Minister Shinzo Abe, who called a snap election on Monday, is relying on widespread frustration with Pyongyang.

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

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

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

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

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

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

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

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

Mr. Abe said the failure of dialogue to end North Korea's march toward nuclear weapons in the past means there is no alternative but to enforce sanctions on the country.

Japanese public sentiment toward North Korea tends to be hawkish, reflecting frustrations over the failure of years of talks with Pyongyang to win the return of abducted Japanese citizens, as well as its military threat. This month, North Korea said it would "sink" Japan with its nuclear weapons.

Almost two-thirds of respondents in a poll conducted by Japan's largest-circulation daily newspaper this year favored U.S. moves to increase military pressure on North Korea.

Mr. Abe had until the end of next year to call an election of the more-powerful lower house, where his Liberal Democratic Party has a two-thirds majority with its coalition partner.

"The only time to do it is now," before the North Korean situation heats up further, said Yasuharu Ishizawa, a politics and media professor at Gakushuin Women's College in Tokyo. "He'll be able to get a majority, but it's a close call whether he'll get near two-thirds or not."

Domestic political developments appear to favor a quick election for Mr. Abe. The main opposition Democratic Party saw its leader resign and lawmakers defect after a near wipe-out in Tokyo elections in July.

A weekend poll in the Nikkei business newspaper showed that 44% of voters plan to vote for Mr. Abe's LDP, with 8% backing the Democratic Party. One-fifth of respondents were undecided.

One wild card is a new national party announced by Tokyo's popular governor, Yuriko Koike, on Monday. Ms. Koike's Tokyo-based party took seats from the LDP in the July elections, but the governor has a similar conservative political stance and might work with the LDP in some policy areas.

—Peter Landers contributed to this article.

North Korea Says U.S. Has Declared War

By Farnaz Fassihi

UNITED NATIONS—North Korea's foreign minister said Monday the U.S. had declared war on North Korea, causing his country to consider all possible responses to be on the table.

Ri Yong Ho, speaking to reporters in New York, said North Korea now has "every right to make countermeasures, including the right to shoot down U.S. strategic bombers, even if they are not yet inside the airspace border of our country."

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

Mr. Ri said North Korea interpreted recent remarks by President Donald Trump as a declaration of war. In a Twitter message on Saturday, Mr. Trump said North Korea's leadership would "not be around much longer" if it attempted to take action against the U.S. or its allies.

Mr. Ri said if North Korea takes action against U.S. warplanes, "The question of who will be around much longer will be answered then."

State Department spokesman Justin Higgins later said the U.S. hasn't declared war on North Korea.

"We continue to seek a peaceful denuclearization of the Korean peninsula," he said, adding, "No nation has the right to fire on other nations' aircraft or ships in international airspace or waters."

The White House also dismissed Mr. Ri's assertion.

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

The North Korean comments on Monday marked a new round of hostile exchanges that have escalated in recent days.

Mr. Ri warned on Saturday that a missile attack on the U.S. mainland had become "inevitable" after Mr. Trump's United Nations General Assembly address on Tuesday. In that speech, the president threatened to "totally destroy" North Korea if the U.S. is forced to defend itself or its allies.

Mr. Ri also said Thursday that North Korea could choose to detonate a hydrogen bomb over the Pacific Ocean.

After that threat, Mr. Trump wrote in a Saturday message on Twitter, "If he echoes thoughts of Little Rocket Man, they won't be around much longer!"

U.N. Secretary General António Guterres warned on Monday that the escalating war of words risked miscalculation and called for a political solution, his spokesman said.

"Fiery talk can lead to fatal misunderstanding," U.N. spokesman Stephane Dujarric said.

Sharif Returns to Pakistan for Corruption Trial

By Saeed Shah

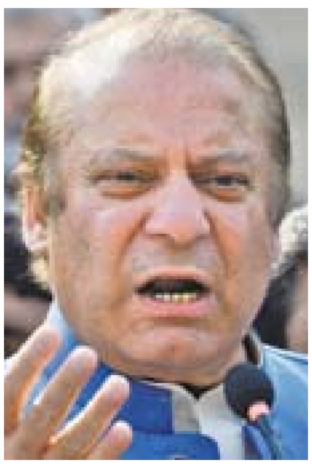
ISLAMABAD—Former Prime Minister Nawaz Sharif returned to Pakistan to appear in court on corruption charges, his political party said, kicking up fresh political turmoil and legal drama.

A hard-won period of relative political stability in recent years is threatened by Mr. Sharif's removal from office, his party says.

Mr. Sharif will appear before an anticorruption court in Islamabad on Tuesday, said Asif Kirmani, a spokesman. He will face allegations that he possesses assets beyond his known means of income. He had been in London in recent weeks for his wife's cancer treatment there.

His return to Pakistan on Monday was a surprise, after speculation that he had gone into exile. His daughter and preferred political heir, Maryam, said last week that he shouldn't go before the court because it is a "farce." Legal and political experts said he came back to Pakistan for political reasons—to keep his party intact. His party remains in power, but elections are due next year. Yet the move also holds legal risk for him in a case that could see him jailed within months.

In July, the Supreme Court dismissed him as prime minister for dishonesty, and ordered a trial in a lower court for corruption—the case that is due to start on Tuesday. He denies any wrongdoing and says he isn't getting fair treatment from the courts.


RANA SAJID HUSSAIN/PACIFIC PRESS/ZUMA PRESS
Nawaz Sharif

"What kind of justice is this? What kind of accountability is this?" Mr. Sharif said on Sunday outside his family's luxury apartments in London before taking a flight to Pakistan. "We haven't done any corruption."

Mr. Sharif, who has been prime minister three times and previously lived out seven years in exile, partly in London, said on Sunday that he never considered staying away from Pakistan.

The family apartments are at the heart of the corruption allegations, which were sparked by the "Panama Papers" leak last year. Mr. Sharif says his children, not him, were given the apartments in settlement of an old family business deal with a Qatari prince.

Three of Mr Sharif's children, including Maryam, are also accused in the case, but there was no indication they would also return from London to face the anticorruption court.

Some lawyers said the case can't proceed without all of the accused appearing before the court. However, Shahzad Akbar, a lawyer unconnected with the case, said it couldn't have been heard if Mr. Sharif was absent, but now the court can separate his case and proceed against him alone. He said the burden of proof would be on Mr. Sharif to prove the London property doesn't belong to him.

"If he'd stayed in London, it would be seen as not fighting back," Mr. Akbar said. "This is about his political legacy."

The anticorruption trial is supposed to conclude within six months, according to the order of the Supreme Court.

Mattis, In India, Seeks Ties In Defense

By Gordon Lubold And Niharika Mandhana

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

Mr. Mattis, the first cabinet secretary to visit India in the Trump administration, on Monday described India as a "major defense partner," the result of progress made in recent years that strengthened the nations' common security interests.

The closer relations are important to the Trump administration's Afghanistan-Pakistan strategy, as well as to U.S. policy in Asia.

"This is a historic opportunity for our two democracies, a time of strategic convergence," Mr. Mattis told reporters on a military jet en route to New Delhi on Sunday, adding that "steady engagement" would be fitting watchwords for the path ahead for the two countries.

A series of talks in New Delhi, which include meetings with Indian Prime Minister Narendra Modi and the new minister of defense, Nirmala Sitharaman, follows Mr. Modi's June visit to Washington, during which Mr. Trump called India "a true friend."

"After our meetings today, I will say that the relationship between India and the United States has never been stronger, has never been better," Mr. Trump said at the time.

During Mr. Mattis's visit to New Delhi, the defense chief is expected to discuss India's role in Afghanistan, particularly in the wake of the announcement of Washington's Afghanistan-Pakistan strategy, outlined by Mr. Trump in August. India isn't expected to send troops to Afghanistan, but may consider reinforcing its economic contributions there, U.S. officials said.

On India's role in the Pacific, the U.S. is keen on a more persistent maritime presence, not only by the U.S. but also by allies, amid Beijing's effort to press its maritime claims in the South China Sea.

The U.S. and India are likely to discuss additional military exercises and potential defense sales. India has been interested in purchasing American jet fighters and in pursuing deals to build fighters and other platforms in India, and is eager to acquire American drones.

The U.S. outreach to India underscores the awkward relationship between the U.S. and Pakistan.

WORLD WATCH

INDONESIA

Volcanic Eruption 'Imminent' in Bali

Nearly 50,000 people moved to safety from a rumbling volcano on the Indonesian resort island of Bali, with the country's disaster agency saying an eruption appeared imminent after a half-century of calm.

Bali's international airport—Indonesia's second busiest and the main gateway for the more than four million foreign tourists who visit the island each year—remained open, and authorities said residents and visitors were safe beyond a danger zone ranging up to 7.5 miles from the peak of Mount Agung.

The nearly 10,000-foot volcano, the highest peak on the island, lies more than 30 miles from the airport and the island's main beach resorts.

The U.S., U.K., Australia, New Zealand and Singapore issued advisories warning that volcanic activity from Mount Agung could disrupt air travel.

In the six hours from midnight Monday morning, Mount Agung recorded 227 tremors due to increasing magma activity, the country's National Disaster Mitigation Agency said. The volcano's alert status was raised to its highest level Friday, after a series of tremors.

"We cannot say when exactly Mount Agung will erupt, but...the potential" is high, said the disaster agency's spokesman.

The number of evacuees shot up to 48,540 Monday from about 15,000 before the weekend, he added. He said Indonesian President Joko Widodo would visit displaced residents Tuesday.

Mount Agung last staged a series of eruptions in 1963-64, sending ash more than 12 miles into the sky and unleashing pyroclastic flows and mudflows that killed more than 1,700 people and displaced about 100,000 others, according to the disaster agency.

—Ben Otto


DARREN WHITESIDE/REUTERS
A man heads toward Mount Agung on Bali, where officials say a volcanic eruption appears imminent.

GREECE

EU Move Suggests Finances Are Stable

The European Union decided to end disciplinary procedures against Greece over its excessive deficit, a sign of the progress the country has made in bringing order to its public finances.

So-called excessive deficit procedures are enacted when a country consistently reports a deficit of more than 3% of gross domestic product. The EU subjected Greece to the procedures in 2009. Last year, Greece ran a surplus in its general government balance of 0.7% of GDP, compared with a deficit of 15.1% in 2009.

The decision is largely symbolic, but it reflects greater confidence in Greece's public finances, as Athens isn't projected to have a deficit greater than 3% of GDP for many years to come.

Nonetheless, the country remains under its third bailout program, which ends in August 2018. Even if it succeeds in exiting the bailout program, it is likely to remain subject to further monitoring.

—Nektaria Stamouli

Vote Reflects Unease Over Immigration

'Loss of German culture' cited by nearly all those backing nationalist party AfD

By Anton Troianovski And William Wilkes

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

The party's broad success, garnering nearly 13% of the overall vote, highlights the challenge for the German political mainstream as Chancellor Angela Merkel heads into complicated coalition talks to secure a fourth term after her underwhelming election victory Sunday.

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

Perhaps the biggest shock to the establishment came in Bavaria, Germany's Catholic and conservative heartland. The state's long-dominant Christian Social Union, the Bavarian sister party to Ms. Merkel's Christian Democrats, plummeted to 39% of the vote in the state, compared with 49% four years earlier. The Alternative for Germany, or AfD, received 12% in Bavaria, compared with 4% four years ago. Its tallies approached 20% in districts on the Austrian border that were key points of arrival for migrants in Europe's refugee crisis of 2015.

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

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

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

Traditional left-wing strongholds also saw big AfD gains. In the Ruhr region, a rust-belt section of Germany once home to many blue-collar steel and mining jobs that now has some of the largest immigrant communities in the country, the party scored 15% or more in the cities of Duisburg, Essen and Gelsenkirchen.

Berndt Liebenow, a 56-year-old resident of Buch, a community in the former East Berlin, said he used to support the center-left Social Democrats but gave his vote to the AfD on Sunday.

"It's been the same old crap from the SPD and CDU for decades," he said. "The refugees the government had welcomed over the past two years "need to go home when the wars in their countries are over," he added.

The AfD scored particularly well in the thinly populated, mostly rural regions of the former East Germany. In Saxony, the region's southernmost state, it even took first place and won more than one-quarter of the vote.

The AfD did especially well among men, the unemployed, blue-collar workers, and people with less education, according to the ARD exit polls.

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

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

Its staying power will depend in part, analysts say, on its ability to deliver a clear message and survive infighting at the top.

The AfD's election platform describes Germany's Muslim minority as "a great danger" for the country and says Germany needs to reduce its focus on remembering Nazi crimes. The Central Council of Jews in Germany described the AfD's entry into the Bundestag on Sunday as the greatest challenge for the country's democracy since 1949.

"Nothing in our party or our program could or should worry Jewish people," Alexander Gauland, who co-led the party ticket, said Monday.

—Andrea Thomas contributed to this article.

The Party's Performance

Alternative for Germany (AfD) saw gains across all states, but especially in the east and in southern areas affected by migration.

*Berlin was partitioned
Source: Federal Returning Officer (2013, 2017 results)
THE WALL STREET JOURNAL.

ECB's Draghi and Former AfD Official Clash Over Policy

European Central Bank President Mario Draghi clashed on Monday with a former leader of Germany's ascendant far-right party over the bank's easy-money policies, underlining the frustrations that helped to propel the party this weekend into the German parliament.

At a European Parliament hearing in Brussels, Mr. Draghi was pressed repeatedly by Bernd Lucke, a European lawmaker and former official in the nationalist Alternative for Germany party, over whether there was an ultimate limit to the size of the ECB's bond-buying program, known as quantitative easing.

Mr. Lucke left the AfD two years ago after losing a leadership contest, and now represents the Liberal Conservative Reformers.

Mr. Draghi refused to directly answer the question, and criticized Mr. Lucke for seeking headlines. "You keep on saying things because you want me to say certain things [for the] newspapers," Mr. Draghi said.

The dispute comes a day after the AfD party rocked Germany's political establishment by winning dozens of seats in the national parliament. While Mr. Draghi didn't comment directly on the German election result, he did suggest that political risks could pose a threat to the region's recovery.

Still, Mr. Draghi was generally bullish about the eurozone's economic recovery, which he described as "firm and broad-based," and driven largely by domestic forces. That, he suggested, makes the region more resilient to economic turbulence beyond its borders.

—Tom Fairless

Poland May Force a Third of Top Judges to Retire

By Drew Hinshaw

WARSAW—Poland's President Andrzej Duda introduced a law that would retire the most senior judges on the supreme court and allow parliament to select which officials should appoint new judges, a proposal that as the European Union considers disciplining Poland for politicizing its court system.

The law mandates early retirement for all male supreme court judges over 65 and all female judges over 60. That would remove more than one-third of the court's 82 judges, including the 64-year-old chief justice of the court, who is seen as an opponent of Poland's current government. A panel of experts would then appoint replacement judges. Parliament would choose who staffs that panel, unless more than two-fifths of Poland's sharply divided parliament obstructs the process, in which case Mr. Duda himself would choose the panelists.

Mr. Duda proposed the bill in a news conference on Monday, two months after he vetoed a much more sweeping overhaul passed by parliament.

That overhaul would have forced Poland's entire supreme court into retirement, and allowed the justice minister to staff the court temporarily with judges he could fire at any moment.

The July law sent tens of thousands of protesters into the streets and prompted the EU to consider—for the first time ever—a disciplinary process that could lead to Poland losing its voting rights in the union.

A previous plan to overhaul the court was met by large street protests and EU criticism.

Since then, Poland has picked up support from Hungary, whose ruling party also has reduced national checks and balances. The standoff has become a test of how freely countries like Poland and Hungary can defy EU norms on what a European democracy should look like.

Mr. Duda's new law appears to attempt a middle ground, legal experts said. It would instantly remove some of the government's top critics from power. But it would force Poland's ruling party, Law and Justice, to seek compromise in naming new judges.

"We were afraid that we would wake up in an authoritarian state, and from this proposal, in terms of checks and balances, this is a giant step forward," said Maciej Kisilowski, a law professor at the Central European University in Budapest, Hungary. "The glass is basically half-full, half-empty. We are no longer talking about an overnight putsch, but we are still talking about a very large number of judges retired at once."

The proposal shows how Mr. Duda is becoming a central fulcrum in Poland's politics, tipping the balance of power between the ruling party and its critics. Until recently, Mr. Duda—an obscure deputy justice minister before he won the presidency in 2015—had been seen as an unquestioning ally of Law and Justice, signing off on many controversial changes. A popular local TV comedy show mocks the president as a man endlessly stuck in the waiting room outside the office where real decisions are made.

By refusing to sign his party's court overhaul and drafting his own, Mr. Duda has become the deciding vote. A poll last week showed 74% of Poles surveyed approve of his presidency. Some of his biggest critics now come from Law and Justice, of which he was once a member.

ELECT

Continued from Page One

back in Bavaria, winning 39% of the vote compared with 49% four years earlier, and faces state elections late next year. The anti-immigrant Alternative for Germany, or AfD, won 12% of the vote in the state.

Leading Bavarian conservatives indicated Monday that they would try to push Ms. Merkel further to the right to win voters back from the AfD—a challenging prospect given the coming coalition talks with the Greens. Bavarian Premier Horst Seehofer, the CSU chairman, said he would emphasize his party's tough line on immigration in talks with Ms. Merkel about how to approach the coalition negotiations.

"Continuing with business as usual is, we believe, not possible," Mr. Seehofer said. Germany's next government, he said, should reduce immigration and focus on integrating those migrants who are already here.

The Bavarian leader said setting an annual upper limit for the number of refugees Germany takes in would be a condition for his party joining the coalition. Ms. Merkel has opposed the proposal and the Greens say it breaches Germany's constitution.

"We will insist on this—this is an incredible important issue for people," Mr. Seehofer said, adding that any coalition agreement would need to win the approval of a CSU party conference before a government can be formed.

Coalition talks are likely to drag on for weeks, and possibly into the winter. The parties will negotiate the new government's positions point-by-point to hammer out a lengthy coalition agreement.

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

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

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

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

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

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

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

Europe will be eagerly awaiting the outcome of the negotiations, in part because the Free Democrats favor a tough fiscal policy that could clash with plans advanced by President Emmanuel Macron of France for deeper political integration in the EU.

"We couldn't agree to a eurozone budget that would lead to an automatic fiscal transfer within the Europe Union, because this wouldn't solve problems but make them worse," Mr. Lindner told a news conference.

Officials in Ms. Merkel's Chancellery and in the CDU-led Finance Ministry have long treated Mr. Macron's proposals with suspicion in any case. Ms. Merkel said Monday her party would be open to EU reform, but sounded a skeptical note.

"We can use more Europe, but this must also lead to more competitiveness, more jobs, and simply more firepower for the European Union," she said, referring to proposals that Mr. Macron plans to flesh out in a speech on Tuesday.

GREGOR FISCHER/AGENCE FRANCE-PRESSE/GETTY IMAGES

Workers disassemble a CDU election poster of Chancellor Angela Merkel in Berlin on Monday, a day after Germany's election.

U.S. NEWS

Revamped Travel Ban Cites 8 Nations

New order places limits on Chad, North Korea and Venezuela; Sudan is cut from list

By Laura Meckler

WASHINGTON—President Donald Trump issued a new ban on entry to the U.S. that applies a range of restrictions on nationals from eight countries, including new targets Chad, North Korea and Venezuela.

The new restrictions also apply to five of the six countries covered by the previous travel ban—Iran, Libya, Syria, Yemen and Somalia. The African country of Sudan was subject to the original ban but dropped under the new version after officials concluded that Sudan meets its vetting standards.

SPENCER PLATT/GETTY IMAGES

The new rules take effect Oct. 18. Above, arrivals at New York's John F. Kennedy airport.

The previous order expired Sunday. The new rules take effect Oct. 18. Countries that were subject to an earlier version will operate under the old rules until then.

The new rules vary by country, with some nations facing outright travel bans and others subject to more limited restrictions. In most cases, though, the vast majority of potential travel to the U.S. will be banned. "As president, I must act to protect the security and interests of the United States and its people," Mr. Trump wrote Sunday.

The new order reflects painful lessons learned following intense criticism of two previous versions. Mr. Trump's first executive order, issued after just a week in office, touched off widespread confusion in airports, protests and a judicial rebuke. The second version, in March, allowed for a phase-in, but it too was put on hold by the courts almost immediately before the Supreme Court allowed a modified version to take effect.

Administration officials were hoping for a calmer reception this time.

Officials also hope the new list will overcome charges that Mr. Trump's order was an unconstitutional Muslim ban, thinly disguised. This time, two non-Muslim countries were included—though neither stands to be affected by the new rules in a significant way. North Korea allows few people to enter the U.S. to begin with, and a White House official noted that any North Korean refugees would be eligible for waivers. Venezuela's restrictions are being applied only to certain government officials and their families, while most other countries face sweeping prohibitions.

"The number of Venezuelans and North Koreans affected is vanishingly tiny. It's still a Muslim ban," said Omar Jadwat, who brought several of the court challenges for the American Civil Liberties Union.

Trump administration officials say just the threat of a travel ban persuaded more than a half-dozen countries to change their policies and are now cooperating more fully with the U.S. in vetting their citizens.

The new restrictions have no set end date. Rather, restrictions will be added or removed at any time as conditions change, officials said. The new rules apply only to prospective visa applicants—not current visa holders. That means there is less likely to be confusion at airports as the rules take effect, as was the case after January's rollout.

Mr. Trump and his supporters said the original travel ban was needed to keep potential terrorists from entering the U.S. Critics pointed to Mr. Trump's campaign promise to ban Muslims from entering the U.S. and said the executive order was driven by unconstitutional prejudice.

Under the order, two countries—North Korea and Syria—are subject to a ban on travel for people seeking to migrate to the U.S. and on those who just want to visit.

Top Court Removes Case From Schedule

The Supreme Court is dropping for now an oral argument about the legality of President Donald Trump's travel ban, a signal the justices may want to avoid deciding the case in light of new travel restrictions the White House unveiled.

The high court had been preparing to review Mr. Trump's March 6 executive order restricting travel to the U.S. by people from six Muslim-majority countries. But much of that ban expired Sunday, and the White House is replacing it with a more-targeted policy that focuses on nationals from eight countries, including non-Muslim nations North Korea and Venezuela.

The high court had been scheduled to take up the case Oct. 10. In a one-paragraph order Monday, the court removed the case from the calendar and ordered both sides in the litigation to file new legal papers by Oct. 5 addressing whether the case is moot in light of Mr. Trump's new travel rules.

The case raised high-stakes questions about presidential power, as well as the ability of courts to probe the motives behind a president's course of action. The justices' move Monday suggests they believe it may not make sense to attempt to answer those questions in a case about an executive order that is no longer in effect.

—Brent Kendall

Trump, NFL Trade Barbs as Clash Continues

By Joshua Robinson And Andrew Beaton

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

The president started Monday morning with a series of five tweets about the national anthem protests, interrupted by a sixth about tax reform. He again criticized NFL players for kneeling during the national anthem, and said many fans support him on the issue.

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

The league fired back, with an NFL spokesman saying on a conference call that players and owners remain unified in support of the individuals who chose to protest.

"Looking at yesterday everyone should know, including the president, that this is what real locker-room talk is," said NFL spokesman Joe Lockhart. He said there had been no contact between the league and the White House on this topic over the weekend. "If the president wants to engage in something positive, productive and constructive, he knows our number," Mr. Lockhart said.

Ratings for Fox and NBC's NFL game coverage were down compared with the same week last season in overnight ratings measuring 56 of the nation's largest markets while CBS was up. That could easily be a reflection of the competitiveness of the games and interest in the teams each network aired as opposed to viewers tuning in or away because of the national anthem protest controversy.

The national anthem protests took place in some form at every one of Sunday's 14 games.

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

Many prominent players continued to speak out after the games.

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

"I just want to support my teammates," added Mr. Brady, who locked arms with other players during the anthem on Sunday. "I'm never one that says, 'Oh, that's wrong or that's right.' But I do believe in what I believe in, and I believe in bringing people together and respect and love and trust."

The protests spilled over into other sports as Bruce Maxwell, a catcher for the Oakland Athletics, knelt Saturday during a pregame playing of the national anthem. Peter Malnati, a professional golfer, also came out in support of the protests. "Those who kneel are pointing out that as a nation, we are not doing a good job of upholding the values for which people sacrificed," Mr. Malnati said in a statement Sunday. He added, "I take a knee for the flag that represents this administration."

Other sports figures wrestled with how best to respond, and the car-racing organization Nascar drew Mr. Trump's praise after many of its owners said drivers and other employees who didn't stand for the anthem would be fired.

Kushner Used Own Email for Official Business

By Ted Mann And Rebecca Ballhaus

WASHINGTON—President Donald Trump's son-in-law and adviser, Jared Kushner, used a personal email account to correspond with colleagues in the White House, his attorney confirmed Sunday.

Mr. Kushner exchanged fewer than 100 emails from his personal account with White House colleagues, said Abbe Lowell, his lawyer. Mr. Kushner forwarded those that concerned official business to his email address at the White House, Mr. Lowell said.

Mr. Lowell issued a statement after Politico reported Sunday that Mr. Kushner had used the personal account, a revelation that quickly drew comparisons from Democrats to the criticism from Mr. Trump and his fellow Republicans of then-Secretary of State Hillary Clinton's use of a private email server to handle both official and personal business.

Mr. Trump made the investigation of Mrs. Clinton's email procedures a central talking point in the 2016 presidential race. Mr. Trump, along with congressional Republicans and others, such as then-FBI Director James Comey, said Mrs. Clinton was reckless in mingling personal and official business.

"Mr. Kushner uses his White House email address to conduct White House business," Mr. Lowell said in an email. "Fewer than a hundred emails from January through August were either sent to or returned by Mr. Kushner to colleagues in the White House from his personal email account."

Messages to the account were "usually forwarded news articles or political commentary, and most often occurred when someone initiated the exchange by sending an email to his personal, rather than his White House, address," Mr. Lowell said. "All nonpersonal emails were forwarded to his official address and all have been preserved in any event."

The revelation of a private email account brought sharp criticism from Democrats and veterans of Mrs. Clinton's campaign. Mrs. Clinton used a private email server during her tenure at the State Department, amassing thousands of messages, some of which were later deleted. There was no indication from the Politico account or Mr. Lowell's statement that Mr. Kushner made use of a private server.

Economic Expansion Unevenly Spread

By Jeffrey Sparshott

The U.S. economic expansion is lifting a handful of vibrant communities to new heights but also leaving broad tracts of the country stagnant or sinking, according to a new report.

The study, by the Economic Innovation Group, finds that a small number of high-growth cities and towns are fueling U.S. growth and masking economic struggles in decaying industrial towns, swaths of the rural South and other areas of the country.

"The prime years of the national economic recovery bypassed many of America's most vulnerable places altogether," the report said. "Far from achieving even anemic growth from 2011 to 2015, distressed communities instead experienced what amounts to a deep ongoing recession."

The Washington policy group set up shop in 2015 with funding from Silicon Valley, tech and financial entrepreneurs, and an advisory board that included Kevin Hassett, now President Donald Trump's top economist, and Austan Goolsbee, a former chairman of President Barack Obama's Council of Economic Advisers.

EIG's latest findings concerning health statistics are especially stark. On average, residents of the distressed counties die almost five years younger than residents of the most prosperous counties. Mortality rates from mental and substance abuse disorders are 64% higher in distressed counties than prosperous ones.

HEALTH

Continued from Page One

Murkowski, who has been skeptical of efforts to repeal the ACA.

In a move that could appeal to conservative senators, the authors made several changes designed to give states more leeway in rolling back ACA requirements and mandates. Health analysts said the new version frees states from an earlier requirement that they seek a waiver from HHS to mandate insurers cover specific health benefits, such as maternity and mental care. Insurers could also charge higher premiums to people with pre-existing conditions and older consumers without needing an approved waiver, analysts said.

Under the earlier proposal, states had to maintain an ACA protection that limited consumers' out-of-pocket payments; the new text would let states end those limits. That could pave the way for less-comprehensive health plans with low premiums and high deductibles, health analysts said.

Such changes could appeal to conservative senators arguing for a smaller Washington role in setting insurance rules. "It really does remove the federal government," said Larry Levitt, a senior vice president at the Kaiser Family Foundation.

Republicans, with a 52-48 Senate majority, can afford to lose only two votes from their own party. GOP Senators John McCain of Arizona and Rand Paul of Kentucky have already said they wouldn't support the bill, with Mr. Paul's spokesman saying Monday the senator remained opposed to the legislation after the revision. Sen. Susan Collins (R., Maine) said it is unlikely she would back the measure. All Democrats and independents are expected to oppose it.

ANDREW HARRER/BLOOMBERG NEWS

Sen. Lisa Murkowski has been skeptical of efforts to repeal the ACA.

A new analysis that sponsors attached to the bill, from the Health and Human Services department, found that more than 30 states would do better financially under the bill compared with current law. That analysis includes federal money and savings from health payments they would no longer have to make without the ACA. That analysis is disputed by several health analysts and critics of the repeal effort.

Overall, it found that states under the bill would get about \$1.219 trillion in federal funding between 2020 and 2026, lower than the \$1.259 trillion under the current law. But once those state savings under Graham-Cassidy are taken into the account, states would end up with about \$1.331 trillion, the analysis said.

Other recent reports have found the legislation would bring severe cuts. Federal Medicaid funding to states would be reduced by \$713 billion through 2026, according to an analysis last week from Avalere Health, a health-care consulting firm. That report suggests states could lose more than \$3.5 trillion over a 20-year period under the legislation.

The left-leaning Center on Budget and Policy Priorities also projected major drops in federal spending, including to states such as Alaska.

Mr. Cassidy has disputed those findings. The HHS analysis takes into account more money states would get for funding to hospitals that see a large number of people who are on Medicaid or are uninsured. The HHS data also factor in money states wouldn't have to pay because Medicaid expansion would be ended in 2020 under the bill.

Backers of the Graham-Cassidy bill hope the HHS report will help persuade the handful of wavering GOP senators, such as Sens. Collins and Murkowski. It suggests Maine's baseline funding would increase by 43% under the repeal bill compared with current law between 2020 and 2026, for example, and that Alaska would see a 3% increase once "state savings" are taken into account.

In another change that would help Alaska, Native Americans and Alaska Natives who are in the ACA's Medicaid expansion program in 2020 would be able to remain covered by the program after the bill ends the expansion elsewhere. The state also would get extra federal funding.

In recent days, momentum has shifted against the bill, as a number of Republicans have expressed concerns about it with few days to spare. In addition, an array of groups representing doctors, insurers and hospitals have come out strongly against the legislation, saying it would leave people without adequate health coverage.

The nonpartisan Congressional Budget Office said it would release a partial analysis of the GOP legislation Monday afternoon. The assessment will look at the bill's effect on budget deficits, but the agency has said it would need more time to do a broader analysis that would also take into account the effect on health insurance coverage.

Also Monday afternoon, the Senate Finance Committee, which oversees much of the ACA, held a hearing that was interrupted by protesters demonstrating against the GOP bill. Capitol police removed the protesters one by one, in one case lifting a man forcibly from his wheelchair.

TAXES

Continued from Page One

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

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

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

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

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

"He's a numbers guy, which we liked very much," Mr. Kudlow said of Mr. Mnuchin. "He rolled his sleeves up and got involved." Mr. Kudlow cited the Treasury secretary's work on business tax breaks relating to interest expenses and other write-offs.

Lawmakers working most closely with Mr. Mnuchin on tax policy, such as House Ways and Means Chairman Kevin Brady (R., Texas) and Senate Majority Leader Mitch McConnell (R., Ky.), praise his hard work on the subject and say he is a valuable partner.

"As [Mr. Mnuchin] regularly reminds us, this is a pass-fail exercise," Mr. Brady said in an interview. "There is an urgency in finding common ground."

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

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

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

Rep. Jim Himes (D., Conn.), who like Mr. Mnuchin is a former Goldman Sachs banker, says people who come to government from business sometimes think hierarchically or assume negotiations can lead to a middle ground.

But "in Washington, there are people who will stop you just to show that they can," Mr. Himes said. "It's a much, much more complicated negotiation."

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

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

He and Mr. Trump became friends about 15 years ago, seeing each other socially and occasionally talking business opportunities. Mr. Mnuchin once considered investing in the firm that owned Mr. Trump's "The Apprentice" show, but a deal didn't pan out, the Treasury secretary said in an interview last month.

TOM WILLIAMS/CONGRESSIONAL QUARTERLY/NEWSCOM/ZUMA PRESS

Treasury Secretary Steven Mnuchin in Washington this month. Eight months into his tenure, he lacks a full roster of officials.

Tax-Cut Support Mixed

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

Who should be fixed?

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

	Increase	Keep the same	Not sure	Decrease
The wealthy	62%	24		12
Corporations	55	25		16
You/your family	7	53		40
The middle class	4	48		47
Small business	4	37		57

Time for a tax cut?

How should Congress address federal taxes?

Cut taxes on individuals	24%
Cut taxes on businesses	4
Cut taxes on both	28
Not cut taxes at this time	42
Not sure	2

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

THE WALL STREET JOURNAL.

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

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

Hedge-fund manager Eddie Lampert, who was Mr. Mnuchin's roommate at Yale, said the financier "was in a position where he was open to basically dedicating himself to something. I'm not sure this would have been on any of his lists, but when it happened he was very decisive."

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

West Wing officials cautioned that Mr. Trump's deadline was more of a suggestion, but an hour later he advertised it again. "We'll be having a big announcement on Wednesday," he said at a Treasury ceremony to sign executive orders, looking over his shoulder at Mr. Mnuchin standing behind him. "So go to it."

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

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

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

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

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

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

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

In August, when the president was criticized for blaming "both sides" for the violence at a Charlottesville, Va., demonstration, Mr. Mnuchin issued a written statement defending Mr. Trump, which was approved in advance by the president, according to a White House official.

It was a contrast with Mr. Cohn, who told the Financial Times the Trump administration must do better in "unequivocally condemning" such groups.

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

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

Two days later, Mr. Mnuchin urged House Republicans to go along with Mr. Trump's decision, at one point asking them to "vote for the debt ceiling increase for me," according to several House members. The pitch was met with disbelief by some.

"I didn't buy it," said Rep. Dave Brat (R., Va.) "I just found it intellectually insulting."

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

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

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

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

CURSE

Continued from Page One

reorganization in 1984. Shortly after its appearance, food-processor pioneer Cuisinarts Inc., settled a price-fixing lawsuit and eventually landed in bankruptcy court. RCA Corp. and Bell Telephone, whose logos got screen time in the 1982 film, ceased to exist.

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

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

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

Movies about the future have a decent record forecasting which brands will persist. Many companies featured in "2001: A Space Odyssey," released in 1968, survived to the real 2001, including Hilton, IBM and General Motors. In 1993's "Demolition Man," set in 2032, Sandra Bullock informs Sylvester Stallone: "Taco Bell was the only restaurant to survive the franchise wars. Now all restaurants are Taco Bell." None of us will know whether Fuddruckers serves meals in 2506, as it does in "Idiocracy," released in 2006.

"Blade Runner" director Ridley Scott had trained in advertising. He also directed Apple's famous "1984" Super Bowl commercial. In the original film, he created an urban dystopia marked by "hyper-prevalence of consumerism," says Andrew Kosove, co-CEO at Alcon Entertainment, which produced "Blade Runner 2049."

At the time, companies like Pan Am, Bell, and Atari seemed like good bets for the future, says Paul Sammon, author of "Future Noir: The Making of Blade Runner," a 600-page history of the franchise. (Atari then was owned by Warner Communications, whose Warner Bros. unit made "Blade Runner.")

Mr. Sammon doesn't dismiss the curse. "I think some films take on a life of their own. Particularly in its first decade, 'Blade Runner' was extremely unlucky," he says. "When it came out, it was a bomb. For a decade, it was under the radar. And I think there was an unlucky aspect to the fact that a lot of those companies weren't able to survive."

WARNER BROS/EVERETT COLLECTION

Within a year of its 1982 'Blade Runner' cameo, Atari (logo upper left) fell victim to an industry slump.

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

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

Airline deregulation helped doom Pan Am, which struggled to compete with low-cost carriers. Cuisinarts, as it was then called, failed to respond to market changes. "There were money issues, inventory issues. They didn't have a huge assortment of products—nothing like we have today," says Mary Rodgers, director of marketing communications for Cuisinart, which Conair Corp. bought out of bankruptcy in 1989 and has kept alive. "But I don't think there is a curse—and my dad worked for Bell Telephone."

In populating 2049 with brands, Mr. Kosove says "the rule was, if the company didn't exist at the time of the original film, they were ineligible." Why? "The 'Blade Runner' timeline exists in its own universe."

He scoffs at the curse and says it didn't impede product placements. Diageo PLC, which owns Johnnie Walker whisky, has an ambitious advertising campaign around "Blade Runner 2049." It includes Mr. Ford drinking a "Blade Runner" blend of Johnnie Walker Black in the movie that is now available to the public. Mr. Ford sipped Johnnie in the 1982 "Blade Runner," and the brand defied the curse by emerging unscathed.

Is coming back for seconds tempting fate? Dan Sanborn, Diageo's senior vice president for culture and partnerships, laughs.

"Of course, as fans we were very aware of it," he says. "That's what's fun about pop culture, when you have a film with as much of a cult following. Our perspective would be that curses are meant to be broken."

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

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

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

LIFE & ARTS

FILM

Inside the Remaking of 'Blade Runner'

FROM TOP: ALCON ENTERTAINMENT/WARNER BROS. PICTURES; WARNER BROS./EVERETT COLLECTION

BY BEN FRITZ

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

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

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

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

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

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

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

Interest only grew with a 1992 "director's cut" that removed a voiceover by Mr. Ford and added a dream sequence, as well as a 2007 "final cut" with more tweaks. Reports that Mr. Scott and Mr. Ford had different opinions on whether the character played by the star is a human being or a robotic "replicant" only heightened the interest of devotees who dissected the film's meaning.

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

Among those desperate to find a new franchise like "Blade Runner" were Andrew Kosove and Broderick Johnson. The co-chief executives of Alcon Entertainment had produced mega-hit "The Blind Side" in 2009, creating a windfall for their tiny company. After considering cashing out and shutting down the then 13-year-old company at a high point, the CEOs and their financial backer, FedEx chief Fred Smith, decided to reinvest the profits and try to take the company to a "higher level," according to Mr. Kosove. That meant bigger movies that could be global "events."

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

They then started shopping "Blade Runner" to studios until they realized the original's contract gave Warner the exclusive right to release sequels. They couldn't reach a deal with the studio, but realized they could work with Alcon and still fulfill the deal terms, because its movies are distributed by Warner.

For each sequel it produces, Alcon will pay $11 million to the rights holders.

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

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

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

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

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

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

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

"We know there are fans who are going to come out, but we're selling the new movie on its own terms as something with really appealing stars, beautiful visuals and kick-ass action," said Mr. Rothman.

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

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

PLAYLIST: JEN WELTER

THE FORMER FOOTBALL PLAYER ON 'KRYPTONITE'

Jen Welter, 39, is a former professional football player who has coached for the N.F.L.'s Arizona Cardinals. She is the author of the memoir "Play Big" (Seal Press), to be published Oct. 3. She spoke with Marc Myers.

In 2014, I became the first woman to play professional football on a men's team. For a full season, I was a running back for the Texas Revolution in the Indoor Football League. The song **"KRYPTONITE,"** by 3 Doors Down, pumped me up.

At Boston College, I had played rugby, followed by 10 years with the Dallas Diamonds, a women's semipro football team. When the Diamonds folded in 2013, I wasn't sure what I'd do.

Not long after, the Texas Revolution called. When we met, team executives offered me an opportunity to go through a day of training camp. They said it would be great publicity.

I refused. I told them their offer was an insult to me as an athlete. I said I'd either go through training camp and a full season or nothing.

Everyone in the room went silent. Then someone wondered if I'd be a distraction to the team. The new head coach, Chris Williams, looked at me and smiled. "Not with an attitude like that."

The night before camp started, I was a little freaked. Playing against men, I could wind up seriously injured or dead. I listened to "Kryptonite," which was on my iPod playlist.

The post-grunge song opens with Matt Roberts's electric guitar playing alone for four measures before Brad Arnold begins playing a martial beat on the snare drum. Then he adds his strong vocal.

The song asks a question—will you still admire me if things don't work out? "If I go crazy, then will you still / call me Superman? / If I'm alive and well, will you be / there a-holding my hand?"

During my first game, I received a handoff. The play was to dive up the middle. I gained a few yards before two guys hit me. When they got off, I was still on the ground, but I was fine.

I jumped up and shouted at them, "Is that all you got?" My teammates were impressed and treated me with newfound respect.

After the game, when I returned to the locker room where I had dressed with the team's female dancers, they were stunned. One of the girls called me her "shero." Though we had different roles in the game, those differences no longer mattered.

GETTY IMAGES

The band 3Doors Down performing in Los Angeles.

REVIEW & OUTLOOK

Japan's Snap Election

Shinzo Abe bets on an early poll. Shades of Theresa May?

Japanese Prime Minister Shinzo Abe announced a snap election Monday to take advantage of the opposition's disarray and consolidate his control over the ruling Liberal Democratic Party (LDP). But as his British counterpart Theresa May showed in June, that strategy can backfire. Mr. Abe's gamble is a sign of weakness rather than strength.

Mr. Abe's popularity plunged this year to around 30% after scandals involving allegations of special treatment for two schools. But he's currently enjoying a bit of a rebound thanks in part to a July cabinet reshuffle that removed an unpopular defense minister. Economic growth in the second quarter was also surprisingly strong by Japanese standards, with real GDP rising 2% year on year.

Most important, tensions over North Korea's nuclear and missile programs play to Mr. Abe's nationalist strengths. He has consistently called for higher defense spending and closer security cooperation with the U.S. When Kim Jong Un fired two intermediate-range missiles over Japan in the past few weeks, Mr. Abe's emphasis on security was vindicated.

Meanwhile, the opposition is still struggling to coalesce around centrist candidates with nationwide appeal. The Democratic Party elected Seiji Maehara, a hawkish former foreign minister, as its new leader earlier this month. But that contest was hard-fought and followed by a setback when his choice for secretary-general of the party was forced to resign amid a sex scandal.

The other big opposition talent is Yuriko Koike, the governor of Tokyo whose supporters routed the LDP in July's Tokyo Assembly election. On Monday she announced the formation of the nationwide Party of Hope. Ideologically close to Mr. Abe and far more charismatic, she has a proven record of building a grass-roots movement that upstages the sclerotic LDP.

Ms. Koike was clearly preparing for an election expected before October of next year. So by calling the election early, Mr. Abe may hope he can pre-empt her challenge before it gains strength. Earlier this year, the LDP changed its rules to allow Mr. Abe to run for a third term as its leader in September 2018. If the LDP performs well in next month's election, Mr. Abe will be in a strong position to argue that he should pursue his goal of amending Japan's pacifist constitution by 2020.

But a loss of seats for the LDP could set Ms. Koike up to triumph in another way. If Mr. Abe's leadership is discredited, the Party of Hope would encourage LDP members to defect. Eventually she could absorb the LDP and take over the premiership.

Ms. Koike has not given a clear indication whether she would pursue economic reforms like those promised by Mr. Abe in 2012. Her record suggests she is mainly interested in reforming government rather than liberating the private economy from heavy regulation and taxes. But a new leader would at least offer hope of a new approach.

Apart from reforms in corporate governance, Mr. Abe has failed to follow through on his campaign pledges. Tokyo continues to create new spending binges and the Bank of Japan continues quantitative easing. Productivity and real wages are stagnating in the absence of labor-law reform.

Like Mrs. May, Mr. Abe is going to the polls out of fear that his chances of victory slip the longer he waits. The danger is Japanese voters will also turn against a leader who doesn't offer a clear reason for seeking a new mandate.

America's Politicization of Everything

Everybody loses in the Trump-NFL brawl over the national anthem.

Healthy democracies have ample room for politics but leave a larger space for civil society and culture that unites more than divides. With the politicization of the National Football League and the national anthem, the Divided States of America are exhibiting a very unhealthy level of polarization and mistrust.

The progressive forces of identity politics started this poisoning of America's favorite spectator sport last year by making a hero of Colin Kaepernick for refusing to stand for "The Star-Spangled Banner" before games. They raised the stakes this year by turning him into a progressive martyr because no team had picked him up to play quarterback after he opted out of his contract with the San Francisco 49ers.

The NFL is a meritocracy, and maybe coaches and general managers thought he wasn't good enough for the divisions he might cause in a locker room or among fans. But the left said it was all about race and class.

All of this is cultural catnip for Donald Trump, who pounced on Friday night at a rally and on the weekend on Twitter with his familiar combination of gut political instinct, rhetorical excess, and ignorance. "Wouldn't you love to see one of these NFL owners, when somebody disrespects our flag, to say, 'Get that son of a bitch off the field right now, out, he's fired. He's fired,'" Mr. Trump said Friday.

No doubt most Americans agree with Mr. Trump that they don't want their flag disrespected, especially by millionaire athletes. But Mr. Trump never stops at reasonable, and so he called for kneeling players to be fired or suspended, and if the league didn't comply for fans to "boycott" the NFL.

He also plunged into the debate over head injuries without a speck of knowledge about the latest brain science, claiming that the NFL was "ruining the game" by trying to stop dangerous physical hits. This is the kind of rant you'd hear in a lousy sports bar.

Mr. Trump has managed to unite the players and owners against him, though several owners supported him for President and donated to his inaugural. The owners were almost obliged to defend their sport, even if their complaints that Mr. Trump was "divisive" ignored the divisive acts by Mr. Kaepernick and his media allies that injected politics into football in the first place.

Americans don't begrudge athletes their free-speech rights—see the popularity of Charles Barkley—but disrespecting the national anthem puts partisanship above a symbol of nationhood that thousands have died for. Players who chose to kneel shouldn't be surprised that fans around the country booed them on Sunday. This is the patriotic sentiment that they are helping Mr. Trump exploit for what he no doubt thinks is his own political advantage.

American democracy was healthier when politics at the ballpark was limited to fans booing politicians who threw out the first ball—almost as a bipartisan obligation. This showed a healthy skepticism toward the political class. But now the players want to be politicians and use their fame to lecture other Americans, the parsons of the press corps want to make them moral spokesmen, and the President wants to run against the players.

The losers are the millions of Americans who would rather cheer for their teams on Sunday as a respite from work and the other divisions of American life.

Restoring Due Process to U.S. Colleges

Finally, an end to the dreaded 2011 'Dear Colleague' letter.

The U.S. Education Department announced Friday it is formally rescinding its guidance on how colleges and universities should adjudicate sexual assault under Title IX, ending a policy that denied basic due process to accused students and was often used to silence dissenting voices on campus.

Eschewing the rule-making procedures required by the Administrative Procedure Act, the Obama Administration imposed this far-reaching policy through a 2011 "Dear Colleague" guidance letter, providing additional clarification in 2014.

In contrast, Education Secretary Betsy DeVos withdrew the guidance only after she had spent months carefully considering the perspectives of all parties affected by the Title IX regime. Her listening campaign will continue as she solicits public comment on a new draft rule.

On Friday the Education Department also provided schools with a Q&A outlining how they should handle allegations of sexual assault, misconduct and harassment in the interim. It addresses the most minimal fairness issues, which speaks volumes about the Obama-era directives. The agency's Office for Civil Rights felt the need to explicitly require these provisions for clarification.

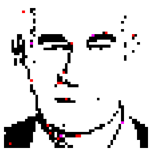
For instance, the department now says, Title IX investigators should be free from bias and conflict of interest, and they should consider both incriminating and exculpatory evidence. Imagine that. Accusers shouldn't be given preferential treatment over the accused during the adjudication process, and training materials and investigative techniques shouldn't include gender-based stereotypes or generalizations.

The Q&A also directs schools to ensure they are respecting the legal rights of students and faculty, including free speech. Title IX has often been used to silence controversial speakers and opinions, based on the questionable claim that uncomfortable speech is tantamount to harassment.

Though it's hard to believe, this summer Northwestern University professor Laura Kipnis endured a Title IX investigation over "Unwanted Advances," her book criticizing the Title IX system. As part of the probe, Title IX officials pressured her to answer more than 80 questions about the manuscript, including queries about her sources, arguments and editorial choices. This kind of bullying to serve political goals should be unacceptable in a free society.

Mrs. DeVos's critics want the public to believe Americans are either with victims of sexual assault, in which case they must support the 2011 Title IX regime, or they're siding with rapists. That's a false choice. Mrs. DeVos deserves credit for protecting the rule of law and restoring Title IX to its original mission: protecting students from provable cases of gender discrimination.

Meet the Party Germany Just Put in Parliament



EYE ON EUROPE
By John Vinocur

"Nazi" is the foulest word in the German language. It shouts horror, depravity, war. Other countries have started to find ways to joke about it over the past generation, as with the Soup Nazi character who tyrannized lunch customers on the 1990s American television comedy "Seinfeld." Not the Germans, for whom the wretched memory of the 1930s and '40s still stokes fears about the true national character.

But the N-word is now spoken out loud, a warning flare concerning the Alternative for Germany (AfD) party's entry into the Bundestag in Sunday's national election. That the party is now the third-largest group in parliament dims the beacon of global leadership Chancellor Angela Merkel once claimed Germany held up for the world. The beacon already was flickering after financial trickery at Deutsche Bank and environmental scandals at Volkswagen.

The AfD leadership calls for pride in the "achievements" of German soldiers in two world wars and an official end to forced German historical "shame"; it says Islam has no place in the country, and that the Quran inspires terrorism; and it has found room for candidates who have been blatantly anti-Semitic or seek an end to Europe's ethnic diversification. Add anti-NATO, anti-American, anti-European Union and pro-Russian views.

Yet they come in an almost-respectable-seeming package, which may be why the Interior Ministry in a country that otherwise bans hate groups has called the AfD merely "right-wing populist."

Others are tougher. "For the first time since the Reichstag in 1945," Foreign Minister Sigmar Gabriel, a Social Democrat, said recently, "real Nazis will be standing at the speakers' podium" in the parliament.

A one-word answer came from Ton Nijhuis, a professor at the University of Amsterdam and a member of the Netherlands' German Institute, when he was asked Sunday night on Dutch television whether Nazis were being elected in Germany: "Yes."

For Heinrich August Winkler, the historian whose books are the standard work in Germany on its postwar integration into Western democracy, the rise of the AfD has a miserably familiar look. In an interview on Sunday with Die Welt, he said:

"The AfD embodies such a mass of right-wing radical/reactionary tendencies that can be seen as parallels to the German nationalists who, in opposing the Weimar Republic before 1933, prepared the way for the National Socialists," the official name of the Nazi party.

Alexander Gauland, who led the AfD ticket, denies any such link. But after more than 50 years keeping right-wing extremism out of a central political role, the party's result is a historical breakthrough. It could turn out to be a blow to Germany's stability, and another blow to the self-confidence of the West.

Who's to blame? Jakob Augstein, a columnist for Der Spiegel and son of the magazine's founder, has written, "Angela Merkel is the mother of the monster. It was on her watch that the Nazis came into the Bundestag."

He's not wrong. Once described in another context by the Frankfurter Allgemeine Zeitung as behaving more like the United Nations secretary-general than the chancellor, Mrs. Merkel refused to fight the AfD head-on during the election, choosing to sell her everything's-great-in-Germany routine instead.

Alternative for Germany plays to the worst impulses of the country's history, and Angela Merkel let them win.

Certain to retain her chancellorship in a new government, she will continue to steer clear of a confrontation, saying she wants to win back AfD voters (many of whom are enraged about her opening Germany's frontiers to a million Muslim refugees) through "good politics."

Fat chance. This is the noncombattant Mrs. Merkel who also says that there is no military solution to crises in Crimea, Syria and eastern Ukraine. Tell that to Russia.

Mr. Winkler, the historian, bemoans what he calls, as if it were disappearing, "the old Federal Republic" of the West. And the new one?

Fourteen months ago, when the AfD was scoring about 11% in the polls (they won just under 13% Sunday), I asked Jörg Meuthen, its co-leader, if the party thought it might have to press closer to extremism to win more votes in 2017. His reply: "We'd lose more votes out of the middle. Thank God it's like that it in Germany."

This year he appeared on the AfD campaign trail alongside Martin Hohmann, an apparent winner of a seat Sunday, whom Mrs. Merkel threw out of the Christian Democratic Party in 2003 when he said that Jews tried to label Germans "a people of perpetrators" while they were that themselves.

And this from the Frankfurter Allgemeine Zeitung on a restaurant-bar gathering in Görlitz Saturday night. It included Jens Maier, another apparent AfD winner, who has talked about the current "manufacture of half-breeds" in Europe. Someone asked how many people were at a Maier rally earlier.

"Eighty-eight would be good," came the answer from the crowd. The newspaper explained that 88 was code among the radical right for "Heil Hitler."

Hilarity ensued, according to the report.

A Nafta Exit Would Be a Rotten Deal

By Thomas J. Donohue

Imagine the scene a year from now: The U.S. unemployment rate is climbing. Crops in the heartland are rotting. Consumer prices are rising. Manufacturers are moving abroad.

This vision isn't so far-fetched when you consider the increasingly precarious state of play in the effort to modernize the North American Free Trade Agreement.

Nafta supports millions of American jobs, and with thoughtful updates it could create millions more. Renegotiations with Canada and Mexico launched in August, but the White House continues hinting it may withdraw the U.S. from the trade agreement altogether. These threats must be taken seriously. Quitting Nafta would be an economic, political and national-security disaster.

How might the calamity unfold? Say the Trump administration pushes ideas that are opposed vociferously by the U.S. business and agriculture communities, as well as by the Canadian and Mexican governments. Such proposals might be to end the agreement's investment protections, add strict rules on domestic content or impose a five-year sunset clause.

Those proposals would all but guarantee that negotiations break down—in which case, American officials insist, they will start to pull the U.S. out of the existing deal. That is within the White House's authority: Any of the three Nafta parties may withdraw from the agreement at six months' notice, which the president is empowered to provide.

Mexico would respond immediately, perhaps starting with its applied most-favored-nations tariff on grains, which ranges from 15% to 20%. That's the hefty duty now levied on corn, wheat and other products from countries such as Argentina and Brazil. In contrast, Nafta allows American farmers to sell crops to Mexico duty-free.

If Mexico slashed the external tariff to zero, it would be able to substitute billions of dollars in South American products for U.S. ones. Even if food from the U.S. remained slightly cheaper, years' worth of harsh rhetoric has left Mexicans furious and willing to pay more to send a message.

That's only one example of the broad and powerful effect pulling out of Nafta would have. Fourteen million American jobs depend on trade with Canada and Mexico, which are by far the U.S.'s largest export markets. The two countries buy more than $600 billion in U.S.-manufactured goods each year, more than the next 10 largest markets combined.

Thanks to Nafta, virtually all North American trade is tariff-free. After withdrawing from the deal, tariffs on all products would snap back to an average of 3.5% for the U.S., 4.2% for Canada and 7.5% for Mexico—a terrible deal for all three countries.

The increased tariffs would hit American consumers and exporters in the pocketbook, but the losses would accumulate well before that. Supply chains would shift away from the U.S., as Canada and Mexico looked to their other free-trade partners, in Europe and Asia, for manufactured goods and food.

Hundreds of thousands of American jobs would be lost, and that's a conservative estimate. Heartland states that voted for President Trump would be hurt most, and angry voters would know exactly whom to blame.

Beyond the trade retaliation and economic fallout, cooperation between the U.S. and Mexico in other areas would fall off. Today the two countries work closely on antiterror and antinarcotics efforts, and Mexico helps limit Central American migration northward. These efforts would end overnight.

You'd think that threats to withdraw from Nafta—or proposals that inevitably would kill the deal—should be off the table. But they aren't. So here's an unequivocal warning: Undermining Nafta would be a grave and costly mistake that would hurt the very farmers, manufacturers, workers and families this White House purports to protect. Americans should do everything necessary to avert this grievous self-inflicted wound.

Mr. Donohue is president and CEO of the U.S. Chamber of Commerce.

OPINION

Shinzo Abe's Greatest Gamble

By Tobias Harris

Japanese Prime Minister Shinzo Abe has repeatedly shown a willingness to take calculated risks to advance his goals. Now he is preparing to run his greatest risk yet, a snap election scheduled for Oct. 22.

The electorate increasingly appears to suffer from Abe fatigue. Abenomics, having gone through several iterations and achieved mixed results, is no longer a source of strength. The public is wary of Mr. Abe's pledge to revise the constitution by 2020. And for most of this year, Mr. Abe has had to defend himself from allegations of influence peddling after two associates who operate private schools were found to have received conspicuously favorable treatment from the national government.

> He's calling a snap election not from a position of strength, but his opponents' position of weakness.

Mr. Abe feels confident enough to call an election in large part because his support has recovered, if not to his earlier peak, then to a still-comfortable level as high as 50% in some polls. However, in spite of his relatively high polling numbers, Mr. Abe may not be as popular as he seems. Even if voters don't unseat the ruling LDP-Komeito coalition, they can still send a message that could cripple Mr. Abe's premiership.

The scandals in particular have left their mark on Mr. Abe. They led to a steep drop in support for the Abe cabinet and contributed to a landslide defeat for the ruling Liberal Democratic Party in July's elections for the Tokyo metropolitan assembly at the hands of Tokyo Governor Yuriko Koike, a rising political power in her own right. Although Mr. Abe's approval rating recovered and public attention is now on North Korea, nearly 80% of Japanese say that they don't believe his explanations.

Polls conducted over the summer showed that majorities don't want Mr. Abe to receive a third three-year term as LDP president—which would enable him to serve as prime minister through 2021—when his current term expires next year. Add some potent issues to the mix, including Mr. Abe's plans to revise the constitution and his relationship with President Trump amid escalating tensions with North Korea, and it's certainly possible that voters could use the snap election to punish the prime minister.

With the ruling coalition holding a supermajority in the Diet's House of Representatives by only 14 seats, a small swing against the prime minister could be enough to wound his government, especially since critics would blame Mr. Abe for losing seats in an election that has already been described as lacking a "great cause" and being held entirely to cement Mr. Abe's political fortunes.

It's possible the backlash won't materialize. The opposition Democratic Party (DP) is on its fourth leader in as many years. The newly elected Seiji Maehara is not only struggling with approval ratings in the single digits, but is also trying to keep rebellious DP members from leaving and determine whether to continue a controversial but potentially fruitful electoral alliance with the Japanese Communist Party (JCP). Voters still haven't forgiven the Democrats for their missteps while in power, and are entirely unenthusiastic about Mr. Maehara.


ASSOCIATED PRESS

The prime minister, right, with Yuriko Koike in January. Ms. Koike recently launched the new 'Party of Hope' to challenge Mr. Abe.

Meanwhile, Ms. Koike and her allies are launching a new party, with the popular governor at the helm. While she will stay on as Tokyo's governor, she has declared herself the leader of Japan's new "Party of Hope." She intends to take center stage in an uphill campaign to challenge Mr. Abe. The party, which could attract independents, has won the allegiance of some established politicians, but it's unknown how many candidates it can field in less than a month.

Mr. Abe therefore may be timing the vote for a political sweet spot. The DP could be squeezed between the Hope Party on the right and the JCP on the left and lose ground to Mr. Abe. Independents, allergic to the DP and unimpressed by the new contender, could do as many did in 2012 and 2014 and simply stay home, setting a record-low turnout for the third straight general election.

Mr. Abe is prepared to risk a backlash at the hands of angry voters because his political future is at stake. His summer slump fed fervent speculation that, even if Mr. Abe could survive until the end of his term in 2018, his time would soon be up and power would pass to a successor.

While stronger approval ratings have improved his chances, leading his party to a convincing victory next month—particularly one that preserves the LDP-Komeito supermajority—would cement the prime minister's chances of securing a third term. That would not only enable him to surpass his great-uncle Eisaku Sato as Japan's longest-serving postwar prime minister, but would also give Mr. Abe time to cement his legacy as a transformational leader, whether by pressing ahead with economic reform, strengthening Japan's defenses or realizing his long-cherished mission of constitutional revision.

If he loses a significant number of seats, particularly with the opposition in the midst of a significant reorganization, Mr. Abe will have only reinforced the impression that his time is up. That would make it difficult for him to convince his party to grant him another term as its leader. For Mr. Abe, the opportunity is worth another gamble.

Mr. Harris is an analyst at political risk advisory firm Teneo Intelligence and the economy, trade, and business fellow at Sasakawa USA.

Lessons From the Eurozone's Growing Success

By Michael Heise

Only a few years ago the eurozone seemed doomed to long-term stagnation and recurrent turmoil. Its politicians had let the crisis go to waste, critics claimed. Riven by internal imbalances, they added, the euro would ultimately be unsustainable unless its governance was fundamentally reformed, most notably by adding a joint fiscal policy.

Yet average gross domestic product growth in the eurozone slightly outpaced the U.S. in 2016 and will maintain the same speed of about 2% in 2017. More people in the eurozone have jobs today than during the previous peak in 2008. The recovery has reached all eurozone countries, including Greece, with the momentum mirrored in the foreign-exchange markets, where the euro has made significant gains. On the stock markets, European companies are suddenly all the rage.

These developments are at odds with many critics' predictions. The euro's periphery would remain mired in stagnation, they said, since only an "internal devaluation" through lower wages and prices could enable crisis countries to regain competitiveness and growth. But this couldn't be achieved because economic structures were too rigid, labor unions too strong and societies rife with unrest, the pessimistic view went. The eurozone would prove simply too diverse to survive.

Instead, adjustments happened. Not everywhere, not completely, but adjustments nonetheless. Unit labor costs in former troubled countries such as Ireland, Portugal and Spain are lower now than in 2008, while in Germany these costs have grown several times faster than the eurozone average. Eurozone countries that were once vulnerable because of their gaping external deficits have managed to close them.

Fiscal deficits have shrunk, with seven euro members achieving balanced or surplus budgets. Many countries have reformed their labor markets and social-security systems. Nonwage labor costs have fallen and employment has rebounded. Households and businesses have worked through parts of the debt they had amassed before the crisis.

The lackluster growth of the post-crisis years was virtually inevitable due to the large consolidation and adjustment needs that had accumulated in the years of the boom. It was not the euro but misguided national policies that had let the big imbalances arise. People suffered most in those countries where fiscal policies had been consistently lax, private debt and current account deficits had exploded and wage growth had outstripped productivity gains.

> The common currency is teaching politicians and economists how economies really recover from stress.

Bearing this in mind, euro member countries after the crisis rewrote the eurozone's rules for fiscal sustainability and added new rules for macroeconomic stability. Adhering to such rules would above all be in a country's own interest. But the eurozone can undertake further steps to strengthen their motivation.

The monitoring of national economic policies, as carried out by the Eurogroup of national finance ministers and the European Commission, remains overpoliticized, undermining its legitimacy. A completely apolitical surveillance and enforcement of eurozone rules may be unachievable, but independent experts could be given a greater say in things, perhaps by transferring monitoring and assessment duties to the European Stability Mechanism.

More effective still would be the addition of a mechanism for the eurozone to handle sovereign insolvencies. This would make it clear to profligate governments that they ultimately risk sovereign default, with painful consequences to the holders of sovereign debt, many of whom are also ultimately voters.

Fearing a loss of value, international investors, too, would pay more attention to the sustainability of national economic policies when adding eurozone bonds to their portfolios. Rising risk premiums would then be a clear signal to politicians that their economic policies should be more solid. Strip away the implicit assumption that other eurozone countries will always step in with a bailout, and market pricing could accomplish what complicated rules and ineffective sanctions have so far failed to achieve.

Such changes in the governance of the eurozone should come before any further fiscal centralization through new joint budgets and large-scale transfers between countries. As long as several euro countries remain unwilling to cede national autonomy in fiscal and social policies, or even call the rules-based constraints of the Stability and Growth pact into question, doubts about their commitment to responsible policy making will persist. That makes it too risky to mutualize the burdens of persistent unemployment or macroeconomic imbalances.

The eurozone has surprised its critics by proving itself capable of adjustment. But adjustment in a crisis is usually painful. For the eurozone to be successful and prosperous, member countries must prevent the emergence of destabilizing fiscal and macroeconomic imbalances in the first place. This is the prerequisite for a fiscal union that goes beyond common support for investment in infrastructure or existing crisis-management provisions.

Mr. Heise is the chief economist of Allianz SE in Munich.

American Firms Face an Uphill Battle in China

By Ker Gibbs

The value of trade between two nations is rarely equal. Whether due to a surfeit of natural resources, low labor costs, a culture of inventiveness or all three, one country inevitably enjoys an advantage over another in the production of certain goods.

Yet as David Ricardo noted 200 years ago in his classic 1817 treatise on comparative advantage, even when trade is unequal both countries benefit from trade.

Ricardo's model was based on the idea that inefficient producers in the two countries would perish. The resulting increase in productivity would create higher real wages in a win-win for both sides.

But if Ricardo were alive today, the state of U.S.-China trade would confound him. By erecting an array of nontariff barriers, each as pernicious as tariffs, China has secured the larger share of the benefits from trade, protected inefficient companies and moved the relationship closer to a zero-sum game.

By no means have all American companies been losers. U.S. automobile manufacturers, pharmaceutical firms and consumer-goods producers are among the beneficiaries of China's economic growth. Shanghai today has more Starbucks than any city in the world. Buicks dominate the streets. Logos for American companies and brands abound.

But the list of hurdles that inhibit or imperil American companies' success in China is woefully long. It includes equity caps on ownership stakes, Byzantine regulations, inconsistent enforcement of laws, forced transfer of intellectual property and cheap government-backed bank loans to inefficient state enterprises.

In 2001 China was admitted to the World Trade Organization, an act meant to benefit both China and other countries. It was globalization writ large. But China has often thumbed its nose at WTO rulings designed to ensure fairness of trade, or dragged its feet thereafter.

In 2012, for example, the WTO determined that China unfairly withheld licenses from American credit-card companies and should end those restrictions. It wasn't until May of this year, however, that the Trump administration secured an "early harvest" trade agreement with China, including the right for American companies to issue yuan credit cards. It was a hollow victory that arrived far too late. Shielded from competition for five years after the WTO ruling, China's mobile-based payment services have superseded Western credit services.

Soon the citizens of Boston, Chicago, Los Angeles and Philadelphia will commute to work on railcars manufactured by majority state-owned Chinese companies. These companies benefit from openly published government subsidies amounting to several hundred million dollars. Lessons should be learned.

This week a delegation from the American Chamber of Commerce in Shanghai visits Washington. We bring a simple message: As the Trump administration mulls the future, two things are paramount. First, it must negotiate a level playing field for American business in China for the years ahead. Second, it must focus on the key industries of the future.

> Beijing's influence is tilting U.S.-China trade in its favor, and American companies need help.

Until now, many U.S. companies have relied on their technological smarts to stay ahead of competitors, innovating in expectation of a market for their goods. But in China, government barriers provide local firms with ever-greater competitive advantages, even as those firms improve their know-how.

Take cloud computing. Amazon and Google are the industry's vanguard, but in China they cannot majority-own server farms. Foreign tech companies have had to enter into local partnerships to retain access to the local market, even if it risks technology transfer.

And what of artificial intelligence? While Chinese law lags AI's rapid development, successful AI relies heavily on data collection, an area where the Chinese government fiercely regulates foreign investment. The sense that Chinese technology firms are stealing a march on their foreign competitors is inescapable.

American bioseed producers are restricted to minority-owned joint ventures with Chinese companies. Medical-device manufacturers must wait up to five years for their most advanced products to receive approval. Industrial policies such as "Made in China 2025" result in preferential access to capital for local firms. In the information and communications technology sector, there is alarm among U.S. companies that China's goal is nothing less than nativizing this entire sector by 2025.

In the industries of tomorrow, whether it's AI, autonomous vehicles, biotechnology or high-end manufacturing, China is deploying industrial policy to nurture national champions. It uses the excuse of security to protect its companies from overseas competition, and pressures foreign firms to share technology to speed indigenous innovation.

China is tilting U.S.-China trade in its favor. In violation of international trade law, it is using state resources to alter comparative advantage. Ricardo surely would object.

Mr. Gibbs is chairman of the American Chamber of Commerce in Shanghai.

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Notable & Quotable: Summers

Former U.S. Treasury Secretary Larry Summers in an interview with Tyler Cowen of George Mason University's Mercatus Center on Sept. 20:

The right broad deal on immigration is yes, there should be immigration but at least my view is the idea of the melting pot, which has become unfashionable in many circles, is actually a good idea.

The understanding should be that if you immigrate to the United States you're immigrating to the United States to become an American. That reflects acculturation, one crucial part of which is speaking English and understanding that you're going to be learning English and that you're going to be carrying on your life in English. If we had more acceptance of the idea that immigration was about becoming American, we would have more acceptance of higher levels of immigration than generate comfort right now.

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

New Confidence After a Hurricane

Psychologists call it 'posttraumatic growth' as people emerge from scary times

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

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

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

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

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

"We're generally pretty complacent in our lives," says Bret Moore, a clinical psychologist in San Antonio and co-author of "The Posttraumatic Growth Workbook: Coming Through Trauma Wiser, Stronger, and More Resilient." "Then a crisis comes along and our core beliefs are shaken, such as safety, security and fairness."

Some people may be more predisposed to posttraumatic growth than others, the research suggests. These include those who are more open to new experiences, as well as those who show less resiliency in adversity, because a prolonged struggle may give them more time to reflect and rethink their belief system. Extroverts may be more likely to experience growth because they are more comfortable asking for social support, a key component of the process. And women seem to be more inclined toward it, possibly for the same reason.

Four years ago, B.J. Mendelson nearly died after heart surgery. He flatlined and

THOMAS PITILLI (2)

had to be resuscitated and rushed back for a second surgery for a coronary bypass. The recovery took four grueling months, during which Mr. Mendelson, a brand consultant and author, had to cancel a number of speaking engagements, including a TEDx talk in Malaysia. He was 30 at the time.

To stay focused, he started meditating. During one meditation session, he began repeating to himself: "Take this one day at a time." (This eventually became "one day at a time, one week at a time, one month at a time.") He credits the phrase with getting him through the hardest parts of the recovery.

Mr. Mendelson, who lives in New York City says he now tries to live more in the moment. When he feels stressed, he asks himself: "What can I do today? What can wait until tomorrow?" He considers this his personal philosophy.

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

Time alone is not enough to produce posttraumtic growth, says David Palmiter, a professor of psychology at Marywood University, in Scranton, Pa., who gives workshops on the topic. "You have to engage in an active cognitive and behavioral processes to produce meaning from the event," he says.

For 48 hours before and during the storm, my pulse raced and I felt gripped with a physical fear I had never experienced. But I also felt empowered. I rode out the storm with my sister and her family. I spent much of my time interviewing people on the phone who were hunkered down awaiting the eye and having text conversations with friends and family who wrote to see how I was doing. When it was all over I did feel different. I had some damage to my home and went nine days without power. But I felt stronger, more capable and better prepared for life's next challenge.

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Instagram or Twitter at EBernsteinWSJ.

How to Achieve Posttraumatic Growth

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

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

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

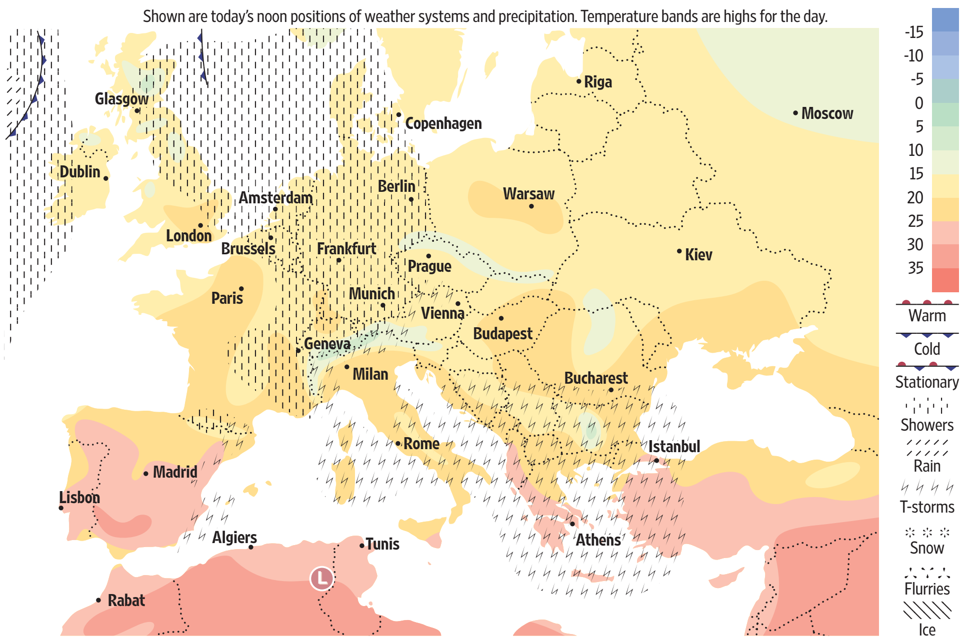
Keep doing what made you feel strong during your ordeal. I rented a big white pickup truck before the hurricane—and named it Moby—so I could travel to areas that were damaged afterward to report. From the minute I pulled out of the rental agency, I felt safer than I ever had driving in Florida, and kind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

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

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.

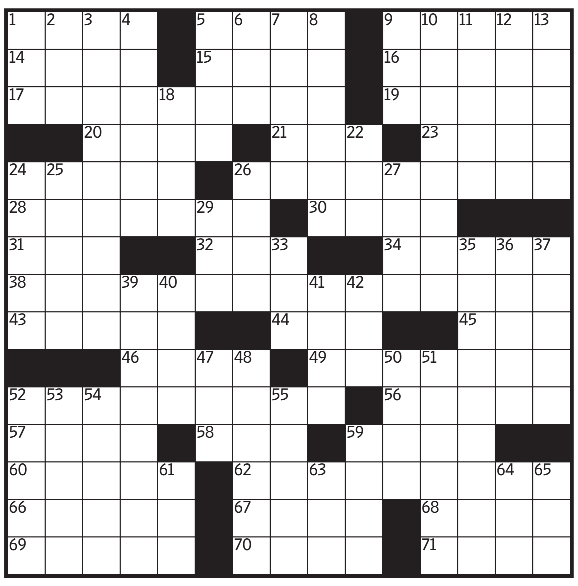


Global Forecasts

s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	18	10	sh	19	12	pc
Anchorage	12	6	pc	12	9	r
Athens	25	19	t	25	19	pc
Atlanta	31	20	s	32	21	s
Baghdad	43	25	s	40	24	s
Baltimore	28	20	pc	30	20	pc
Bangkok	32	25	t	32	25	t
Beijing	25	15	sh	25	8	pc
Berlin	18	11	pc	20	11	sh
Bogota	20	8	r	20	9	r
Boise	20	9	s	22	10	s
Boston	25	18	pc	25	19	pc
Brussels	19	9	sh	20	12	pc
Buenos Aires	17	8	sh	16	10	c
Cairo	33	22	s	32	22	s
Calgary	18	7	pc	19	6	s
Caracas	32	24	pc	31	25	pc
Charlotte	30	20	s	32	20	pc
Chicago	32	16	pc	23	12	s
Dallas	33	23	c	29	22	t
Denver	18	6	pc	20	7	pc
Detroit	31	19	s	26	11	pc
Dubai	38	29	s	38	29	s
Dublin	17	11	pc	15	8	r
Edinburgh	18	10	pc	17	11	pc
Frankfurt	19	8	sh	20	10	sh
Geneva	20	10	pc	21	11	pc
Hanoi	32	26	pc	32	25	t
Havana	30	22	pc	30	22	t
Hong Kong	34	28	s	34	28	s
Honolulu	31	23	s	32	24	pc
Houston	32	23	pc	33	23	pc
Istanbul	25	18	c	22	17	t
Jakarta	32	25	t	32	25	t
Johannesburg	26	8	s	25	10	s
Kansas City	19	13	t	20	10	pc
Las Vegas	28	18	s	30	19	s
Lima	20	15	pc	19	14	pc
London	20	12	pc	20	12	pc
Los Angeles	34	17	s	33	17	s
Madrid	28	13	s	28	14	s
Manila	31	26	t	31	26	t
Melbourne	18	9	s	22	11	pc
Mexico City	23	15	pc	23	14	pc
Miami	32	24	pc	32	25	s
Milan	22	12	pc	24	13	pc
Minneapolis	18	9	c	19	11	s
Monterrey	32	23	t	31	20	t
Montreal	31	19	pc	29	12	c
Moscow	12	2	c	10	1	c
Mumbai	31	26	pc	32	26	pc
Nashville	32	19	s	33	20	s
New Delhi	36	24	s	35	24	s
New Orleans	31	23	pc	33	24	s
New York City	27	21	pc	28	21	pc
Omaha	19	8	c	21	9	pc
Orlando	32	22	s	33	23	s
Ottawa	31	16	pc	28	10	pc
Paris	20	11	pc	21	12	pc
Philadelphia	28	21	pc	30	22	pc
Phoenix	33	20	s	34	22	s
Pittsburgh	31	18	s	31	14	s
Port-au-Prince	34	24	pc	34	23	t
Portland, Ore.	25	14	pc	27	16	pc
Rio de Janeiro	29	20	pc	30	21	pc
Riyadh	38	22	s	39	21	s
Rome	22	14	t	23	13	s
Salt Lake City	17	6	s	20	8	s
San Diego	27	17	s	27	18	s
San Francisco	28	16	s	30	16	s
San Juan	31	26	sh	32	26	pc
Santiago	25	10	pc	25	11	pc
Santo Domingo	31	24	pc	31	23	t
Sao Paulo	26	16	pc	28	17	pc
Seattle	22	13	pc	24	15	pc
Seoul	30	20	pc	25	15	r
Shanghai	31	24	t	29	20	t
Singapore	32	25	pc	31	25	c
Stockholm	16	9	pc	16	9	pc
Sydney	22	13	s	25	19	pc
Taipei	37	26	pc	37	26	pc
Tehran	29	18	s	30	18	pc
Tel Aviv	28	23	pc	29	22	s
Tokyo	26	21	pc	26	22	c
Toronto	30	19	s	28	12	pc
Vancouver	18	11	pc	20	13	pc
Washington, D.C.	28	22	pc	30	22	pc
Zurich	19	8	pc	21	10	sh

The WSJ Daily Crossword | Edited by Mike Shenk



HEAD FOR HOME | By Gary Cee

Across

1 Sushi foundation
5 First person
9 City at the mouth of the Yodo River
14 School near Windsor Castle
15 Cord worn as a necktie
16 Four-time Indy 500 champ Al
17 *Red herring
19 Spanish food served on small plates
20 Obligation
21 You might say "one, two" into one
23 Number-based game of chance
24 Motel room fixture
26 *Quick trip to Starbucks
28 Figures for analysts
30 Toy for "walking the dog"
31 Taproom order
32 Astute, as a student
34 Source of fluffy pillow stuffing
38 *Something kids go up and then down
43 Pear-shaped instrument
44 Gift topper
45 Food label abbr.
46 Dreary forecast
49 "Cut the carbs," e.g.
52 *Hans Zimmer creation
56 5K and 10K
57 Baseball's Felipe, Matty, Jesus or Moises
58 Old name of Tokyo
59 Trodden track
60 "Twelfth Night" heroine
62 "Can't beat that price!" or a hint to the ends of the starred answers
66 Corporal, captain and colonel
67 Slinky shape
68 Sculling equipment
69 Car introduced in September 1957
70 Is mistaken
71 Sounding-off piece

Down

1 Whistler on a field
2 "Give ___ rest!"
3 Sign of deep anxiety
4 Happened subsequently
5 In a skillful manner
6 Female fawn
7 Mission to remember
8 Tweak
9 Ump's call
10 Shifty salesman's offering
11 In accordance with
12 Reeves of "John Wick"
13 Fiery felony
18 James who sang "At Last"
22 Corp. check signer
24 Captures
25 "Jersey Boys" role
26 Mafia kingpin
27 Colon in many an emoticon
29 Put on a black coat?
33 Lard container
35 Bearing an unbeatable price
36 Vedder of Pearl Jam
37 Garners
39 Top in temple
40 Mardi ___
41 Botanical junction
42 Reckless infraction, for short
47 Fish market stock
48 "Forget it!"
50 Notable spans
51 Image made with needles
52 Quarterback Brett
53 Homer epic
54 Crackpots
55 Helicopter part
59 Amigos
61 Nonverbal communication system: Abbr.
63 Address for a superior
64 Common auxiliary verb
65 Mind-altering stuff

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

Previous Puzzle's Solution

TECHNOLOGY: TRUMP PLANS TECH GRANTS B4

Euro vs. Dollar 1.1841 ▼ 0.90% **FTSE 100** 7301.29 ▼ 0.13% **Gold** 1306.80 ▲ 1.04% **WTI crude** 52.22 ▲ 3.08% **German Bund** yield 0.403% **10-Year Treasury** yield 2.220%

Firms Put Politics in the Open

Some 40% of S&P 500 companies have board committees review spending on elections

BY THEO FRANCIS

More large companies are disclosing how they spend to influence government, and company boards are taking on a more direct role in overseeing that spending, a new study finds.

Together, the changes underscore the pressure companies face to limit political involvement even after winning the legal right to spend more on elections.

Nearly 40% of S&P 500 companies have put political spending and contributions under direct review of a board committee, up from about a one-third in 2015, according an annual study by the nonpartisan Center for Political Accountability and researchers at the University of Pennsylvania's Zicklin Center for Business Ethics Research.

Meanwhile, board committees at 31% of the companies review payments to trade associations, which often serve as a conduit for campaign and other political spending, an increase from 24% in 2015, the study found.

The CPA-Zicklin Index of Corporate Political Disclosure and Accountability, in its seventh year, scores companies on how thoroughly they disclose their policies governing a variety of political spending, including state and federal campaign spending, political advertising and payments to trade associations or other entities that engage in political spending. The index doesn't include lobbying spending.

Public debate over the role of companies in U.S. elections has simmered since the Supreme Court relaxed restrictions on corporate political spending in 2010. Companies, especially publicly traded ones, continue to account for a relatively small portion of overall spending on federal elections. An analysis by the Conference Board found companies and trade associations accounted for less than 2% of the $7.5 billion spent in the 2016 election cycle; individuals accounted for two-thirds of the total.

Even though the rules were relaxed, firms face more pressure to limit their activity.

Still, during the most recent proxy season, 49 companies in the S&P 500, including **Emerson Electric** Inc. and **Berkshire Hathaway** Inc., faced shareholder proposals seeking political-spending reports from companies, Ernst & Young reported in June.

On average, 26% of shares were voted in favor of the proposals.

In the end, accountability efforts like the index, along with shareholder resolutions seeking greater disclosure and the risk of consumer backlash, serve as a kind of nongovernmental check on corporate spending, said Robert Yablon, a University of Wisconsin law professor who has written on the subject and wasn't involved in the project.

"There are some private forces at work that are resulting in much less corporate money being put into elections than many would have expected," Prof. Yablon said.

In this year's index, utilities and companies in the health-care and materials sectors tended to receive the best scores, while real-estate, consumer-discretionary, industrial and technology companies fared worst. Larger companies tended to score higher.

Please see DISCLOSE page B2

A New Business AI Agent Is Born

BY TED GREENWALD

Microsoft Corp. on Monday unveiled its first product in a new line of software aimed at taking on **International Business Machines** Corp. and others in the growing market to apply artificial intelligence to everyday business needs.

The new product, a customer-service virtual assistant, is designed to let people describe problems in their own words and respond with suggestions drawn from user manuals, help documents and similar materials. Users can request a human agent, in which case the bot will try to assist the customer-care representative. Managers can view a dashboard overview of the results.

The bot is one of what Microsoft says will be a series of customizable programs running on the company's Azure cloud-computing platform. The programs, called Dynamics 365 AI solutions, will draw on basic AI capabilities such as natural-language processing as well as a trove of data and algorithms from Microsoft's Bing search engine, productivity apps and LinkedIn network.

The market for artificial-intelligence systems is expected to grow from $12.5 billion this year to $46 billion by 2020, according to International Data Corp.

Microsoft, one of a handful of AI front-runners and a leader in business computing, is gunning for a piece of that market.

Microsoft already offers cloud-based AI services coders can stitch into their programs, competing against the likes of Alphabet Inc.'s Google, Amazon.com Inc. and IBM.

So, for example, companies that want a customer-service bot can either use these tools to build their own—a feat that takes expertise and significant amounts of data—or hire a company to build it for them, which can be expensive and time-consuming.

Microsoft positions its AI solutions as a lower-risk, lower-cost alternative.

"We're trying to come up with a model we believe is most efficient in terms of how quickly AI can get results," said Gurdeep Singh Pall, who heads Microsoft's AI-solutions team. The company declined to reveal pricing or timelines for integrating customer data.

In rolling out AI solutions that can be adapted to each customer's needs, Microsoft is squaring off more directly against IBM's Watson. Both companies are building application product lines based on their AI capabilities. But where IBM's programs target specific industries, Microsoft's address fundamental business needs that apply to any indus-

Please see AI page B2

STREETWISE
By James Mackintosh

The IPO Is Useless And Needs Reinventing

A golden age of financial innovation is with us, so it's time to reinvent the IPO. Again.

The latest attempt comes from a $690 million shell company set up by Chamath Palihapitiya, a tech-to-private-equity executive, and Ian Osborne, a British political-PR man turned technology adviser.

The project has ambitions so grand that the pair have trademarked "IPO 2.0," and picked IPOA as the ticker symbol for what they plan to be the first of many blank-check companies, **Social Capital Hedosophia Holdings** Corp. They hope to work their way up toward IPOZ.

The project is perfectly plausible, and might well work out. But we should be wary of what is another sign of the willingness of investors to put their trust and their money into financial experiments. As bull markets run on, financial innovation becomes more acceptable and trust more widespread.

The idea of reinventing the initial public offering last appeared as the dot-com boom was nearing its zenith. In Europe and the U.S., technology-focused IPO specialists started selling shares directly to retail customers by linking up with online brokerages. Not surprisingly, many of the companies—and in Germany, the Neuer Markt on which they were usually listed—vanished when the boom turned to bust.

The same is true of cash shells. So far this year, $7.6 billion has been raised, according to Dealogic, the most since the record $12 billion raised in 2007. Handing over money to strangers is easier when the market is booming and trust is high.

Yet, critics then and now of the IPO process are right. Companies planning an IPO pick underwriters among the Wall Street banks. Because the banks are on the hook to buy the shares if investors don't subscribe enough, they have an incentive to underprice the issue to reduce their potential losses.

The too-low price creates excess demand for the shares, since they are artificially cheap, so banks have to ration the supply. Rationing is typically done by giving bigger allocations to their best clients, who do well from the usual first-day pop in price that results from the underpricing.

On top of that, preparing for an IPO involves stressful

Please see STREET page B2

BAI KELIN/IMAGINECHINA/ASSOCIATED PRESS

U.S. fast-food hamburger chain White Castle opened two locations in Shanghai this summer, entering a crowded market.

White Castle Takes Slider to China

By Wayne Ma in Beijing and Liza Lin in Shanghai

Xu Man had never eaten at a **White Castle**. But she saw the 2004 buddy film "Harold & Kumar Go to White Castle" and was eager to sample its iconic hamburgers when the American chain opened a store just off Shanghai's popular Nanjing Road shopping district.

"I'm going to come again," said Ms. Xu, 19 years old, after polishing off two sliders. "I can eat three burgers here, whereas I can only eat one at **McDonald's**. There are also more flavors to choose from."

White Castle is betting on China's curiosity for Western food, rising beef consumption and a trend toward smaller portions to make the case for expansion here. It opened two stores in Shanghai this past summer and hopes to eventually open more.

"We were really intrigued by the opportunities in China, and think that it's the future," said Jamie Richardson, a vice president of the privately held company based in Columbus, Ohio.

Founded in 1921, White Castle was one of the first fast-food chains, and is widely credited with inventing the slider—small hamburgers that can be gobbled in a few bites.

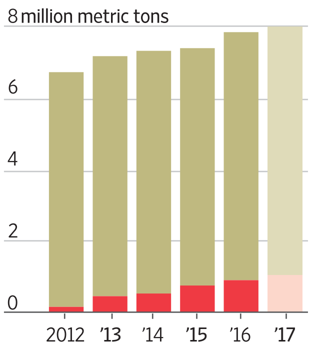
Like other fast-food chains that have moved into the Chinese market, White Castle is making some concessions to local tastes. In addition to its beef hamburgers, the menu includes a meatless Spicy Tofu burger made from mapo tofu, a Sichuanese classic, as well as a Cherry Duck slider made with smoked duck drenched in a cherry sauce.

And you won't find the stand-alone white castles with crenelated roofs in China. The store near Nanjing Road is in the retail space of a refurbished traditional Shanghai building, and the other one is in a mall—choices that reflect Shanghai's high commercial-real-estate prices and the need to draw in foot traffic, not motorists.

Inside, the stores look more like diners, with blue booths,

Where's the Beef?

Beef consumption is growing in China as incomes rise.



Note: Data includes veal. Figures for 2017 are forecasts.
Source: U.S. Department of Agriculture
THE WALL STREET JOURNAL.

fancy lamps, wooden wall panels and soft lighting.

Decor isn't the only upscale feature—so is the price. Burgers retail for 13 yuan ($1.97) versus 80 cents in the U.S. That compares with 7.5 yuan for the base hamburger at McDonald's in Shanghai. The combo meals here, which typically include three sliders, a drink and french fries, start at 42 yuan, while McDonald's combo meals are usually less than 30 yuan.

Consumers "might be puzzled that the price is as high as it is," said Ben Cavender, a Shanghai-based retail analyst at China Market Research Group. Repeat visits may also be a challenge as their novelty wears off and customers become frustrated with White Castle's limited menu, Mr. Cavender added.

Mr. Richardson said White Castle's pricing in China reflects costs and its "desired position in the marketplace."

White Castle is also entering a crowded market. Larger U.S. rivals McDonald's Corp. and Yum China Holdings Inc.—which operates KFC and Pizza Hut—already fiercely compete against each other and smaller Chinese chains. The market for dining out also is shrinking as more consumers turn to food-delivery apps for their meals.

Unlike McDonald's and Yum China, which are publicly traded and franchised, White

Please see SLIDERS page B2

GE to Sell Industrial Unit to ABB

BY DANA MATTIOLI AND THOMAS GRYTA

General Electric Co. agreed to sell its industrial-solutions business to **ABB** Ltd. of Switzerland, a sign that GE's new chief is moving ahead with efforts to streamline the industrial giant.

ABB will pay $2.6 billion for the GE unit, which makes electrical equipment for utilities, with the aim of strengthening its presence in the electrification market, where it is No. 2 globally behind **Schneider Electric** SA of France, particularly in North America.

"In the U.S., we have not been as strong as we wish to be," said ABB Chief Executive Ulrich Spiesshofer in an interview.

At GE, where John Flannery took the reins on Aug. 1, the new CEO has promised to review the conglomerate's operations and report on his plans by mid-November. But he isn't waiting to make changes.

Last week, GE grounded its fleet of corporate jets and is preparing to sell them. Mr. Flannery also recently delayed part of GE's new headquarters complex in Boston, a relocation initiated by his predecessor, Jeff Immelt.

GE plans to take out $2 billion in costs by the end of 2018, it has said, and Mr. Flannery is reviewing all aspects of the company.

The industrial-solutions business supplies equipment to the electrical-distribution and grid industries. The unit has about 13,000 employees and had $2.7 billion in revenue in 2016.

ABB said it expects to save $200 million in annual costs in the fifth year after the deal closes, though it would put on hold a previously announced share-buyback program of as much as $3 billion. This step was needed to ensure that ABB maintains its credit rating, Mr. Spiesshofer said.

Last year, GE said that it would sell the industrial-solutions unit, as well as its water business, to boost its profit margins by shrinking its operations.

Zurich-based ABB has a market value of $50 billion. The company has a vast array of products, ranging from motors and generators to semiconductors.

—Brian Blackstone in Zurich contributed to this article.

INSIDE

RETAILER TARGET PLANS TO RAISE ITS MINIMUM WAGES

BUSINESS, B3

INDEX TO BUSINESSES

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

INDEX TO PEOPLE

BUSINESS & FINANCE

Honeywell Looks to Future

By Thomas Gryta

MORRIS PLAINS, N.J.—Darius Adamczyk was working at **General Electric** Co. in the 1990s when he realized there was more to life than devising algorithms for military programs.

"I really didn't see myself as an engineer 30 years from where I was at that point," he said in an interview earlier this month. "I kind of wanted to have a little more interaction with people on a day-to-day basis."

Now as the chief executive of **Honeywell International** Inc., the 51-year-old is deep in discussions with employees, customers and investors as he evaluates the conglomerate, including if it should remain whole.

In the job since late March, he succeeded his mentor, Dave Cote, who pulled off a turnaround at Honeywell, increasing its market value fivefold during his 14-year tenure and expanding the company through acquisitions so that it now makes things as diverse as jet engines and thermostats. Its stock is up 19% so far this year, while shares of larger rival GE are down 23%.

Mr. Cote remains Honeywell's chairman through April, and Mr. Adamczyk is intent on continuing his winning streak.

"If this was all Dave, then we didn't build something that's sustainable," he said.

Mr. Adamczyk was 11 when he immigrated with his family to the U.S. He went on to study electrical and computer engineering at Michigan State University before joining GE as an electrical engineer. While there, he earned a master's degree computer engineering from Syracuse University.


JEFF ZELEVANSKY FOR THE WALL STREET JOURNAL

Mr. Adamczyk is evaluating the conglomerate's 17 business units.

Darius Adamczyk

◆ **Position:** Chief executive, Honeywell International Inc.

◆ **Age:** 51

◆ **Background:** Born in Poland. Immigrated to the U.S. with his family at age 11. The family settled in Grand Rapids, Mich., and he became proficient in English after about six months.

◆ **Education:** Bachelor's degree in electrical engineering, with an emphasis in computer engineering, from Michigan State University. Master's degree in computer engineering from Syracuse University. M.B.A. from Harvard Business School.

◆ **Previous employers:** General Electric, consulting firm Booz Allen Hamilton, industrial manufacturer Ingersoll-Rand and data-software firm Metrologic.

After GE, he attended Harvard Business School, and then spent four years at consulting firm Booz Allen Hamilton, followed by stints at industrial manufacturer Ingersoll-Rand PLC and scanning- and data-software firm Metrologic. Honeywell bought Metrologic in 2008, and Mr. Adamczyk, its CEO, joined Honeywell's executive team.

Mr. Cote admired Mr. Adamczyk's immigrant roots, educational achievements and professional ascent and took the younger executive under his wing. Mr. Adamczyk, though three levels lower in the corporate hierarchy, told Mr. Cote that he would like to get back to the helm one day.

Mr. Cote's advice: Excel in the role you are in and make sure you are visible in the company.

According to the former CEO, succession planning at Honeywell began about 10 years ago.

"Darius emerged as the clear-cut choice to become CEO," Mr. Cote said. The two men have worked alongside each other over the past year.

Metrologic founder C. Harry Knowles remembers Mr. Adamczyk, who joined the company in 2006 when a group of investors bought it for $440 million, as willing to make the tough decisions necessary during a trying time where it was preparing itself to be resold.

Mr. Adamczyk settled lawsuits, cut costs and streamlined its operations, a restructuring that Mr. Knowles said "emotionally I couldn't do...but it was the right thing to do." Honeywell bought Metrologic about 18 months later for about $720 million, a 64% gain from the earlier deal.

Mr. Adamczyk is taking a similar approach to Honeywell, evaluating where its 17 business units should be in 10 to 15 years with an eye toward fields such as e-commerce and clean energy.

"It has to be through logic and objective," he said. "I don't want to get attached to any business, anything that's through emotion."

Mr. Adamczyk is contending with whether it even makes sense to be a conglomerate—though he stressed that the structure has worked well for Honeywell—as companies are under pressure to focus on core competencies.

When it comes to aerospace, Wall Street is paying close attention to scale. United Technologies Corp. agreed to buy another parts maker, Rockwell Collins Inc., for $23 billion this month. Activist investor Third Point is pushing Honeywell to spin off its own aerospace unit.

Mr. Adamczyk has met with Third Point but declined to comment on the Rockwell Collins deal or any coming strategic moves, saying Honeywell will disclose its plans in October.

A Third Point spokeswoman declined to comment.

DISCLOSE

Continued from the prior page

The trend toward greater disclosure reflects a growing sense that good corporate governance requires it—but it also provides companies some cover, said Bruce Freed, president of the Center for Political Accountability, which seeks to increase such disclosure.

"They recognize that having disclosed, and having policies, lets them better manage their political spending," Mr. Freed said. "It's much easier to say no—then when you say no, it's not personal, it's policy-based."

Becton, Dickinson and Co., a maker of medical equipment and supplies, topped this year's rankings. The company sees political disclosures much like those surrounding any other activity, said Elizabeth Woody, vice president of public policy and government relations. "We're proud and confident of what we do, and we're happy to share that with others."

The number of S&P 500 companies disclosing at least some dollar figures for political spending fell slightly, to 295 from 305, in part because of turnover in the S&P 500. In addition, more companies are simply prohibiting some or all political expenditures, the group found.

About a third of companies in the index forbid at least one type of political spending, most commonly independent expenditures such as company-paid advertising supporting or criticizing candidates.

Eight companies spent no corporate assets on elections and requested trade associations and other groups not to use the company's payments to influence elections: **Accenture** PLC, **Automatic Data Processing** Inc., **Goldman Sachs Group** Inc., **International Business Machines** Corp., **Nielsen Holdings** PLC, **Praxair** Inc., **Ralph Lauren** Corp. and **Schlumberger** Ltd.

SLIDERS

Continued from the prior page

Castle is a closely held family business and owns all but one of its 385 restaurants across 12 states.

Its signature sliders are sold in frozen-food aisles of local grocery stores across the U.S. and represented a quarter of its $720 million in sales last year, executives say.

Overseas, the burger chain has had several false starts. In the 1980s and 1990s, it opened one store each in Singapore, Malaysia and Japan with local partners, but those restaurants never took off.

"We didn't put the thoughtfulness into really understanding those markets," Mr. Richardson said. "It was more opportunistic and reactionary than strategic and thoughtful."

Mr. Richardson said the decision to enter China was more than three years in the making and came after Lisa Ingram—a great-granddaughter of White Castle founder Billy Ingram—became chief executive in 2015.

In China, White Castle teamed up with Shanghai-based private-equity firm **ClearVue Partners**, which helped customize the menu and select restaurant locations. The partners have a "roughly equal stake" in the China venture, said Harry Hui, one of ClearVue's founders and its managing director.

Building White Castle's supply chain in China was a challenge, Mr. Hui said, adding that the company evaluated up to 20 suppliers for ingredients, including the buns.

"You want the bun to absorb the moisture, but you don't want it to be mushy," he said.

Ultimately, the partners decided to import onions, pickles and a seasoning blend because there weren't enough local products that matched the flavors, he said.

Beef consumption in China is on the rise, and the segment of the Chinese population earning more than 3,000 yuan ($455) a month—a signpost for when Chinese consumer habits change—also is growing, Mr. Hui said.

To be successful, White Castle will need to convince customers such as Teddy Wang, 28, who was eating lunch at the Nanjing Road area store.

"I'm not sure I will come again on my own because I couldn't get full on the burgers," Mr. Wang said after wolfing down three sliders.

—Junya Qian contributed to this article

AI

Continued from the prior page

try—for instance, customer service. It is also going after Salesforce.com Inc., a leader in customer-service automation that also boasts AI features, though not a virtual assistant.

"There's huge interest from enterprises in deploying chatbots for customer service," said Van Baker, a researcher at Gartner Inc. "The intent usually is to reduce cost by reducing head count." He estimates 90% of enterprises are investigating chatbots generally, but only 4% have them up and running.

International Data Corp. expects spending on automated customer-service agents to grow to $6.1 billion in 2021 from $1.1 billion in 2016.

HP Inc., Macy's Inc. and Microsoft itself are among the bot's early adopters.

HP, looking to save on labor costs and improve customer satisfaction, started training the Microsoft bot in February and launched it in July, according to Jon Flaxman, the computer vendor's operating chief.

Today, the bot is on the front line of handling the 600 million support calls HP receives annually, he said, and has significantly boosted resolution rates.

BUSINESS WATCH

DELOITTE

Accounting Firm Suffers Cyberattack

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

Deloitte said Monday that it had contacted all of the affected clients and that "no disruption has occurred to client businesses, to Deloitte's ability to continue to serve clients, or to consumers" as a result of the incident. The firm said it notified government authorities immediately after it became aware of the incident.

Deloitte said the hacker accessed data from an email platform. The firm said it has conducted "an intensive and thorough review" of the incident, using cybersecurity and confidentiality specialists both inside of Deloitte and outside the firm.

The cyberbreach was first reported by the U.K.'s Guardian newspaper. The Guardian said Deloitte discovered the hack in March and that it compromised the confidential emails and plans of some of the firm's clients.

Much isn't known about the hack, though. Deloitte didn't say in which country it occurred, or to which government authorities it reported the breach. While Deloitte is a global organization, it is comprised of individual, country-based partnerships.

—Michael Rapoport

ALLIANCE AUTOMOTIVE

Genuine Parts to Buy U.K.-Based Distributor

Genuine Parts Co. has reached an agreement to buy **Alliance Automotive Group**, a private-equity backed European auto-parts distributor, in a deal valued at $2 billion, including repayment of debt.

Shares in Genuine Parts were up 5.9% on Monday afternoon after it announced plans to purchase Alliance from funds managed by **Blackstone Group** LP and Alliance's co-founders.

London-based Alliance is Europe's second-largest parts-distribution company and specializes in light- and commercial-vehicle replacement parts.

Genuine expects Alliance to generate $1.7 billion of revenue this year. The company estimates the purchase will add 65 cents to 70 cents to its adjusted per-share earnings in 2018.

—Cara Lombardo

STREET

Continued from the prior page

months of form-filling. An IPO brings an influx of new investors unknown to the company's founders. Plus employees are typically restricted from selling shares for a six-month lockup period.

Messrs. Palihapitiya and Osborne aim to fix this process. They want tech "unicorns" worth above $1 billion to use a reverse takeover of the cash shell to gain a stock-market listing without all of the regulation and kerfuffle of an IPO. The 25 big shareholders who hold almost all of the Social Capital Hedosophia stock would get to know the target company first, the price would be set by negotiation between the company's board, its big shareholders and the target, and—if they were right—there would be no first-day pop. Lockups would be smarter, with some employees able to cash in right away, while founders and late-stage venture capitalists might still be locked in.

The system is both beautiful and silly. There are drawbacks for shareholders: They have to commit their cash upfront, with no way to know how long it will be until a target company is found.

When the target is found, they have the choice to pull out and get their money back, under the rules governing blank-check companies. But if they opt out, they might not be allowed into IPOB, C or D. They are also expected to stick with the company after the deal, so they can't rely on a quick profit from what is known as "stagging" the deal by selling out as soon as the shares leap.

Companies get a quicker listing with less administrative hassle, are likely to get a more stable stock price after the deal, and end up with a relatively small number of committed shareholders.

If it were purely a matter of matching investors willing to commit for the long term against a management eager to have long-term investors, it would be fine, if wildly overpriced (more on that later). But here the tension between investors and issuers comes back. Investors are giving up flexibility by handing over their cash now, without even knowing what company might be the Social Capital Hedosophia target, and should expect to pay a lower price in return for such a long-term view.

Yet a big part of the appeal from the company's point of view is that they don't have to

> *The best option would be to fix the existing initial public offering of shares.*

offer the stock-price discount that the investment banks impose in a traditional IPO.

If the price comes in about the same, the promise of stock stability and less regulation might satisfy both sides—although the high fees that Social Capital Hedosophia is charging hardly seem worth it. After a deal, it gets 20% of the cash raised, paid in equity, against a typical 7% Wall Street underwriting fee, although post-listing advice from Mr. Palihapitiya's private-equity group, Social Capital, is thrown in.

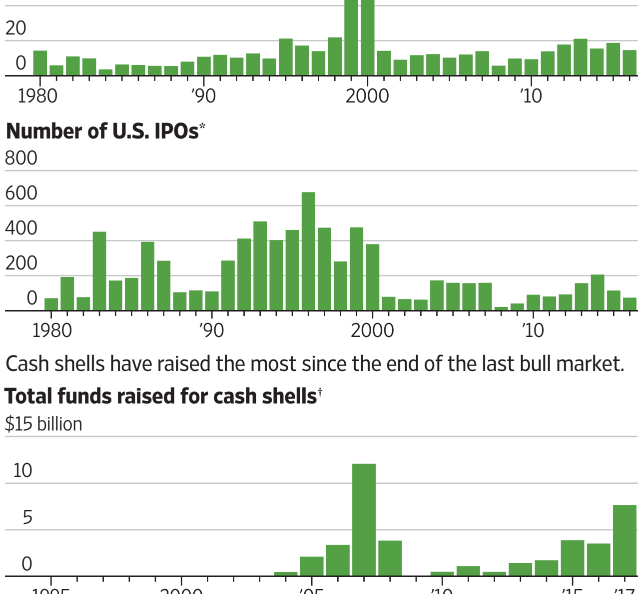
There are other alternatives. **WR Hambrecht** & Co. offers an auction where investors bid for stock and say what they are willing to pay. The process was used by Google for its 2004 IPO, underwritten by Morgan Stanley and Credit Suisse, but hasn't caught on.

The best option would be to fix the existing IPO. Lockup periods on shareholders could easily be smarter. Investment banks could bring a variant of the auction process into their price-setting to reduce the first-day pop. And the company coming to market could get more say over the type of investor who gets stock, reducing the banks' ability to help their clients.

The willingness of investors to back Social Capital Hedosophia shows how fed up they are with the traditional IPO. But it also shows how ready they are to put their trust, and $690 million, in a financial experiment. It is one more sign that the bull market is growing old.

IPOs: Priced to Go

On average IPOs make a solid first-day gain, suggesting a pattern of underpricing.



*Excludes banks, penny stocks, REITs, closed-end funds and ADRs
†Special-purpose acquisition companies, or blank-check companies
Sources: Jay Ritter (IPOs); Dealogic (SPACs)

THE WALL STREET JOURNAL.

Unilever Buys Seoul Beauty Company

By Saabira Chaudhuri

LONDON—**Unilever** PLC has agreed to buy Carver Korea, a Seoul-based maker of toners and moisturizers, for $2.7 billion, the latest in a string of skin-care acquisitions as it pivots toward higher-growth sectors.

Unilever is buying what it described as South Korea's fastest-growing skin-care business from **Bain Capital** Private Equity and **Goldman Sachs**, which acquired the company slightly over a year ago.

Carver sells moisturizers, toners and sun-protection products under the brand AHC in Korea, China and the U.S.

In recent years, Unilever has increased its exposure to skin products, buying four high-end skin-care brands in 2015 alone.

Last year it bought Dollar Shave Club, which gave it men's skin-care brand Big Cloud and hairstyling brand Boogies.

Under Paul Polman, a former **Procter & Gamble** Co. executive who became Unilever's chief executive in 2009, the company has shifted away from food and toward higher-margin personal care. In 2016, personal care made up 40% of Unilever's revenue, up from 28% in 2008.

Buying Carver will help Unilever gain ground in the Korean beauty market, where hair and beauty trends often influence ones further west. South Korea is the world's fourth-largest market for skin care, according to Unilever.

Carver, which started out in 1999 selling products to beauty salons, reported sales of €321 million ($383.5 million) and earnings before interest, taxes, depreciation and amortization of €137 million in 2016.

Target to Boost Minimum Wages

Move comes as big retailers compete to lure workers in a tighter labor market

By Khadeeja Safdar

Target Corp. said it is raising its minimum wage to $11 an hour starting next month and to $15 an hour within three years, as the retailer competes to fill low-wage jobs in a tighter labor market.

The retailer, which employs about 323,000 people, said the new rate would apply to current staff as well as 100,000 temporary workers it plans to hire for the holidays. In the past, Target has resisted publicly commenting on its minimum wages. It quietly boosted starting pay to $10 an hour in 2016 after Wal-Mart Stores Inc. said it would increase wages for most of its U.S. workers.

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

"We're investing to make sure that we recruit and retain the existing team, that we attract new team members and, importantly, that we provide an exceptional service environment," Chief Executive Brian Cornell said to reporters, adding that the move was tied to Target's holiday hiring plans. He declined to say how much more Target would be spending on wages following the change, but maintained the company's previous financial projections for the year.

Mr. Cornell is trying to turn around the retail chain's fortunes after it reported weak holiday sales last year and was forced to lower its profit and sales goals for the current fiscal year. The company, whose stock is down 19% so far this year, has been cutting prices, remodeling stores and ramping up spending on its supply chain and e-commerce capabilities. Some of those efforts paid off in the latest quarter as sales rose for the first time in a year.

Retail is the largest private-sector employer in the U.S., and competition for hourly workers has ratcheted up in recent years. There were 625,000 seasonally adjusted retail job openings in July, according to the Bureau of Labor Statistics, and the industry's rate of openings is about double what it was in 2010.

An hourly wage of $11 will match minimums in Massachusetts and Washington and is higher than required in the other 48 states. Two of the most populous states, New York and California, have passed legislation that would lift their lowest pay rate to $15 over several years. Currently, 29 states have set rates higher than the federal minimum wage, which has been $7.25 since 2009.

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

A 2014 study from the nonpartisan Congressional Budget Office found raising the federal minimum wage to $10.10 an hour would reduce job creation by 500,000 over two years. At the same time, the report estimated that the increase in the federal minimum wage would raise the pay of 16.5 million workers who kept their jobs, including moving about 900,000 people above the poverty line.

For years, retailers have been increasing minimum wages to reduce costly turnover endemic to the industry. In early 2014, Gap Inc. told employees it would raise pay to at least $10 an hour by the next year, saying it hoped to gain an advantage over competitors. Last year, Costco Wholesale Corp. raised its starting hourly wage to $13.

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

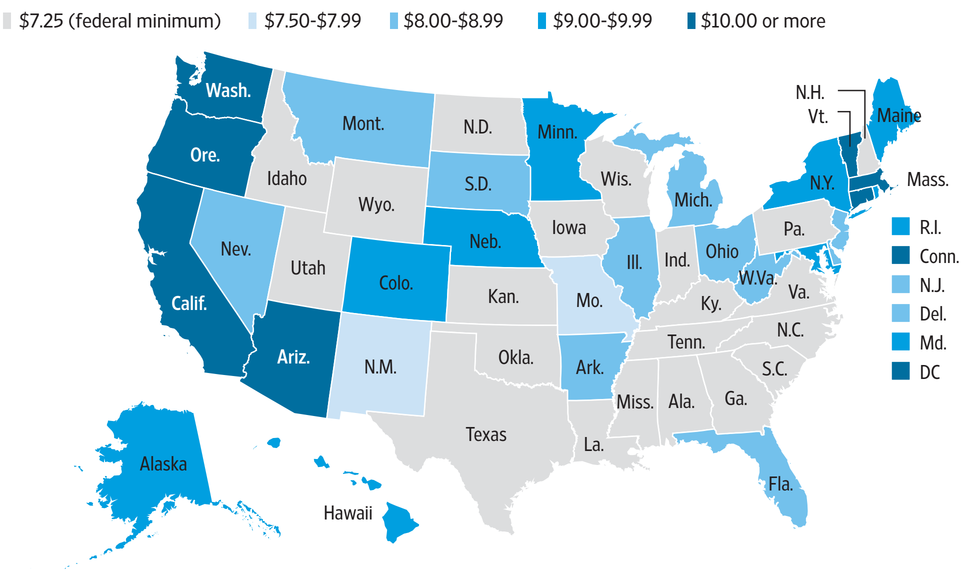
Mr. Cornell dismissed concerns that existing staff would bristle at the prospect of new workers starting at a wage that it took them longer to attain. "I think this news is going to be very well received by our team," he said.

—Sarah Nassauer and Eric Morath contributed to this article.

NOAH K. MURRAY/INVISION FOR TARGET/ASSOCIATED PRESS

CEO Brian Cornell last year in New Jersey. He is trying to turn around the retail chain's fortunes.

State Minimum Wages



Source: U.S. Labor Department

THE WALL STREET JOURNAL.

◆ Target app will use a Pinterest search tool............ B4

Target App to Use A Pinterest Tool

By Eliot Brown

Pinterest Inc. has long sought to support its lofty valuation by wooing advertisers to its image-search platform. Now it is bringing its technology to them.

The San Francisco company has struck a deal with retailer **Target** Corp. to license its camera image search tool, which lets users of Pinterest's app browse similar images and objects to pictures they take with their phones. Target will embed the tool in its own app, allowing shoppers to snap photos on their phones of items they like, and receive suggestions from Target for similar products to buy.

The companies didn't disclose the financial details behind the deal, which is bundled together as part of a multiyear ad purchase by Target that Pinterest described as its largest-ever.

"We believe visual search in particular is incredibly important to our business," said Kristi Argyilan, senior vice president for marketing at Target.

The accord shows how Pinterest is hunting for new ways to bring in money and attempt to chip away at the dominance in online advertising by Google Inc. and Facebook Inc.

Tim Kendall, the company's president, said Pinterest expects to take a similar approach with other advertisers, using other technology and data to woo large ad deals.

Target has exclusive use of the camera search tool among retailers in the U.S. as part of the multiyear deal. But Pinterest says businesses in other industries outside of retail could benefit from the search tool, and it also believes it has valuable trend-spotting information that it can deliver to advertisers. If, for instance, the company sees an uptick in users posting clothes of a certain color, it could present that to an apparel maker that advertises.

"We have a lot of visual discovery technology," Mr. Kendall said. "I expect we're going to do more deals in the future."

Investors have had high expectations for Pinterest, giving it a private-market valuation of more than $12 billion in its last funding round this spring, when it raised $150 million. That valuation is around the same as Twitter Inc.'s market capitalization and one-third the size of Target, which had $69 billion in revenue last year.

But seven-year-old Pinterest still pulls in relatively small revenue. The company is targeting up to $500 million of revenue this year, compared with about $300 million last year, according to a person familiar with the matter.

Mr. Kendall urged patience, saying that Pinterest is on a good track this year and he expects its revenue to keep growing at a similar rate in the coming year. "It takes time—we're just early in our ad business," he said.

For Target, the deal with the camera tool, called Lens, came about after the company had debated how to incorporate a search tool in its app. Eager for shoppers to have a way to add products they see on the street onto a wedding or baby registry, for instance, the company pondered buying the technology from another provider.

JOHN J. WATKINS/THE TIMES/ASSOCIATED PRESS

Middle-school students in Hobart, Ind., learn coding in the class 'Computer Science for Innovators and Makers.'

Trump Plans Tech Grants

By Douglas MacMillan And Rebecca Ballhaus

President Donald Trump unveiled an effort to boost computer science training in U.S. classrooms, a measure that won him a show of support from Silicon Valley and other business leaders after recent tensions between the White House and American corporations.

Mr. Trump signed a presidential memo on Monday saying the Education Department would begin awarding more of its federal grants to schools that teach computer science to students in kindergarten through 12th grades, and fewer grants to those who don't.

Rather than requesting new funding for the effort, the administration plans to allocate at least $200 million each year of existing federal grant money to computer science education. The funds will be appropriated for fiscal year 2018 "and beyond," a senior administration official said.

The White House, in its guidance on the policy to the Education Department, will ask the agency to design the programs "with gender and racial diversity in mind," said Ivanka Trump, first daughter and assistant to the president, who has been leading the administration's push to teach coding in classrooms.

Ms. Trump said she has met with technology industry executives, educators, governors and federal agencies over the past several months to discuss ways to make the U.S. more competitive on training for science, technology, engineering and math, or STEM subjects.

On Tuesday, Ms. Trump is set to travel to Detroit to meet with private-sector partners including Quicken Loans Chairman Daniel Gilbert and Lockheed Martin Chief Executive Marillyn Hewson, to unveil a "substantial" private-sector pledge to bolster computer science education. On Wednesday, she will tour a public school with Microsoft Corp. President Brad Smith and Code.org founder Hadi Partovi to "experience coding first hand," she said.

"This administration is committed to building the workforce of tomorrow," Ms. Trump said on a call with reporters Monday.

The initiative puts White House support behind an issue that has been important to leaders in the tech industry, many who have spoken out publicly against his actions on immigration and other areas and withdrawn from White House advisory councils.

Business leaders are still eager to work with the administration to advance computer science education, said Mr. Partovi of Code.org, a Seattle-based nonprofit that equips teachers with computer science skills and curriculum.

The funding to be allocated to computer science programs is a sliver of the $70 billion the U.S. spends each year on education grants.

But it could help fuel efforts under way in states and school districts nationwide to give all students access to a set of skills seen as vital to more jobs in tech and other industries.

Beijing Levies Web Penalties

By Josh Chin

BEIJING—Chinese internet regulators said they have hit operators of three of the country's biggest social-media platforms with the maximum fine allowable under a new cybersecurity law for hosting fake news, pornography and other forms of banned content.

The Cyberspace Administration of China didn't disclose the amount of the fines handed down to the platforms, which are owned in whole or part by China's three internet giants: **Tencent Holdings** Ltd., **Baidu** Inc. and **Alibaba Group Holding** Ltd.

The cybersecurity law says network operators can be fined up to 500,000 yuan ($75,000) and have operations suspended or business licenses canceled for failing to stop the transmission of prohibited content. The agency said Tencent's hugely popular WeChat app "failed to fulfill its management duty" in ensuring users of its public accounts didn't post illegal content.

In a separate statement, the agency said search giant Baidu's Teiba message board and the Twitter-like microblogging site Weibo Corp., partly owned by Alibaba, had similarly failed to prevent their users from spreading damaging information.

BOBBY YIP/REUTERS

Tencent's WeChat was among those fined. WeChat mascots.

Tencent said that it "sincerely accepted" the punishment and would improve its management of WeChat according government guidelines.

Baidu referred to a statement it made in August, when the initial investigation was announced, in which the company apologized to users and promised to fix any problems. Weibo didn't immediately respond to a request for comment.

Unless accompanied by other forms of punishment, a single fine of 500,000 yuan is unlikely to leave a scratch on any of the companies.

Tencent pulled in $21.9 billion in revenue in 2016. Baidu notched revenue of $10.2 billion last year, while Weibo took in $656 million.

A formal investigation into the three platforms was launched in August.

—Yang Jie contributed to this article.

Kroger Site Pitches Niche Brands

By Heather Haddon

Kroger Co. is launching a website allowing local suppliers to pitch niche products directly to buyers at the grocer's 2,800 stores, a response to rival Whole Foods Market's moves to be more conventional.

Cincinnati-based Kroger currently features local brands at stores in 35 states, but executives at the largest U.S. grocer plan to expand the offering to lure any Whole Foods shoppers dissatisfied following its recent takeover by **Amazon.com Inc.**

The market value of Kroger and other retailers has been pinched by Amazon's foray into the grocery business.

"They got a lot of publicity for not doing much. It's time to tell our story," said Mike Donnelly, Kroger executive vice president of merchandising and procurement, of the Whole Foods deal.

A Whole Foods spokeswoman declined to comment.

Whole Foods is centralizing its purchasing to become more efficient and profitable. The effort was under way before Amazon bought the country's largest natural and organic grocer, but the deal has presented a catalyst as the e-commerce giant helps to standardize prices and other practices.

Local suppliers have worried about being able to continue displaying their products on Whole Foods shelves as they have fewer opportunities to pitch their products to individual stores or regions.

Mr. Donnelly invited local brands to instead come to Kroger through the portal launched Friday.

Whole Foods has said that local brands remain a priority for the company, and its purchasing changes will improve store mix.

Kroger has invested heavily in expanding its natural and organic selection of goods in recent years as that market has grown. The company now does around $1.7 billion in sales of its Simple Truth natural brand annually.

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[1] Fuller, B./Romer, P., "Urbanization as Opportunity," 6 February 2014. [2] Data as of 31 March 2017.

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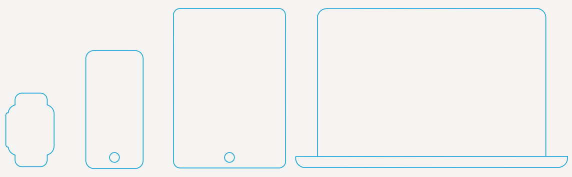

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Nets Sells for $5.3 Billion in Latest Payments Deal

By Ben Dummett

A consortium led by U.S. buyout firm **Hellman & Friedman** LLC agreed to acquire Denmark's **Nets** A/S for 33.07 billion Danish kroner ($5.3 billion), the latest bet by private equity on the payments-processing sector.

The deal is the latest in a wave of consolidation in the industry this year as firms seek to take advantage of the growing use of mobile devices to make payments. Payments companies are also under pressure to join forces to cut costs, develop new products and add customers as greater regulatory scrutiny and rising competition from technology startups squeezes fees.

To buy Nets, San Francisco-based Hellman & Friedman is joining forces with Singapore wealth fund **GIC Pte** Ltd. and funds managed by **Advent International** Corp. and **Bain Capital** Ltd. Advent and Bain, already major shareholders in Nets, will own about 16% of the company as a result of the deal, down from about 40%.

The consortium is offering 165 Danish kroner a share for Nets, which represents a 27% premium to the company's share price the day before it announced it had been approached about a possible takeover at the end of June.

The deal for Nets comes less than two months after **Blackstone Group** LP and **CVC Capital Partners** joined forces to acquire U.K. online payments processor **Paysafe Group** PLC for about $4 billion.

It also follows **Vantiv** Inc.'s $10 billion takeover of U.K. payments processor **Worldpay Group** PLC last month.

The industry is particularly attractive to buyout firms, which typically cash out of investments within a fixed period, as they stand to benefit from deal activity as industry players aim to gain scale through acquisitions.

Last month, private-equity firm **Vista Equity Partners** agreed to sell certain payment technologies to **Global Payments** Inc., a big Atlanta-based payments-processing company, for about $1 billion.

◆ Heard on the Street: Still time to ride the wave.......... B8

U.S. Techs Decline, Weighing On Indexes

By Akane Otani and Marina Force

Major U.S. stock indexes fell Monday, weighed down by losses in shares of technology companies.

Stocks that have helped lead the market higher this year, including Facebook and several chip makers, were among the day's biggest decliners.

MONDAY'S MARKETS

Some traders also attributed Monday's slide in major U.S. stock indexes to comments from North Korea's foreign minister, who said Monday that President Donald Trump's latest comments on the country constituted a declaration of war.

The Dow Jones Industrial Average fell 53.50 points, or 0.2%, to 22296.09. The S&P 500 lost 0.2%, and the Nasdaq Composite slid 0.9%.

An exchange of threats between North Korea and the U.S. has pressured major indexes and sent assets considered havens like gold and government bonds higher a few times over the summer. The stock market has largely been quiet in recent weeks, with major indexes sticking to a narrow range and trading volumes mostly hovering below their averages for the year.

"The politics, the Washington drama—it causes a short-term bump up or down, but at the end of the day, it's really earnings that drives the market, and we've had good results there," said Karyn Cavanaugh, senior market strategist at Voya Investment Management.

Technology stocks fell Monday, with Nvidia down 4.5%, Micron Technology off 3.7% and Alphabet losing 1.4% by late afternoon.

Facebook shed 4.5%, among the biggest decliners in the S&P 500 technology sector and the broader index. Some analysts linked the move to reports that showed the company grappling with a series of controversies, including how it responded to Russian activity on its site before the U.S. election and its plan to change its stock structure, which it abandoned last week.

Shares of energy firms rose with oil prices. The S&P 500 energy sector was up 1.5% in late trading, with Chesapeake Energy and Helmerich & Payne among the top gainers, ahead 3.4% and 3.9%, respectively.

U.S. crude jumped 3.1% to $52.22 a barrel, its eighth gain in 11 sessions. Oil prices have rebounded recently as data have suggested an easing of a global supply glut and analysts have said the Organization of the Petroleum Exporting Countries looks likely to extend its production-cut deal.

Elsewhere, indexes were largely steady after Angela Merkel's conservative alliance claimed victory in the German election, but lost ground to the nationalist Alternative for Germany group. The Stoxx Europe 600 added 0.2% to 383.90, and Germany's DAX edged up less than 0.1%.

Reaction to the German elections was more evident in the currency markets, with the euro falling 0.9% against the U.S. dollar.

"In the short term I expect to see the euro a little bit weaker, but in a few days' time we won't be thinking about the German elections anymore," said Chris Iggo, global chief investment officer of fixed income at AXA Investment Managers, signaling this wasn't the first time Europe has seen a rise in anti-immigration parties' support.

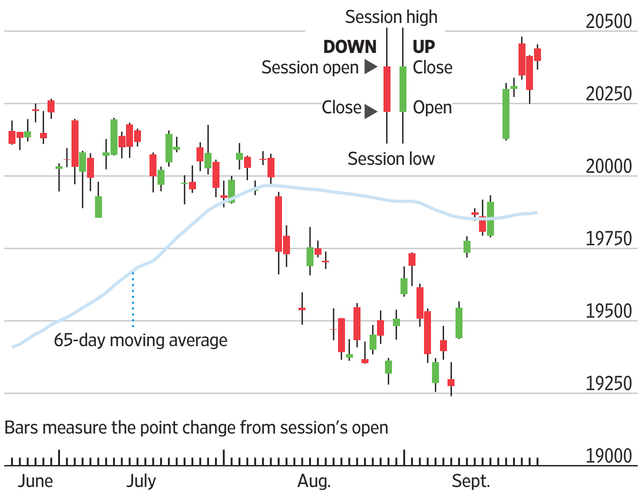
MARKETS DIGEST

Nikkei 225 Index

20397.58 ▲101.13, or 0.50%

High, low, open and close for each trading day of the past three months.

Year-to-date	▲ 6.71%
52-wk high/low	20397.58 16251.54
All-time high	38915.87 12/29/89

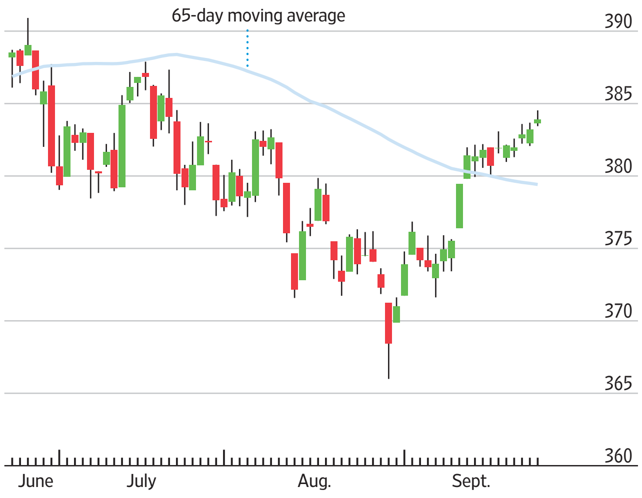


STOXX 600 Index

383.90 ▲0.68, or 0.18%

High, low, open and close for each trading day of the past three months.

Year-to-date	▲ 6.22%
52-wk high/low	396.45 328.80
All-time high	414.06 4/15/15



S&P 500 Index

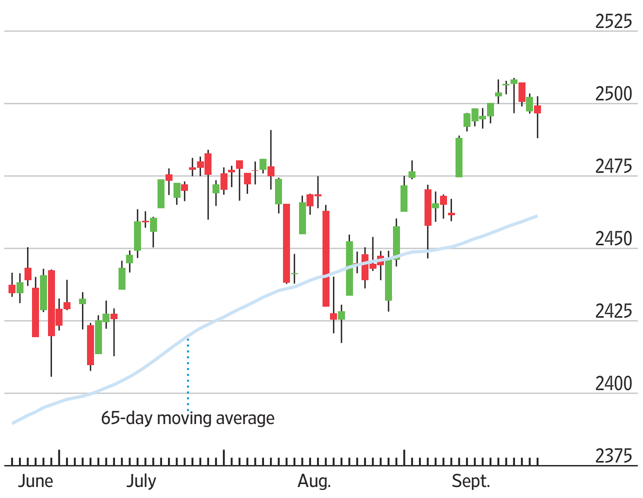
Data as of 4 p.m. New York time

2496.66 ▼5.56, or 0.22%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	24.25	24.81
P/E estimate *	19.14	18.43
Dividend yield	1.99	2.13
All-time high: 2508.24, 09/20/17		

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 4 p.m. New York time

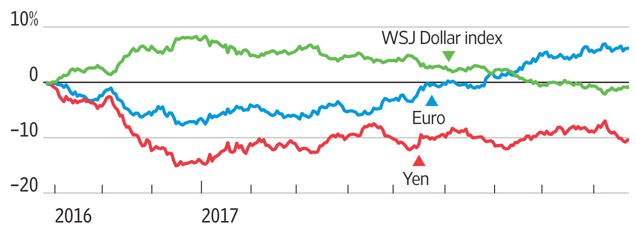
Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2898.72	–11.02	–0.38	2386.93	2910.53	14.7
	MSCI EAFE	1968.87	–8.74	–0.44	1614.17	1981.49	14.7
	MSCI EM USD	1087.04	–15.21	–1.38	838.96	1112.92	36.9
Americas	**DJ Americas**	603.25	–1.49	–0.25	503.44	606.05	11.6
Brazil	**Sao Paulo Bovespa**	74457.13	–932.62	–1.24	56828.56	76419.58	23.6
Canada	**S&P/TSX Comp**	15514.25	60.02	0.39	14468.03	15943.09	1.5
Mexico	**IPC All-Share**	50384.41	70.90	0.14	43998.98	51772.37	10.4
Chile	**Santiago IPSA**	3994.30	–21.52	–0.54	3120.87	4023.41	23.9
U.S.	**DJIA**	22296.09	–53.50	–0.24	17883.56	22419.51	12.8
	Nasdaq Composite	6370.59	–56.33	–0.88	5034.41	6477.77	18.3
	S&P 500	2496.66	–5.56	–0.22	2083.79	2508.85	11.5
	CBOE Volatility	10.42	0.83	8.65	8.84	23.01	–25.8
EMEA	**Stoxx Europe 600**	383.90	0.68	0.18	328.80	396.45	6.2
	Stoxx Europe 50	3136.68	10.66	0.34	2720.66	3279.71	4.2
Austria	**ATX**	3301.11	–4.86	–0.15	2357.57	3312.67	26.1
Belgium	**Bel-20**	3963.20	5.24	0.13	3384.68	4055.96	9.9
France	**CAC 40**	5267.13	–14.16	–0.27	4342.64	5442.10	8.3
Germany	**DAX**	12594.81	2.46	0.02	10174.92	12951.54	9.7
Greece	**ATG**	742.49	–31.45	–4.06	559.92	859.78	15.4
Hungary	**BUX**	38107.87	–70.76	–0.19	27466.59	38554.44	19.1
Israel	**Tel Aviv**	1417.20	0.68	0.05	1346.71	1490.23	–3.6
Italy	**FTSE MIB**	22389.57	–141.26	–0.63	15923.11	22613.48	16.4
Netherlands	**AEX**	527.78	–0.25	–0.05	436.28	537.84	9.2
Poland	**WIG**	63895.84	–501.48	–0.78	46674.28	65611.21	23.5
Russia	**RTS Index**	1130.54	7.30	0.65	956.36	1196.99	–1.9
Spain	**IBEX 35**	10216.50	–88.50	–0.86	8512.40	11184.40	9.2
Sweden	**SX All Share**	574.82	1.10	0.19	489.12	598.42	7.5
Switzerland	**Swiss Market**	9140.47	3.75	0.04	7585.56	9198.45	11.2
South Africa	**Johannesburg All Share**	55839.73	...	Closed	48935.90	56896.89	10.2
Turkey	**BIST 100**	102270.17	–1852.68	–1.78	71792.96	110530.75	30.9
U.K.	**FTSE 100**	7301.29	–9.35	–0.13	6676.56	7598.99	2.2
Asia-Pacific							
Australia	**S&P/ASX 200**	5683.70	1.60	0.03	5156.60	5956.50	0.3
China	**Shanghai Composite**	3341.55	–10.98	–0.33	2980.43	3385.39	7.7
Hong Kong	**Hang Seng**	27500.34	–380.19	–1.36	21574.76	28159.77	25.0
India	**S&P BSE Sensex**	31626.63	–295.81	–0.93	25765.14	32575.17	18.8
Japan	**Nikkei Stock Avg**	20397.58	101.13	0.50	16251.54	20397.58	6.7
Singapore	**Straits Times**	3215.91	–4.34	–0.13	2787.27	3354.71	11.6
South Korea	**Kospi**	2380.40	–8.31	–0.35	1958.38	2451.53	17.5
Taiwan	**Weighted**	10335.89	–113.79	–1.09	8931.03	10631.57	11.7

Source: SIX Financial Information; WSJ Market Data Group

Currencies

London close on Sept. 25

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0574	17.4366	9.9
Brazil real	0.3172	3.1525	–3.1
Canada dollar	0.8086	1.2367	–8.0
Chile peso	0.001589	629.50	–6.0
Colombia peso	0.0003416	2927.35	–2.5
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0558	17.9106	–13.6
Peru sol	0.3071	3.2565	–2.9
Uruguay peso-e	0.0346	28.870	–1.6
Venezuela bolivar	0.100060	9.99	–0.01
Asia-Pacific			
Australia dollar	0.7936	1.2601	–9.2
China yuan	0.1510	6.6206	–4.7
Hong Kong dollar	0.1280	7.8140	0.8
India rupee	0.0153	65.3550	–3.8
Indonesia rupiah	0.0000750	13326	–1.5
Japan yen	0.008962	111.58	–4.6
Kazakhstan tenge	0.002932	341.12	2.2
Macau pataca	0.1243	8.0471	1.7
Malaysia ringgit-c	0.2378	4.2045	–6.3
New Zealand dollar	0.7263	1.3768	–4.7
Pakistan rupee	0.0095	105.385	1.0
Philippines peso	0.0197	50.750	2.3
Singapore dollar	0.7400	1.3513	–6.6
South Korea won	0.0008797	1136.76	–5.9
Sri Lanka rupee	0.0065364	152.99	3.1
Taiwan dollar	0.03303	30.271	–6.7
Thailand baht	0.03021	33.100	–7.6
Europe			
Bulgaria lev	0.6068	1.6480	–11.3
Croatia kuna	0.1582	6.322	–11.9
Euro zone euro	1.1841	0.8446	–11.2
Czech Rep. koruna-b	0.0454	22.015	–14.3
Denmark krone	0.1591	6.2837	–11.1
Hungary forint	0.003803	262.95	–10.6
Iceland krona	0.009281	107.75	–4.6
Norway krone	0.1277	7.8322	–9.4
Poland zloty	0.2765	3.6168	–13.6
Russia ruble-d	0.01733	57.716	–5.8
Sweden krona	0.1242	8.0537	–11.6
Switzerland franc	1.0341	0.9670	–5.1
Turkey lira	0.2818	3.5485	0.7
Ukraine hryvnia	0.0380	26.3200	–2.8
U.K. pound	1.3454	0.7433	–8.2
Middle East/Africa			
Bahrain dinar	2.6510	0.3772	0.01
Egypt pound-a	0.0565	17.6839	–2.5
Israel shekel	0.2842	3.5189	–8.6
Kuwait dinar	3.3120	0.3019	–1.2
Oman sul rial	2.5974	0.3850	0.01
Qatar rial	0.2672	3.742	2.8
Saudi Arabia riyal	0.2666	3.7503	–0.01
South Africa rand	0.0749	13.3562	–2.5

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.83	0.30	0.35	–7.65

Sources: Tullett Prebon, WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points Latest	Previous	Month Ago	Year ago	Yield Previous	Month ago	Year ago
2.750	**Australia** 2	1.971	54.8	53.8	50.2	86.2	1.973	1.840	1.616
2.750	10	2.807	58.6	54.8	48.9	38.8	2.802	2.657	2.006
3.000	**Belgium** 2	-0.552	-197.5	-197.4	-190.4	-136.6	-0.539	-0.566	-0.612
0.800	10	0.698	-152.3	-152.6	-147.2	-147.1	0.729	0.695	0.147
0.000	**France** 2	-0.513	-193.6	-190.7	-183.6	-136.0	-0.472	-0.499	-0.606
1.000	10	0.699	-152.2	-152.2	-147.3	-140.1	0.733	0.694	0.217
0.000	**Germany** 2	-0.706	-212.9	-210.8	-206.7	-141.9	-0.673	-0.730	-0.665
0.500	10	0.403	-181.8	-180.6	-178.9	-169.8	0.449	0.379	-0.080
0.050	**Italy** 2	-0.107	-153.0	-155.0	-136.4	-87.0	-0.114	-0.026	-0.116
2.200	10	2.105	-11.6	-15.2	-6.8	-40.6	2.103	2.099	1.211
0.100	**Japan** 2	-0.137	-156.0	-156.5	-149.6	-97.4	-0.130	-0.159	-0.220
0.100	10	0.024	-219.7	-222.7	-215.4	-166.6	0.028	0.014	-0.049
4.000	**Netherlands** 2	-0.703	-212.6	-211.3	-202.2	-138.7	-0.678	-0.684	-0.633
0.750	10	0.525	-169.6	-168.5	-165.2	-158.2	0.569	0.516	0.036
4.750	**Portugal** 2	-0.069	-149.2	-150.7	-135.0	-31.5	-0.071	-0.012	0.439
4.125	10	2.431	21.0	15.5	67.6	175.1	2.410	2.843	3.369
2.750	**Spain** 2	-0.317	-174.0	-175.6	-168.5	-95.3	-0.321	-0.348	-0.199
1.450	10	1.615	-60.6	-63.5	-56.8	-65.1	1.619	1.600	0.967
4.250	**Sweden** 2	-0.698	-212.1	-213.0	-200.9	-140.8	-0.695	-0.671	-0.654
1.000	10	0.624	-159.7	-159.7	-156.2	-141.1	0.658	0.606	0.207
1.750	**U.K.** 2	0.435	-98.8	-99.7	-115.8	-65.3	0.438	0.179	0.102
4.250	10	1.336	-88.5	-89.8	-111.4	-98.7	1.357	1.054	0.631
1.250	**U.S.** 2	1.423	...	...	...	...	1.435	1.338	0.754
2.250	10	2.221	...	...	...	...	2.255	2.168	1.618

Commodities

Prices of futures contracts with the most open interest 3:30 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 9/22/2017

Commodity	Exchange	Last price	One-Day Change Net	One-Day Change Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	353.50	unch.	unch.	417.25	344.25
Soybeans (cents/bu.)	CBOT	971.25	-13.00	-1.32%	1,047.00	907.00
Wheat (cents/bu.)	CBOT	454.00	4.50	1.00%	592.25	422.50
Live cattle (cents/lb.)	CME	114.425	-3.000	-2.55	122.850	99.825
Cocoa ($/ton)	ICE-US	1,975	-8	-0.40	2,301	1,794
Coffee (cents/lb.)	ICE-US	131.85	-2.60	-1.93	166.75	119.10
Sugar (cents/lb.)	ICE-US	14.39	-0.25	-1.71	20.40	13.50
Cotton (cents/lb.)	ICE-US	69.49	1.03	1.50	75.75	66.15
Robusta coffee ($/ton)	ICE-EU	2008.00	3.00	0.15	2,272.00	1,892.00
Copper ($/lb.)	COMEX	2.9365	-0.0080	-0.27	3.1785	2.5025
Gold ($/troy oz.)	COMEX	1312.00	14.50	1.12	1,362.40	1,160.80
Silver ($/troy oz.)	COMEX	17.160	0.176	1.04	18.875	14.440
Aluminum ($/mt)*	LME	2,160.00	-14.50	-0.67	2,191.00	1,688.50
Tin ($/mt)*	LME	20,625.00	45.00	0.22	21,225.00	18,760.00
Copper ($/mt)*	LME	6,450.00	-3.00	-0.05	6,937.00	5,491.00
Lead ($/mt)*	LME	2,480.00	10.00	0.40	2,481.00	2,022.00
Zinc ($/mt)*	LME	3,077.00	-1.00	-0.03	3,195.00	2,450.50
Nickel ($/mt)*	LME	10,650.00	-290.00	-2.65	12,220.00	8,780.00
Rubber (Y.01/ton)	TCE	213.60	3.10	1.47	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2686.00	-51.00	-1.86	2876.00	2436.00
Crude oil ($/bbl.)	NYMEX	52.14	1.48	2.92	58.37	42.84
NY Harbor ULSD ($/gal.)	NYMEX	1.8482	0.0396	2.19	1.8524	1.3943
RBOB gasoline ($/gal.)	NYMEX	1.6698	0.0437	2.69	1.6737	1.2736
Natural gas ($/mmBtu)	NYMEX	2.993	-0.028	-0.93	3.5960	2.8860
Brent crude ($/bbl.)	ICE-EU	58.39	1.97	3.49	60.09	45.51
Gas oil ($/ton)	ICE-EU	553.25	11.75	2.17	554.25	408.25

Sources: SIX Financial Information; WSJ Market Data Group

Cross rates

London close on Sep 25

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2601	1.6954	1.3029	0.0113	0.1612	1.4922	1.0193	...
Canada	1.2367	1.6634	1.2786	0.0111	0.1582	1.4642	...	0.9811
Euro	0.8446	1.1360	0.8732	0.0076	0.1081	...	0.6829	0.6700
Hong Kong	7.8140	10.5129	8.0808	0.0700	...	9.2545	6.3197	6.1997
Japan	111.5770	150.1000	115.3800	...	14.2790	132.1200	90.2300	88.5400
Switzerland	0.9670	1.3010	...	0.0087	0.1238	1.1452	0.7821	0.7673
U.K.	0.7433	...	0.7686	0.0067	0.0951	0.8802	0.6010	0.5899
U.S.	...	1.3454	1.0341	0.0090	0.1280	1.1841	0.8086	0.7936

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**1.23667%**	0.52444%
Three month	**1.32972**	0.85294
Six month	**1.49711**	1.24444
One year	**1.77483**	1.55522
Euro Libor		
One month	**-0.40071%**	-0.37414%
Three month	**-0.37929**	-0.32186
Six month	**-0.30500**	-0.21200
One year	**-0.21943**	-0.07686
Euribor		
One month	**-0.37100%**	-0.37100%
Three month	**-0.32900**	-0.30300
Six month	**-0.27200**	-0.19900
One year	**-0.17100**	-0.06000
Yen Libor		
One month	**-0.04864%**	-0.07843%
Three month	**-0.03379**	-0.02021
Six month	**-0.00121**	0.00886
One year	**0.10614**	0.10929
	Offer	Bid
Eurodollars		
One month	**1.3500%**	1.2500%
Three month	**1.4100**	1.3100
Six month	**1.5700**	1.4700
One year	**1.8700**	1.7700
	Latest	52 wks ago
Prime rates		
U.S.	**4.25%**	3.50%
Canada	**3.20**	2.70
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.00%
Britain	**0.25**	0.25
Switzerland	**0.50**	0.50
Australia	**1.50**	1.50
U.S. discount	**1.75**	1.00
Fed-funds target	**1.00-1.25**	0.25-0.50
Call money	**3.00**	2.25
Overnight repurchase rates		
U.S.	**1.06%**	0.51%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

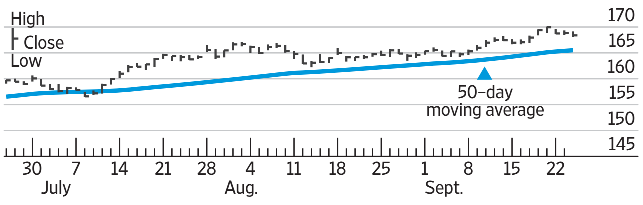
Top Stock Listings

4 p.m. New York time

Cur	Stock	Sym	Last	% Chg	YTD% Chg
Asia Titans					
HK$	AIAGroup	1299	59.20	-1.17	35.31
AU$	AustNZBk	ANZ	30.00	0.20	-1.38
AU$	BHP	BHP	25.98	0.12	3.67
HK$	BankofChina	3988	3.90	-1.76	13.37
HK$	CKHutchison	0001	99.30	-0.45	12.97
AU$	CSL	CSL	133.86	0.59	33.31
¥	Canon	7751	3802.00	0.77	15.39
¥	CentralJapanRwy	9022	19475	0.03	1.27
HK$	ChinaConstructnBk	0939	6.51	-1.66	9.05
HK$	ChinaLifeInsurance	2628	23.45	-0.85	16.09
HK$	ChinaMobile	0941	79.05	-0.44	-3.83
HK$	ChinaPetro&Chem	0386	5.81	-1.02	5.64
AU$	CmwlthBkAust	CBA	75.81	-1.06	-8.01
¥	EastJapanRailway	9020	10390	0.05	2.87
¥	Fanuc	6954	22995	0.61	16.05
¥	Hitachi	6501	791.00	-0.05	25.16
TW$	Hon Hai Precisn	2317	105.00	-2.78	24.70
¥	HondaMotor	7267	3362.00	0.30	-1.55
KRW	HyundaiMtr	005380	141000	-0.70	-3.42
HK$	Ind&Comml	1398	5.71	-2.23	22.80
$	Infosys	INFY	14.37	-1.54	-3.14
¥	JapanTobacco	2914	3680.00	0.16	-4.27
¥	KDDI	9433	3005.00	0.84	1.54
¥	Mitsubishi	8058	2618.00	1.10	5.14
¥	MitsubishiElectric	6503	1749.50	0.43	7.36
¥	MitsubishiUFJFin	8306	719.00	-0.65	-0.17
¥	Mitsui	8031	1691.00	0.09	5.23
¥	Mizuho Fin	8411	198.80	-0.05	-5.24
¥	NTTDoCoMo	9437	2587.00	0.31	-2.85
AU$	NatAustBnk	NAB	31.28	...	1.99
¥	Nintendo	7974	41200	0.17	67.89
¥	NipponTeleg	9432	5140.00	2.47	4.64
¥	NissanMotor	7201	1155.50	0.30	-1.70
¥	Panasonic	6752	1611.00	-1.26	35.44
HK$	PingAnInsofChina	2318	60.85	-1.22	56.83
$	RelianceIndsGDR	RIGD	25.25	...	60.06
KRW	SamsungElectronics	005930	2681000	1.17	48.78
¥	Seven&I Hldgs	3382	4326.00	-0.92	-2.85
¥	SoftBankGroup	9984	9160.00	0.88	17.97
¥	Sony	6758	4184.00	0.24	27.76
¥	Sumitomo Mitsui	8316	4306.00	-0.30	-3.45
HK$	SunHngKaiPrp	0016	126.20	-3.22	28.78
TW$	TaiwanSemiMfg	2330	217.00	-0.69	19.56
¥	TakedaPharm	4502	6181.00	1.49	27.84
HK$	TencentHoldings	0700	341.60	-1.33	80.07
¥	TokioMarineHldg	8766	4464.00	-0.80	-6.92
¥	ToyotaMtr	7203	6784.00	0.76	-1.37
AU$	Wesfarmers	WES	41.07	-0.34	-2.54
AU$	WestpacBanking	WBC	31.86	0.70	-2.27
AU$	Woolworths	WOW	25.19	-0.63	4.52
Stoxx 50					
CHF	ABB	ABBN	23.93	...	11.41
€	ASMLHolding	ASML	137.10	-1.33	28.55
€	AXA	CS	24.77	-0.76	3.25
€	AirLiquide	AI	109.90	0.14	4.02
€	Allianz	ALV	185.70	-0.54	18.28
€	AB InBev	ABI	98.73	1.25	-1.81
£	AstraZeneca	AZN	4930.00	0.37	11.10
€	BASF	BAS	88.63	0.33	0.36
€	BNP Paribas	BNP	66.33	-1.44	9.55
£	BT Group	BT.A	286.95	1.47	-21.79
€	BancoBilVizAr	BBVA	7.37	-1.88	15.99
€	BancoSantander	SAN	5.67	-1.13	14.42
£	Barclays	BARC	189.70	-0.97	-15.10
€	Bayer	BAYN	111.90	1.63	12.88
£	BP	BP.	472.40	1.24	-7.30
£	BritishAmTob	BATS	4585.00	-0.56	-0.79
€	Daimler	DAI	66.70	0.15	-5.68
€	DeutscheTelekom	DTE	15.61	0.97	-3.60
£	Diageo	DGE	2436.50	...	15.47
€	ENI	ENI	13.94	1.16	-9.89
£	GlaxoSmithKline	GSK	1480.00	0.41	-5.25
£	Glencore	GLEN	344.10	-0.88	24.07
£	HSBC Hldgs	HSBA	721.20	-0.81	9.79
€	INGGroep	INGA	15.23	-0.75	13.95
£	ImperialBrands	IMB	3226.00	-0.05	-8.93
€	IntesaSanpaolo	ISP	2.96	-0.54	21.85
€	LVMHMoetHennessy	MC	230.75	0.15	27.21
£	LloydsBankingGroup	LLOY	65.87	-1.55	5.38
€	LOreal	OR	181.85	0.50	4.87
£	NationalGrid	NG.	947.80	0.39	-8.70
CHF	Nestle	NESN	81.10	0.68	11.02
CHF	Novartis	NOVN	83.85	0.48	13.16
DKK	NovoNordiskB	NOVO-B	308.60	0.92	21.16
£	Prudential	PRU	1741.50	-1.83	7.00
£	ReckittBenckiser	RB.	6827.00	0.29	-0.86
£	RioTinto	RIO	3436.00	-1.83	8.79
CHF	RocheHldgctf	ROG	250.00	0.81	7.48
£	RoyDtchShell A	RDSA	2209.50	0.89	-1.47
€	SAP	SAP	91.88	-0.23	10.95
€	Sanofi	SAN	84.64	0.62	10.07
€	SchneiderElectric	SU	72.23	0.04	9.26
€	Siemens	SIE	116.65	0.09	-0.13
€	Telefonica	TEF	9.01	-0.46	2.10
€	Total	FP	45.63	0.70	-4.46
CHF	UBSGroup	UBSG	16.29	-0.91	2.13
€	Unilever	UNA	49.41	0.57	26.32
£	Unilever	ULVR	4269.00	0.12	29.66
€	Vinci	DG	80.00	-0.22	23.65
£	VodafoneGroup	VOD	209.15	0.43	4.65
CHF	ZurichInsurance	ZURN	286.30	-0.59	2.10
DJIA					
$	AmericanExpress	AXP	88.16	-0.27	19.01
$	Apple	AAPL	150.55	-0.88	29.99
$	Boeing	BA	254.31	-0.83	63.35
$	Caterpillar	CAT	124.33	-0.08	34.06
$	Chevron	CVX	118.01	0.61	0.26
$	CiscoSystems	CSCO	33.72	1.05	11.58
$	Coca-Cola	KO	45.70	0.46	10.23
$	Disney	DIS	99.60	1.01	-4.43
$	DowDuPont	DWDP	70.35	0.56	4.72
$	ExxonMobil	XOM	80.97	1.31	-10.29
$	GeneralElec	GE	25.12	1.01	-20.51
$	GoldmanSachs	GS	230.32	-0.31	-3.81
$	HomeDepot	HD	161.15	0.74	20.19
$	Intel	INTC	37.16	-0.05	2.45
$	IBM	IBM	145.80	0.46	-12.16
$	JPMorganChase	JPM	94.12	-0.75	9.07
$	J&J	JNJ	131.23	-0.12	13.91
$	McDonalds	MCD	156.26	-1.67	28.38
$	Merck	MRK	65.17	0.06	10.70
$	Microsoft	MSFT	73.26	-1.55	17.90
$	Nike	NKE	53.20	-0.08	4.66
$	Pfizer	PFE	35.51	-1.25	9.33
$	Procter&Gamble	PG	92.71	0.51	10.26
$	3M	MMM	210.77	...	18.03
$	Travelers	TRV	122.68	0.52	0.21
$	UnitedTech	UTX	114.24	-0.67	4.21
$	UnitedHealth	UNH	191.75	-0.66	19.81
$	Visa	V	103.00	-2.43	32.02
$	Verizon	VZ	49.90	...	-6.52
$	Wal-Mart	WMT	79.15	-0.48	14.51

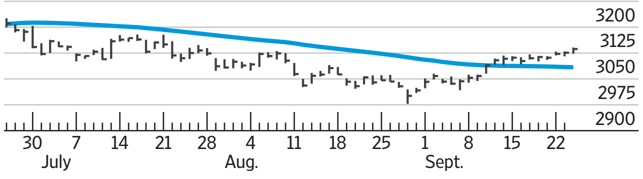
Asia Titans 50

Last: **168.38** ▼ 0.43, or 0.25% YTD ▲ 19.4%



Stoxx 50

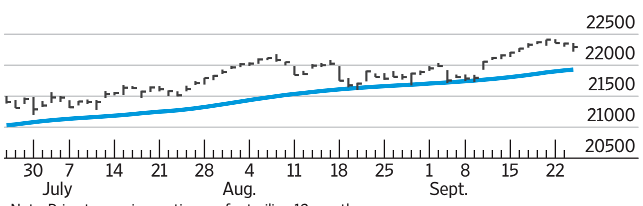
Last: **3136.68** ▲ 10.66, or 0.34% YTD ▲ 4.2%



Dow Jones Industrial Average

P/E: 20

Last: **22296.09** ▼ 53.50, or 0.24% YTD ▲ 12.8%



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

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Government of Maharashtra
Office of the Executive Engineer
Special Project (P.W.) Division, Yavatmal

Address: Near P. W. Rest House
Civil Line Yavatmal
E-mail:spdyavatmal.ee@mahapwd.com
Telephone No. 07232-242782
E-Tender Notice No. 12 Year 2017-18

Subject: RFP for improvement of Roads in Yavatmal District in Maharashtra State for Two Lanning road/ Two Lanning road with paved shoulders under MRIP Package AM-22 on Hybrid Annuity Mode.

The Government of Maharashtra had entrusted to the Authority the Development, maintenance and management of State Highways and Major Districts Roads Of State of Maharashtra. The Authority had resolved to augment the existing road for **1) Yavatmal Bypass Road section Kalamb Chaufuli Pimpalgoan Lohara (SH 318 Length 13.46Km) 2) Babhulgoan Kalamb Ralegoan road in Yavatmal Dist. Joining Dist. HQ with HQ (SH300 & 317 Length 34.23 Km) 3)Yavatmal Kolambi Ghantanji Road in Yavatmal Dist. Joining Ghatanji to Dist. HQ(SH300 & 316 Length 42.848 Km) 4) Pandharkawada Sibala to Zari Jamni Road in Yavatmal Dist. Joining Pandharkawada & Zari Jamni to Dist. HQ (SH273 Length 34.896Km)**

Road connecting cities, Processing Project and Pilgrimage centers in State of Maharashtra by (Two Lanning/ Two Lanning with paved shoulders thereof) (The "Project") on design, build, operate and transfer (the "DBOT Annuity" or "Hybrid Annuity") basis, and has decided to carry out bidding process for selection of (a private entity) as the Bidder to whom the Project may be awarded Brief particulars of the project are as follows.

Name of the State Highway/Major District	Length (in Km)	Estimated Project Cost (Rs. In Cr.)
1) Yavatmal Bypass Road section Kalamb Chaufuli Pimpalgoan Lohara (SH 318 Length 13.46Km) **2) Babhulgoan Kalamb Ralegoan road in Yavatmal Dist. Joining Dist. HQ with HQ (SH300 & 317 Length 34.23 Km)** **3) Yavatmal Kolambi Ghantanji Road in Yavatmal Dist. Joining Ghatanji to Dist. HQ (SH300 & 316 Length 42.848 Km)** **4) Pandharkawada Sibala to Zari Jamni Road in Yavatmal Dist. Joining) Pandharkawada Sibala to Zari Jamni to Dist. HQ (SH273 Length 34.896Km)**	**125.434 Km.**	**322.71**

The complete BID document can be viewed/downloaded from e-procurement portal of (https://maharashtra.etenders.in) **"as per E-tender schedule".** Bid must be submitted online only at (https://maharashtra. etenders.in) during the validity of registration with the (Maharashtra Government e-tendering Portal) i.e. (https://maharashtra.etenders.in) on or before "Date of closing for technical Bid as per E-tender schedule". Technical submissions of the Bids received online shall be opened on **"as per E-tender schedule"** Bid submitted through any other mode shall not be entertained. However, Bid security, proof of online payment of cost of bid document, Power Attorney and joint bidding agreement etc. as specified in Clause-2.11.2 of RFP shall be submitted physically by the Bidder on or before Date of opening of Technical Bid **"as per E-tender schedule".** Please note that the Authority reserves the right to accept or reject all or any of the BIDs without assigning any reason whatsoever.

No.3295/**T.C./Dt. 11 09 2017**
Office of **the Executive Engineer**
Special Project (P.W.) Division,
Yavatmal.

(Y. L. Lakhani)
Executive Engineer
Special Project (P.W.) Division,
Yavatmal

DGIPR-2017-2018/3126

BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA
PUBLIC WORKS REGION, NASHIK
PUBLIC WORKS DIVISION (East), NASHIK
E-TENDER NOTICE NO.11 FOR 2017-2018 (Online)

The Public Works Department, Government of Maharashtra, The Principal Secretary, Public Works Department (the "Authority") represented by the Executive Engineer, P.W. Division, (East), Nashik is engaged in the development of highways and as part of this endeavor, the Authority has decided to undertake Development and Operation / Maintenance of the Single project (the "Project") on [Design, Build, Operate and Transfer (the "DBOT")] Hybrid Annuity basis, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded. Tender Notice is also available on Notice Board of P.W. Division (East) Nashik and on our website www.mahapwd.com / https://mahatenders.gov.in.

Sr. No.	State	Dist.	Packages	Name of Project	Project length in km	Project cost	Earnest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	Maharashtra	Nashik	NSK - 39	Improvement to Nampur - Satana - Kalwan - Vani-Pimpalgaon Niphad - Sinnar Road SH-27 Km 0/00 to 154/00 Tal-Satana, Kalwan, Dindori, Niphad, Sinnar District-Nashik	127.80 K.M	303.06 Crores	1.52 Crores	18 Months	11,800/- Online payment through NEFT/RTGS
2.	Maharashtra	Nashik	NSK - 40B	B) Improvement to Malegaon - Nandgaon - SH - 26Road Km 0/00 to 27/100 and Nandgaon-Yeola to Nashik District Border (SH-25) Km.114/00 to 75/00 Tal-Malegaon,Nandgaon,Yeola, District-Nashik.	65.77 K.M	132.68 Crores	0.67 Crores	18 Months	11,800/- Online payment through NEFT/RTGS

E-TENDER SCHEDULE

Sr. No.	Event Description	Start Time & Date
1.	Invitation of RFP (NIT)	Dt.19/09/2017 @ 10.00 am (From) to 23/11/2017, 17.45 Hrs
1A.	(Download period of online tender)	Dt.19/09/2017 @ 10.00 am From to 23/11/2017 @ 17.45 Hrs. (Upto)
2.A	Last date for receiving queries for pre-bid No.1	10/10/2017 upto 11.00 am.
2.B	Pre - Bid meeting No.1	10/10/2017 @ 12.00 Hrs. in the office of the Chief Engineer,Public Works Region, Nashik
3.A	Last date for receiving queries for pre-bid No. 2	Dt.17/10/2017 up to 11.00 am.
3.B	Pre-Bid Meeting No. 2	Dt.17/10/2017 12.00 Hrs.in the office of the Chief Engineer, Public Works Region, Nashik
3.C	Authority response to queries for Pre-Bid Meeting No. 2	Online or in the office of the Chief Engineer, Public WorksRegion, Nashik on or before Dt.27/10/2017 up to 11.00 am
4.	Bid due Date (Submit Hash to create online tender by bidder) (Technical and financial Bid Last Date and time)	Dt. 23/11/2017, 17.45 Hrs.
5.	Physical submission of Bid Security / POA etc (as per clause 2.11.2 of RFP)	Dt. 28/11/2017 till 17.00 Hrs.
6.	Opening of Technical Bids.	On 28/11/2017 after 17.00 Hrs. (If possible) in the Office of the Superintending Engineer, Public Works Circle, Nashik.
7.	Opening of Financial Bids.	Dt.20/12/2017 @ 11.30 am (If possible) Superintending Engineer,Public Works Circle, Nashik.

Note

1. **The payment towards the cost of Tender forms will be done online only through RTGS / NEFT. It should be noted that one should complete these activities at least one day in advance.**
2. **All eligible / interested Bidders who want to participate in tendering process should compulsory get enrolled on e-tendering portal "http://mahatenders.gov.in", www.mahapwd.com.**
3. **Contact on numbers given below for difficulties in online submission of tenders:-, (NIC-Toll Free Ph.No.1800 3070 2232)**
4. **Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or Before Dt.28/11/2017 upto 17.00 hrs.**
5. **Other terms and Conditions are detailed in online e-tender form. Right to reject any or all online bids of work, without assigning any reasons there of, is reserved with department.**
6. **Short Tender Notice is displayed on P.W.D. website www.mahapwd.com.**

D.G.I.P.R. 2017/2018/3086

Executive Engineer,
Public Works Division (East) Nashik

BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA
E.G.S. (P.W) DIVISION, DHULE
NOTICE FOR Hybrid Annuity (Online) Tender
E-TENDER NOTICE NO. 16 FOR 2017-18

The Public Works Department, Government of Maharashtra, The Principle Secretary, Public Works Department (the **"Authority"**) represented by the Executive Engineer, E.G.S. (P.W.) Division, Dhule is engaged in the development of highways and as part of this endeavor, the Authority has decided to undertake development and operation / maintenance of the single Project (the **" Project"**) on [Design, Build, Operate and Transfer (the **"DBOT"**)] **Hybrid Annuity basis**, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

Sr. No.	State	Dist.	Package No.	Name of Project	Project length in km	Project cost	Earnest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	Maharashtra	DHULE	NSK - 42	A) Improvement to Mehergaon Dhule Amalner Chopada Khargaon Road SH-15, SH-15A, SH-15B, SH-15C km. 0/00 to 45/190 (Mehergaon to Navalnagar) Dist. Dhule	27.16 K.M	64.47 Crore	0.91 Crores	18 Months	11,800/- Online payment through NEFT/RTGS
				B) Improvement to Paldhi Amalner Betawad Shindkheda Dondaicha Road SH-6 km. 60/200 to 121/200 (Betawad to Dhavde) Dist. Dhule	49.65 K.M	116.67 Crore			
				TOTAL	76.81 K.M	181.14 Crore			

e-tender time table

Sr. No.	Event Description	Date
1A.	Main Tender Release	Dt. 18/09/2017 at 17.30 am to Dt. 19/09/2017 at 18.00 pm
1B.	Invitation of RFP (NIT) (Download period of online tender)	Dt. 19/09/2017 at 18.00 am to Dt. 18/11/2017 at 23.00 pm
2.A	Last date for receiving queries for pre-bid No.1	09/10/2017 upto 10.30 am
2.B	Pre - Bid meeting No.1	Online or in the office of the Chief Engineer, Public Works Region, Nashik on or before Dt. 09/10/2017 @ 11.00 am
2.C	Authority response to queries for Pre-Bid Meeting No. 1	16/10/2017
3.A	Last date for receiving queries for pre-bid No. 2	30/10/2017 upto 10.00 am
3.B	Pre - Bid meeting No. 2	Online or in the office of the Chief Engineer, Public Works Region, Nashik on or before Dt. 30/10/2017 @ 11.00 am
3.C	Authority response to queries for Pre-Bid Meeting No. 2	06/11/2017
4.	Bid due Date (submit Hash to create online tender by bidder) (Technical and financial Bid Last date and time)	Dt. 21/11/2017 till 23.00 pm
5.	Physical submission of Bid Security/ POA etc (as per clause 2.11.2 of RFP)	Till 11.00 am on 28/11/2017 in the office of Superintending Engineer, Public Works Circle, Dhule
6.	Opening of Technical Bids.	At 11.30 am on 28/11/2017 office of Superintending Engineer, Public Works Circle, Dhule

Note

1. The payment towards the cost of Tender forms will be done online only through RTGS / NEFT. It should be noted that one should complete these activities at least one day in advance.
2. All eligible / interested Bidders who want to participate in tendering process should compulsory get enrolled on e-tendering portal **"http://mahatenders.in"**
3. Contact below for difficulties in online submission of tenders:- (NIC-Toll Free Ph.No. 1800 3070 2232)
4. Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or Before Dt. 28/11/2017 upto 11.00 am.
5. Other terms and Conditions are detailed in online e-tender form. Right to reject any or all online bids of work, without assigning any reasons there of, is reserved with department.
6. Short Tender Notice is displayed on P.W.D. website www.mahapwd.com

D.G.I.P.R 2017/2018 - 3122

Executive Engineer,
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THE WALL STREET JOURNAL.
EUROPE

MARKETS

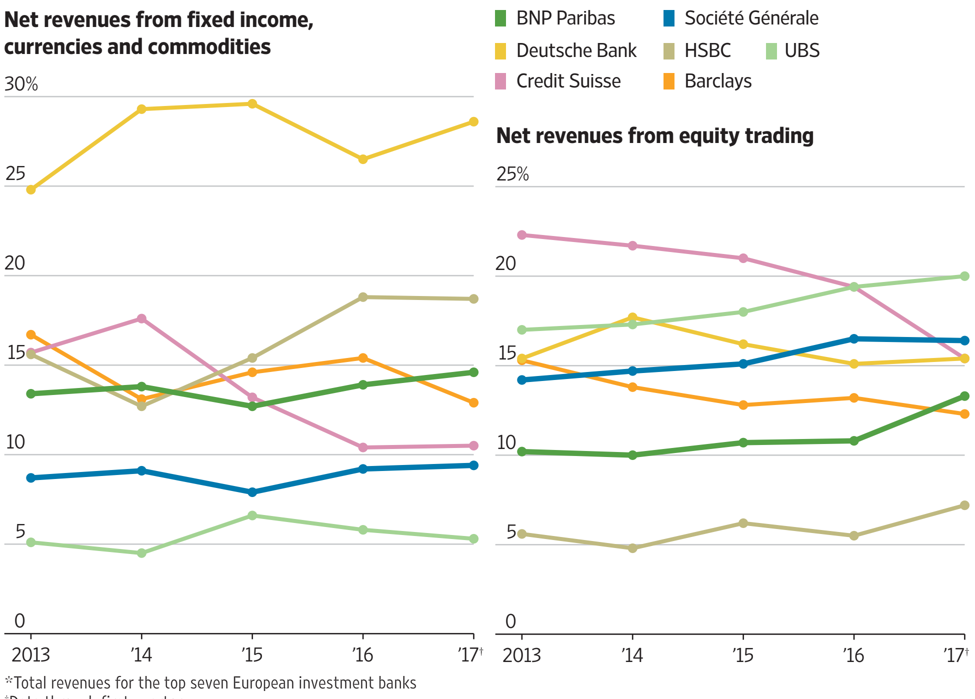
French Banks Outdo Peers

A focus on services and roots in corporate banking have boosted lenders' bottom line

By Noemie Bisserbe

Standing Out

French banks Société Générale and BNP Paribas are gaining market share* from European rivals.



*Total revenues for the top seven European investment banks
†Data through first quarter.
Source: Goldman Sachs Global Investment Research

THE WALL STREET JOURNAL.

PARIS—France's biggest banks have rediscovered their mojo by becoming boring.

When Pascal Augé, an investment banker at **Société Générale** SA, was transferred to the French lender's cash-management unit—which helps companies manage their cash flow—he was surprised: "For years, cash management wasn't considered as a very sexy business," said Mr. Augé, who now heads Société Générale's global transaction and payment-services unit. "But we rediscovered the virtues of that business with the crisis."

Now, a few years later, the decidedly unfashionable business generates nearly as much revenue for the bank as securities trading.

Société Générale and cross-town rival **BNP Paribas** SA have emerged from the financial crisis, the eurozone debt crisis and long years of European economic stagnation as two of the Continent's strongest banks—and two of the few able to withstand the invasion from U.S. investment banks in Europe.

Société Générale had a return on equity of 9.5% in the first half of the year and BNP Paribas achieved 10.6%, making them among the most profitable banks in Europe.

Part of their success has come from using dull but important service businesses, such as handling cash and securities, to attract clients they can upsell to investment banking and trading.

The French lenders also have benefited from having long had a focus on corporate banking. France's big corporate sector has remained comparatively strong through years of economic stagnation on the Continent.

While European powerhouses such as Deutsche Bank AG, Credit Suisse Group AG and Royal Bank of Scotland Group PLC are still restructuring, Société Générale is expanding its lead in equities trading and BNP Paribas is growing its fixed-income business.

Société Générale saw its market share in equities in Europe rise to 16.4% in 2017 from 14.2% in 2013, while BNP Paribas's market share in fixed income rose to 14.6% from 13.4% in the same period, according to a recent study by Goldman Sachs Group Inc. based on the revenue of the top seven European investment banks.

Meanwhile, Credit Suisse's equities market share fell to 15.4% from 22.3% in Europe, and Barclays PLC's fixed-income market share dropped to 12.9% from 16.7%.

"Unusual suspects continue to outshine" investment banks, Goldman Sachs analysts noted.

France's largest lenders were relatively sheltered from the 2007-2008 financial crisis, despite Société Générale's embarrassing €4.9 billion ($5.85 billion) loss from rogue trader Jérôme Kerviel in 2008. Investment bank Natixis also ran into trouble in 2009 due to wrong bets on derivatives, eventually forcing the government to orchestrate a merger between its two parent companies.

Most French banks specialized in trading stocks, rather than the fixed-income products that were most hurt during the financial crisis. And more of their business came from traditional banking activities with corporate clients, not investment banking.

The sovereign-debt crisis of 2010-2012 hit them harder. French lenders were hurt especially by their dependence on short-term U.S. money markets, which became harder for some foreign banks to access during the crisis. Franco-Belgian lender Dexia SA ultimately had to be bailed out.

Crédit Agricole SA booked losses totaling more than €5 billion over five years before selling its Greek banking arm, Emporiki, to domestic rival Alpha Bank for just one euro in 2013.

BNP Paribas wrote down €900 million of goodwill related to its Italian unit, BNL, in the face of tougher regulation.

"French banks responded quickly to the crisis," says Kinner Lakhani, head of pan-European bank research at Deutsche Bank. Because of the quality of their corporate loan books, French lenders were able to find new funding and rethink their business models, he said.

Derivatives Add An Extra Wrinkle To Brexit Process

By Max Colchester

The Bank of England said Monday that the U.K. and the European Union need to reach an agreement to protect the validity of trillions of dollars' worth of derivatives contracts after Brexit.

Without authorization to do business in the EU, British-based banks likely will seek to write European derivatives contracts from an EU entity. That would mean redrafting thousands of contracts, a task the central bank's Financial Policy Committee said would be unprecedented and difficult to execute.

Big banks have derivative contracts with up to 4,000 other institutions, which themselves have contracts with several entities. Hunting them all down and getting them to approve the changes could take a long time.

Rather, the Bank of England says a deal between the U.K. and the EU to protect the validity of existing contracts would be the most straightforward solution. That would be "likely to require the development and passage of legislation in both jurisdictions," the Bank of England said.

Some bankers point to Switzerland as a potential model. Switzerland isn't in the EU, but it has signed bilateral agreements with the trading bloc on issues including trade and transportation, but not financial services.

Without a solution on the existing derivatives contracts, European clients of British-based banks may find themselves unable to do things like exercising their option to buy or sell securities. The Bank of England says tens of thousands of institutions, or about one-quarter of both U.K. and EU uncleared derivative contracts, could be affected.

The U.K.'s central bank has consulted the International Swaps and Derivatives Association as it looks to better understand the problem. The association has been providing information including a look at what different rules allow in six European jurisdictions.

One key question is what flexibility do local laws allow to change the terms of contracts already issued out of the U.K.

Trying to maintain the huge pool of derivatives contracts in London is a key battleground for British authorities. The business of clearing these contracts has attracted huge amounts of liquidity and expertise to London, helping underpin its position as a global financial hub.

Bank of England says U.K. and EU need a deal to protect validity of contracts.

Earlier this year, the European Union's executive arm, the European Commission, proposed plans that could force clearinghouses that do a large of chunk of business in euros to move into the EU. Moving the approximately €83 trillion ($98 trillion) of euro-denominated interest-rate contracts out of the U.K. would force European banks to hold an extra €30 billion to €40 billion of collateral, according to a recent study by Boston Consulting Group.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Unilever's Gamble Is Worth It

Unilever's latest deal marks a move up the risk curve. That may be no bad thing.

The company on Monday announced the acquisition of **Carver Korea**, a large South Korean skin-care company, for €2.27 billion ($2.71 billion). It is the Anglo-Dutch company's biggest acquisition in seven years and among its most expensive. Unilever is forking out about 16.5 times earnings before interest, taxes, depreciation and amortization, in line with listed peers but the highest multiple Unilever has disclosed paying in almost two decades, according to FactSet.

Carver brings Unilever exposure not just to South Korea but also to China, where it punches below its weight. Consumer-goods companies used to want to be in China for its vast pool of consumers and rapid growth. Now, they also want exposure to its digital sophistication.

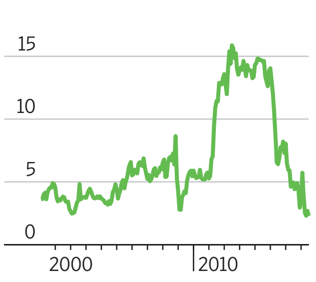
But with that promise comes risk. Carver's sales almost tripled last year as Chinese consumers flocked to South Korea. This year, geopolitics has intervened. After South Korea and the U.S. agreed to deploy a missile shield against North Korea, Chinese authorities urged citizens to boycott South Korean products. **Deutsche Bank** expects profit to fall 20% this year at **Amorepacific**, one of Carver's listed peers.

Unilever's latest deal looks riskier than most, but acceptably so for a company with low leverage and an enterprise value of $190 billion. Emerging-market brands are pluckier than they used to be, and the best growth these days is in niches and novelties. If they want to stay ahead, consumer-goods companies such as Unilever have to be daring deal makers. *—Stephen Wilmot*

Burnt Out

Price premium of liquefied natural gas over coal in Asia

$20 per million British Thermal Units



Source: IMF

THE WALL STREET JOURNAL.

A man wears a mask in Beijing. Air pollution makes natural gas more appealing for China.

Liftoff for Gas in China

If coal is king, then China, which burns half the world's coal supply every year, is a sooty emperor. It would like to be a gas giant instead.

The nation's economic mandarins have long advocated cleaner-burning natural gas as an alternative, but have been stymied by high prices, rapidly growing power demand, and bureaucratic intransigence.

That is starting to change: Gas prices in Asia have fallen by two-thirds since 2015 and Chinese politicians are getting increasingly nervous about middle-class discontent with air pollution. Chinese citizens live an average of three years less than if the air was cleaner, according to recent research from the University of Chicago. Much of that is due to coal.

Asian liquefied-natural-gas prices are hovering around their lowest levels in more than a decade—about $5 to $6 per million British thermal units, or mmBtu, this summer. Coal prices, meanwhile, have been bid back up near 2012 highs of $90 a metric ton after falling as low as $50 in 2016.

As a result, the extra cost for buying liquefied natural gas instead of coal in Asia is currently languishing around $2 to $3 per mmBtu, the lowest level since the turn of the century. Rapidly expanding Australian and U.S. natural-gas exports, and China's determination to keep its own coal supply in check, mean that premium will likely remain low for a long time, encouraging gas adoption.

And even if the spread over coal increases, keeping power prices cheap is no longer a key plank of Chinese industrial policy. State planners want to curb investment in energy-hungry industries like steel and aluminum to combat pollution and head off debt problems at beleaguered state-owned steel firms.

On the pollution front, gas burns cleaner than coal and can also help China use its fast-growing army of wind and solar plants more effectively. Much of China's vast renewable-energy output is wasted, in part because renewable power—which is only available when the weather is right—is difficult to integrate with a power grid designed for coal-driven power. Gas turbines, which can be turned on and off much quicker than coal, make an ideal complement for renewable power when the wind stops blowing. And gas is a more natural fit for China's earthquake-prone interior than nuclear power.

The implications could be enormous—including for the U.S., which is poised to emerge as a natural-gas export powerhouse, and for Russia, which has been negotiating with China for years to buy more of its gas.

Other big winners could be Chinese liquefied-natural-gas importers like Cnooc and Sinopec, which could leverage low seaborne gas prices to renegotiate existing contracts or undercut the dominant domestic player China National Petroleum, which pipes gas all the way across China from Turkmenistan at considerable expense. City gas distributors like ENN Energy Holdings, which mainly supply industry and residents for now, could benefit as well if they can muscle in on a rapidly growing gas-fired electricity sector.

For now, natural gas is a bit player in China's power mix—it clocked in at just 4% of total generating capacity last year. Coal is still king in China, and its sheer dominance, with 57% of installed capacity, means it will be for a while.

Nothing lasts forever, however. Ten years from now, gas power will be burning far brighter in the world's most populous nation. *—Nathaniel Taplin*

Still Time to Ride Wave in Payments

Sometimes the public just doesn't appreciate a good thing. That, anyway, is the view of Danish payments company **Nets** A/S, which is recommending a $5.3 billion private-equity buyout offer barely a year after it listed.

This will be the third major takeover in the payments sector in as many months, including the $10 billion deal for **Worldpay Group** PLC, the biggest of Europe's players and itself only listed in late 2015, by U.S.-listed rival **Vantiv** Inc.

The activity is being driven by a race for scale in traditional payments—the credit- and debit-card networks that link retailers and other businesses with customers via banks—and by a need for technology investment to adapt to internet and mobile-focused challengers such as **Apple** Inc., **Paypal Holdings** Inc. and entirely new payment methods being encouraged by European rule changes.

Investors should expect more deals in the sector and should keep an eye on some of the larger listed players such as **Wirecard** AG of Germany, **Ingenico Group** and **Worldline**, both of France, as well as a host of smaller names.

The offer for Nets is led by California-based private-equity firm **Hellman & Friedman** and values the stock at 165 Danish krone a share ($26.50), a 35% premium to its average price in the six months before Nets first said it had a potential suitor, though its short public life never gave the company much of a chance to prove its value.

The Danish group listed in September 2016 at 150 krone a share, but its stock lost ground from day one as long-term investors were underwhelmed by relatively low revenue-growth prospects, which are partly because of Nordic countries being well converted to card and digital payments.

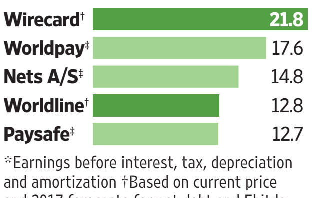
Bain and Advent, two private-equity groups that previously controlled the business and still own 40%, have agreed to sell, but the pair will then reinvest in the takeover, buying a 16% stake. This will give them a net payout of about $1.55 billion.

The deal gives Nets an enterprise value of 14.8 times forecast earnings before interest, taxes, depreciation and amortization. That is behind the 17.6 times that Vantiv agreed to pay for Worldpay, but ahead of the 12.7 times that two other private-equity groups, **CVC Capital Partners** and **Blackstone Group** LP, are paying for **Paysafe Group** PLC.

For Nets shareholders who bought at the initial public offering, a 10% return in a year will feel like a not-bad outcome—given where the stock has been trading since. But investors may want to look again at other payments companies: This sector will certainly see more deals. *—Paul J. Davies*

Paying Up

Enterprise value as a multiple of Ebitda*



*Earnings before interest, tax, depreciation and amortization †Based on current price and 2017 forecasts for net debt and Ebitda ‡Values at takeover
Source: FactSet

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