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What's News

Business & Finance

Signs indicate the relationship between economic growth and inflation is broken. If it is, the consequences are vast for economic policy making and financial markets. **A1**

◆ **Some Toshiba board** members are making a last-minute push to accept Foxconn's bid for Toshiba's memory-chip unit. **A1**

◆ **Renewed confidence** in India's relative economic and political stability has made it an emerging-market haven in uncertain times. **B1**

◆ **Dalian Wanda filed** defamation lawsuits against at least 10 Chinese social-media accounts it said published reports that hurt its shares and bonds. **B1**

◆ **Goldman Sachs** stopped working on the potential listing of a Chinese firm owned by HNA because of concerns about its ownership structure. **B5**

◆ **Boeing raised concerns** about United Technologies' proposed takeover of Rockwell Collins, threatening to cancel some contracts. **B2**

◆ **KBS Realty Advisors** is planning to raise about $500 million via a Singapore IPO of some of its U.S. office assets. **B5**

◆ **The EU's highest court** backed Intel's appeal of a $1.26 billion EU antitrust fine in 2009. **B4**

◆ **Two ex-managers sued** Wells Fargo, claiming they were unfairly fired over its sales-practices issues. **B7**

World-Wide

◆ **The EU's top** court ruled that Central European states have no legal grounds to reject a refugee relocation program. **A3**

◆ **China is amping** up monitoring for signs of radioactive fallout from North Korea's latest nuclear test. **A4**

◆ **Republicans are** trying to rewrite significant portions of the tax system by year's end, leaving them little time to agree on policy changes and muscle them through Congress. **A6**

◆ **Thousands of** Indonesians protested against a military campaign in Myanmar that has forced the exodus of about 125,000 Rohingya Muslims. **A4**

◆ **Hurricane Irma** made its first landfall in the northeast Caribbean, as the chanced it would hit the U.S. increased. **A6**

◆ **Democratic leaders** are prepared to offer GOP leaders their support for an increase in the federal government's borrowing limit for victims of Hurricane Harvey. **A2**

◆ **Germany's worsening** relations with Turkey could scramble voting patterns among the German voters of Turkish origin. **A3**

◆ **Divisions in the U.S.** reach far beyond Washington into the nation's culture, economy and social fabric a new WSJ/NBC News survey found. **A7**

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Mother and Daughter Rest After Fleeing From Myanmar

DANISH SIDDIQUI/REUTERS

PROTESTS EMERGE: Thousands of Indonesians demonstrated against a military campaign in Myanmar that has forced the exodus of about 125,000 Rohingya Muslims, including the mother and daughter shown above after they crossed the Bangladesh border. **A4**

Tech CEO's Tenure in Focus

HPE's Meg Whitman says 'more work to be done,' but many wonder about her next step

By Rachael King

When Meg Whitman declared to Hewlett-Packard investors at an annual meeting in 2012 that it would take five years to turn around the troubled hardware maker, there was an audible gasp in the room, the chief executive recalled.

"They were like, 'You've got to be kidding me. Five years?'" Ms. Whitman said in a recent interview. "I think they just didn't quite understand how deep the hole H-P had dug itself."

The 61-year-old chief has since carved up one of Silicon Valley's most-storied technology companies in a series of splits and sales. A fourth major deal completed Friday—the $8.8 billion spinoff of its software business—is the culmination of a controversial turnaround plan that went off script. It involved the largest split in corporate history, tens of thousands of layoffs, $18 billion in write-offs and a nearly entire recasting of the executive ranks.

The results are mixed, analysts say, delivering billions of dollars to shareholders and erasing some debt but arguably without the innovation needed to effectively compete in declining markets for corporate hardware.

Now that the five years have passed, the question is what is next for Ms. Whitman, who previously served as chief executive of eBay Inc. and ran for governor of California in 2010.

Speculation about Ms. Whitman's possible exit from Hewlett Packard Enterprise Co. revved up over the past several weeks following reports she was interviewing for Uber Technologies Inc.'s top job. Some people familiar with her thinking say she has begun to make plans to leave HPE—which took shape in late 2015—as soon as this fall.

Asked about whether she is leaving the company, Whitman said in the Aug. 23 interview with The Wall Street Journal: "I originally told the board I would stay five years; it's been six in September. What I would tell you is that there's more work to be done here." Ms. Whitman repeated those words on Tuesday following

Please see HPE page A2

Growth, Inflation Equation Falters

By Jon Sindreu

The world's biggest economies are chalking up stronger growth. Yet what was once thought to be growth's constant companion is puzzlingly missing: inflation.

The U.S. economy grew at an annualized 3% in the second quarter, but in July consumer-price inflation advanced only 1.7% from the previous year.

Japan's economy grew an annualized 4% in the same quarter, for its longest expansion since 2006. Yet inflation hovers around zero, as it has for most of two decades. Eurozone inflation is stuck at 1.5% despite the bloc's recovery.

Standard economics teaches that prices are ultimately set by supply and demand. When growth is strong, people demand more products and companies need to offer better pay to hire more workers, and so prices go up.

But there are signs the relationship is broken. If it is, the consequences are vast for economic policy making and financial markets.

"There's no question this is a very fundamental challenge to our knowledge and our policy making," said Adam Posen, president of the Peterson Institute for International Economics.

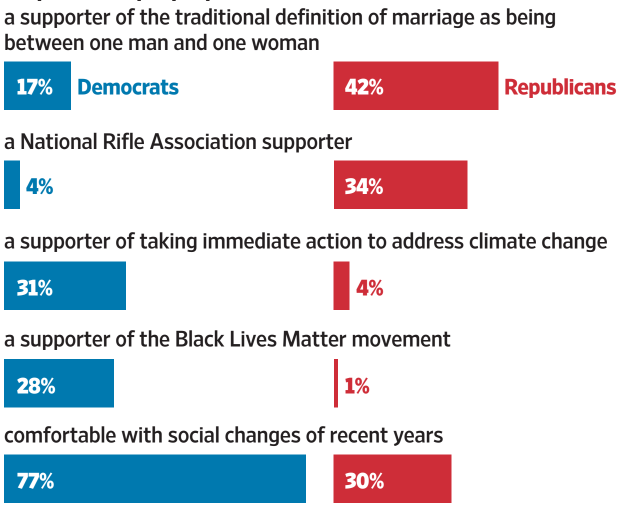
The growth-inflation relationship is the fulcrum of central banking: Central banks set an inflation target—usually around 2%—and then lower interest rates to help prices adjust whenever demand falters. If there is a risk that excessive spending pushes inflation over the target, they raise rates to retard growth.

Please see PRICES page A6

A Nation Divided

In the U.S. a wide gulf is visible in an array of issues and attitudes, helping explain why political divisions are now especially hard to bridge, a Wall Street Journal/NBC News Survey has found. **A7**

Proportion of people polled who describe themselves as...



Source: WSJ/NBC News telephone poll of 1,200 adults conducted August 5-9; margin of error +/− 2.82 pct. pts.

THE WALL STREET JOURNAL.

A NORTH KOREAN KEY TO ARMS KNOW-HOW

Scientists bring technology home from abroad despite U.N. sanctions

By Jeremy Page And Alastair Gale

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

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

Hundreds of North Korean scientists have studied outside the country in recent years, according to a Wall Street Journal review of official figures, academic papers and data from universities, many in areas the U.N. says could help Pyongyang's weapons programs.

Early in its six-decade quest for a nuclear arsenal, North Korea relied on technology and experts from the Soviet Union, then later from Iran and Pakistan. That it can now draw on its own scientists indicates it will only become harder to contain Pyongyang's nuclear ambitions.

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

Please see KOREA page A8

Save the Bats! Drink This Tequila Shot

* * *

A biologist's plea: Let night creatures eat agave flowers

By Santiago Pérez

ARANDAS, Mexico—Tequila might benefit from a closer relationship with the lesser long-nosed bat, and the bat could sure use a little more tequila.

So let's reunite them, even if thousands of agave plants need to die.

You can help down at the tavern.

That's the message from Mexican biologist Rodrigo Medellín, who wants bars to start stocking tequila made from agave grown by farms that let some of the plants flower so bats can imbibe their nectar at night.

For more than a century,

Please see BATS page A8

Some at Toshiba Urge Foxconn Deal

By Takashi Mochizuki And Yoko Kubota

TOKYO—Some board members of Toshiba Corp. are making a last-minute push to accept Foxconn Technology Group's bid for Toshiba's memory-chip unit, fighting an uphill battle against Japanese government pressure to choose a bidder with fewer Chinese ties.

Foxconn, the Taiwan-based iPhone assembler formally known as Hon Hai Precision Industry Co., is offering more than ¥2 trillion ($18.4 billion) for Toshiba's flash-memory unit, people directly involved in the discussions said. That is slightly higher than the two rival bids, one from a group that includes U.S.-based Western Digital Corp. and another from a group that includes private-equity firm Bain Capital, they said.

Foxconn's package could include support from business partners from the U.S. and Japan, including Apple Inc. and SoftBank Group Corp., the people said. Apple declined to comment. SoftBank chief Masayoshi Son, who has called Foxconn leader Terry Gou "a true, close friend," said recently that he is open to discussing how he might help on a Toshiba deal.

Inside Toshiba, the Foxconn consortium is getting a vocal boost from some board members, people involved in the discussions said.

These board members say that Toshiba would be better off keeping the chip unit, because it is the conglomerate's biggest profit maker, but they argue that if it must be sold, Toshiba needs to get a maximum price so its remaining parts can survive.

The Japanese conglomerate is struggling to stay afloat af-

Please see DEAL page A2

House Passes Harvey Aid Package

The $7.85 billion spending bill to fund immediate storm recovery efforts

BY KRISTINA PETERSON

The House overwhelmingly approved the first installment of emergency aid for victims of Tropical Storm Harvey, but partisan disagreements emerged over a plan to combine it in the Senate with an increase in the federal government's borrowing limit.

U.S. Treasury officials have said Congress needs to raise the borrowing limit by the end of the month or risk missing payments on bills and defaulting on its debt obligations.

In a 419-3 vote, the House passed the $7.85 billion spending bill to fund immediate recovery efforts in the wake of Harvey, which first made landfall in Texas as a hurricane on Aug. 25. The bill includes $7.4 billion for the Federal Emergency Management Agency's response and recovery efforts, as well as $450 million for the Small Business Administration's disaster-loan program to help small businesses and homeowners rebuild after the storm.

Lawmakers said they expected Congress would have to approve far more money for Harvey recovery efforts later this year. There is little opposition to the Harvey aid bill in either chamber of Congress and House lawmakers cheered their chamber's swift action to provide relief to those affected by the storm.

"When disasters strike, we must put political disagreements aside and come together as Americans to recover and rebuild," Rep. Nita Lowey of New York, the top Democrat on the House Appropriations Committee said Wednesday.

But Senate GOP leaders' decision Tuesday to add an increase in the debt limit to the Harvey aid bill touched off a political fight. Many conservatives are opposed to raising the debt ceiling without taking other steps to rein in federal spending and don't want to see the storm relief and debt ceiling issues paired.

"I strongly support the need for immediate disaster relief and am disappointed there has been mention of combining this critical funding with a debt-ceiling increase," Rep. Roger Williams (R., Texas) said. "I am heavily opposed to lumping these two separate issues together."

Meanwhile, congressional Democratic leaders said they were prepared to offer to President Donald Trump and GOP leaders their support for the Harvey aid with a three-month increase in the debt limit, giving lawmakers only a brief reprieve before having to raise the debt ceiling again.

Democrats said that three-month period would give them time to negotiate other issues facing Congress, including the fate of undocumented immigrants known as Dreamers. Such a short window could give them leverage with the GOP.

"Given Republican difficulty in finding the votes for their plan, we believe this proposal offers a bipartisan path forward to ensure prompt delivery of Harvey aid as well as avoiding a default" while addressing other issues including Mr. Trump's decision to end a program that shields undocumented immigrants who entered the U.S. as children, House Minority Leader Nancy Pelosi (D., Calif.) and Senate Minority Leader Chuck Schumer (D., N.Y.) said in a joint statement Wednesday ahead of a meeting with Mr. Trump and GOP leaders at the White House.

House Speaker Paul Ryan (R., Wis.) rejected the Democrats' proposal Wednesday, saying it was an attempt to use the must-pass legislation as a bargaining chip in other negotiations.

"That's a ridiculous idea," Mr. Ryan said. "We've got all this devastation in Texas, we've got another hurricane about to hit Florida and they want to play politics with the debt ceiling?"

Mr. Ryan said Democrats' three-month offer could jeopardize the Harvey aid if it gets caught up in the debt ceiling fight. GOP leaders were expected to push for a longer-term increase in the debt limit, but the amount wasn't clear Wednesday.

Because many Republicans balk at voting to raise the debt limit, GOP leaders who want to avoid the risk of any debt default may be looking to push the next vote on the debt ceiling until after next year's midterm elections.


SAUL LOEB/AGENCE FRANCE-PRESSE/GETTY IMAGES

President Donald Trump met with Mitch McConnell, Chuck Schumer and Nancy Pelosi on Wednesday.

Fed No. 2 Fischer To Step Down

BY HARRIET TORRY

Federal Reserve Vice Chairman Stanley Fischer announced his intention to resign Wednesday, months before his term as the central bank's No. 2 official was due to expire in June 2018.

Mr. Fischer, a respected economist and former head of the Bank of Israel, said his resignation was due to personal reasons and would be effective on or around Oct. 13.

Mr. Fischer has been a close ally of Fed Chairwoman Janet Yellen, whose term in the top job expires in early February. President Donald Trump has said he is considering asking her to serve a second term, though he may not announce his nominee until late this year. He also has said his economic policy director, Gary Cohn, is also in the running for the Fed job.

The president has declined to name other possible candidates, but they are likely to fall into two camps—conservative economists such as John Taylor of Stanford University, or nonacademics with a business background, such as Fed Gov. Jerome Powell or former Fed Gov. Kevin Warsh.

HPE

Continued from Page One

the release of HPE's third-quarter results and denied she is exiting in the fall.

Ms. Whitman said in August that she wouldn't run for public office again, but would consider serving in the government.

"When I graduated from Harvard Business School and went to [Procter & Gamble] in Cincinnati, I never dreamed 10 years later I'd be at the Walt Disney Co.," Ms. Whitman said of her career. "If there's something interesting next to do, it will reveal itself."

Ms. Whitman, one of only a few women running a prominent Silicon Valley company, had ruled herself out of contention for Uber. But she appeared before Uber's board as a finalist ahead of a vote in late August, said people familiar with the matter. Ms. Whitman denied she was ever a candidate, saying she only met with directors in the final weekend as a courtesy to the board. Other people familiar with the board deliberations say she pursued the role and prepared a comprehensive presentation.

Uber selected former Expedia Inc. head Dara Khosrowshahi as its new leader. But the dust-up over Ms. Whitman's involvement in the CEO race has created an awkward situation for the sitting chief of HPE.

Some former managers who worked for Ms. Whitman say it is difficult to imagine she would be sufficiently challenged by running HPE for much longer. The business she now heads is just a fraction of the size of what she took the reins of six years ago.

Back then H-P was one of the largest technology companies, with about $127 billion in annual revenue and 350,000 employees. HPE—which mainly sells corporate computing hardware after divesting PCs and printers, outsourcing services and software—has 52,000 employees and is projected to report about $34 billion in revenue this year.

When Ms. Whitman took over H-P in September 2011, it had suffered from a rapid succession of CEOs and scandals that damped employee morale. The company was laden with debt and investors were unhappy with its $10.3 billion acquisition of startup Autonomy.

Her first major decision came within 30 days: Ms. Whitman would keep the PC business rather than spin it off as her predecessor Leo Apotheker wanted. If she had ripped the H-P brand away from either the PC or printer business, it would have cost about $1 billion dollars to create a new brand, she said.

For the next two years, Ms. Whitman said H-P was stronger together, focusing instead on repairing its financial health. She said she tried to instill what she calls "founder DNA," making internal moves that weren't always popular. She moved executives out of their offices to sit in cubicles so they would collaborate more. She also tore down the fence between executive parking and employee parking, trying to create a more egalitarian environment.

Current and former executives describe Ms. Whitman's grueling work ethic. She was known to respond to emails at 4 a.m., and during her first year, she said she worked 48 out of 52 Saturdays.

Ms. Whitman reversed course after more than a year of discussions with the board and several quarters of sharply lower revenue. In the fall of 2014, she and the board concluded the PC and printer unit would be better off on its own. That business, HP Inc., has enjoyed a resurgence under CEO Dion Weisler, while HPE has struggled to right the ship under Ms. Whitman.

Breaking up H-P has shored up HPE's balance sheet and allowed the company to focus on its core corporate hardware market. Investors also applaud Ms. Whitman for the stock-price appreciation since her arrival six years ago. Shareholders have received an annualized return of 19%, outpacing a 14% return from the S&P 500 over the same period, according to an analysis from Robert W. Baird & Co.

Still, Ms. Whitman hasn't been able to consistently spur revenue growth at the rate of gross domestic product, as she predicted. HPE also struggled to keep up with a shift to cloud computing as servers became rapidly commoditized. Innovation has "taken a back seat to pretty much everything else" at HPE, said Rob Enderle, principal analyst of the Enderle Group.

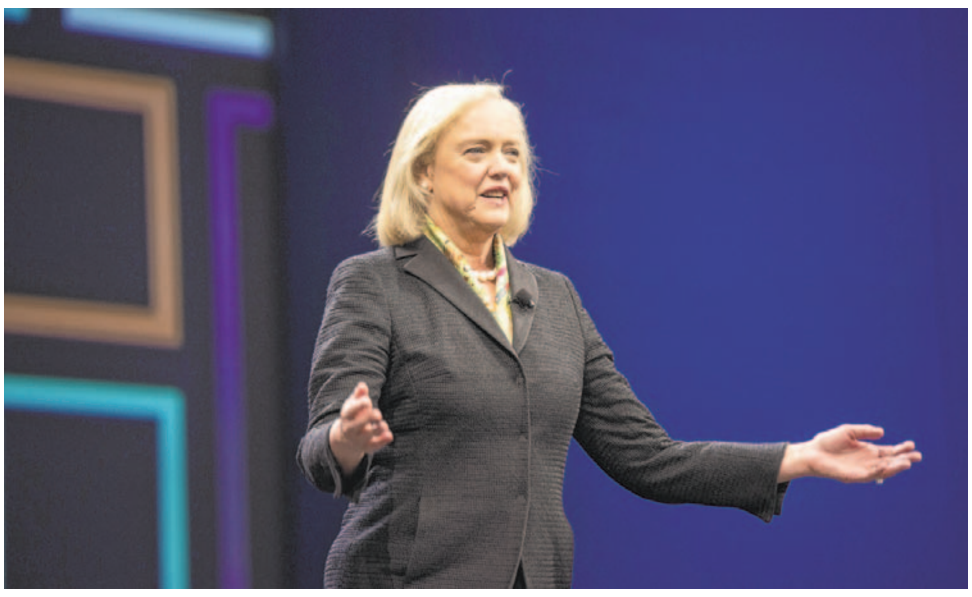
Ms. Whitman defended her innovation record, saying the company brought notable products to the market, such as the Sprout PC, which combines a projector, touch mat and 3-D scanner, and HPE Synergy, which combines storage, compute and networking.

But she admitted the printer, PC and server markets were tougher than expected. "Frankly, it's taken a little bit longer to get our organization and the innovation engine and the sales organization to consistently deliver," she said.

Ms. Whitman said she won't leave HPE until a succession plan is in place. In July, she promoted veteran executive Antonio Neri to president.

"I think Meg and the board have to decide what is the best leadership for the future," Mr. Neri said in an interview. "I am incredibly committed to this company and obviously I will do what is the right thing for the company. Time will tell."

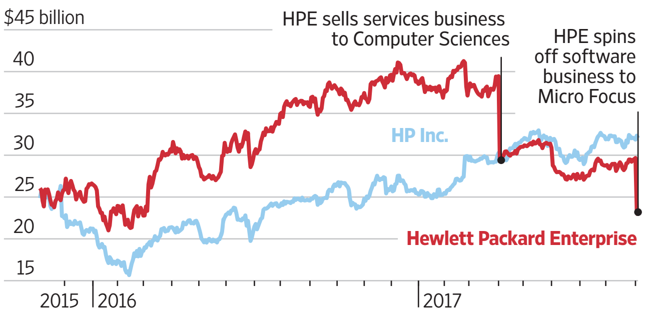
Ms. Whitman said she won't leave HPE until a succession plan is in place.


JACOB KEPLER/BLOOMBERG NEWS

Meg Whitman concedes her turnaround plan has taken a little bit longer than expected to kick in.

Tech Transfer

After Hewlett-Packard broke into two, the market value of the corporate-hardware business has shrunk through asset sales while the PC and printer company has surged.



Source: FactSet THE WALL STREET JOURNAL.

DEAL

Continued from Page One

ter its nuclear subsidiary Westinghouse Electric Co. filed for bankruptcy in March. Toshiba's liabilities exceeded assets by nearly $5 billion as of June 30.

Foxconn's boosters say that its bid would be more likely to receive antitrust clearance because the Foxconn-led consortium doesn't include any memory-chip makers.

They also say that the Taiwanese company's broad connections in the technology world could help Toshiba's unit sell more chips and compete with memory-chip leader Samsung Electronics Co. of South Korea.

Still, Foxconn remains an underdog, people involved in the decision said. Japanese government officials have long expressed concern that if Foxconn wins, Toshiba's technology could leak to China because of Foxconn's extensive operations in China. People on Foxconn's side say it would preserve employees and technology in Japan.

The Japanese government is pushing Toshiba's board to accept the Western Digital group's bid, the people said. Western Digital, a hard-disk-drive maker, jointly operates Toshiba's Japan-based memory business and has threatened to block any deal it doesn't like, using an international arbitration process and other legal steps.

Representatives of Toshiba, Western Digital, Foxconn and Japan's Ministry of Economy, Trade and Industry declined to comment about the status of the discussions.

Government officials have said they would like to see Toshiba's problems resolved quickly, in part so the company can focus on decontamination work at nuclear reactors in Fukushima that suffered meltdowns in 2011. A deal with anyone other than Western Digital would face a higher risk of getting undone later because of the U.S. company's stance that it can block any rival bidder.

But Western Digital faces strong internal opposition at Toshiba's memory unit because of the rancor over the sale. Senior people at the unit have threatened to quit en masse and bring top engineers with them if Western Digital wins the race, according to people who have heard the threats.

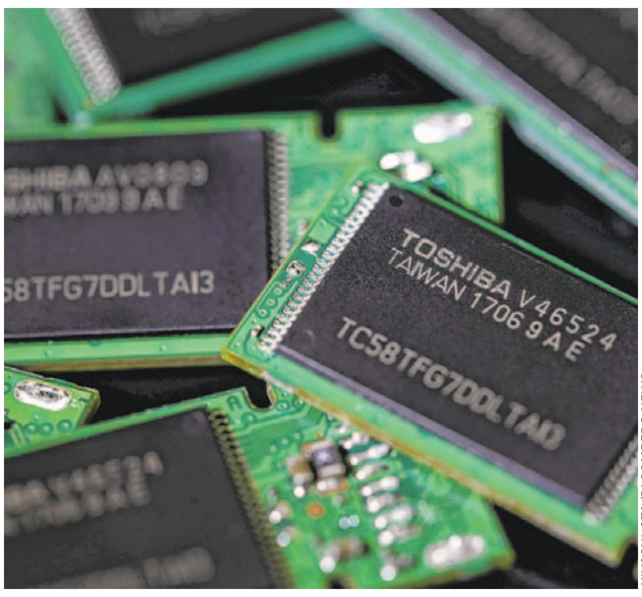
The Western Digital consortium includes private-equity firm KKR & Co., while Bain Capital's group has teamed up with South Korean chip maker SK Hynix Inc.

Innovation Network Corp. of Japan, a fund backed by the Japanese government, and 100%-government-owned Development Bank of Japan have expressed willingness to join either of those two groups—but not Foxconn's—so Japanese entities can keep majority control of the Toshiba unit and ensure technology doesn't leak overseas.

To ease mistrust inside Toshiba, Western Digital has offered to stay out of its consortium at least initially, people briefed on the proposal said, although the details weren't clear.

Toshiba's on-and-off negotiations with Western Digital this year have often stumbled over the question of how much control the U.S. company would ultimately get over the Toshiba chip unit.

—Tripp Mickle in San Francisco contributed to this article.



KIYOSHI OTA/BLOOMBERG NEWS

Some Toshiba board members back the Foxconn consortium bid.

CORRECTIONS & AMPLIFICATIONS

The name of payment-processing company **Vantiv** Inc. was misspelled as Vantic in a Finance & Markets article on Wednesday about a new Citigroup Inc. services unit.

Kosovo was mislabeled as Serbia on a map of Albania and neighboring nations that was published with an Off Duty article about the Albanian town of Gjirokastra in the Friday-Sunday edition.

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

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WORLD NEWS

EU Court Orders States to Accept Refugees

Ruling aimed at Hungary and Slovakia comes amid rising tensions over migration

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

By Valentina Pop in Brussels and Drew Hinshaw in Warsaw

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

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

It dismissed arguments brought by Hungary and Slovakia, which had voted against the program and refused to take part in it. Poland and the Czech Republic—where nationalist, anti-immigration politicians are in power—have also refused to participate.

The original plaintiffs have meanwhile drifted apart in their approaches.

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

MAGNUS WENNMAN/AFTONBLADET/IBL/ZUMA PRESS

Refugees reached out for food aid at a camp on the Hungarian border with Serbia at the height of the migrant crisis in 2015.

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

Hungary, which has refused to take in the 1,294 refugees allotted by the plan, had a much sharper reaction to the court's ruling. Foreign Minister Peter Szijjarto called the verdict "outrageous and irresponsible" and said the country would continue to prioritize protecting Hungarians from refugees over improving relations with the rest of the EU.

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

Emboldened by the ruling, EU migration commissioner Dimitris Avramopoulos upped the ante and gave Hungary, Poland and the Czech Republic a few weeks to change course or be taken to court to force compliance with the plan. Given the Wednesday ruling, they are likely to lose that case and face financial sanctions.

"Member states are obliged, legally and politically, I would say even morally, to do their part," Mr. Avramopoulos said.

For two years, the program has given nationalist leaders on the bloc's eastern edge a provocative issue to rally around.

Hungarian Prime Minister Viktor Orban fenced off his country's southern border and contracted guards called "border hunters." Billboards in his capital bear government messages, including, "Did you know that Brussels wants to settle a city's worth of illegal immigrants in Hungary?"

Thousands of Hungarian homes have received surveys from the government asking questions like "Would you support the government placing illegal immigrants in internment camps?"

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

Populist leaders have described the relocation plan as a foreign plot to Islamize Europe. Wednesday's decision, some analysts said, will force those governments to decide how much they want to keep fighting the EU leadership.

Finance Chief Is Bullish on Europe Growth

By Emre Peker And Julia-Ambra Verlaine

BRUSSELS—The European Union's economic growth will exceed expectations this year, leaving behind a decade of financial crises and creating the new challenge of tackling long-delayed reforms, EU economy chief Pierre Moscovici said.

Gross domestic product in the 28-country EU and its 19-member monetary union is poised to end the year at almost 2%, he said, topping the EU's May forecast of 1.9% for the whole bloc and 1.7% for the eurozone.

EU economy chief Pierre Moscovici says now is the time for structural reform.

"I'm quite confident about EU and eurozone growth," Mr. Moscovici said in an interview.

Economic threats from Britain's leaving the bloc and anti-EU nationalists in France, the Netherlands and Germany have subsided. Mr. Moscovici said the improving economic and political fortunes mean officials must move quickly to fix how the eurozone economy is managed.

"The risk that we can address is the lack of structural reforms," Mr. Moscovici said. "It's not when things are getting better that we need to stop reforms—on the contrary, it's the moment you should seize to do what's necessary."

Eurozone reforms—from creating a treasury and finance minister for the euro economies to establishing a budget and a European Monetary Fund—are proving difficult because EU governments want to guard their purses and sovereignty.

But changes are needed to prepare the EU to better withstand future economic shocks and to even out disparities among the bloc's economies, advocates say. Germany and other rich countries are growing strongly, with low unemployment. Others, including Italy and Greece, are saddled with debt, slow growth and debilitating joblessness.

Mr. Moscovici, like other European leaders, warned that the economic troubles create fertile ground for populists to regroup.

"We suffer from a lack of solidarity," Mr. Moscovici said. "It's not possible to have a eurozone in which some countries benefit from the rules, while others feel they live in austerity."

Almost 20 years after the eurozone's inception, it faces attack from wealthy members that want stricter fiscal discipline and from poorer members that blame budgetary constraints for their economic malaise.

Mr. Moscovici, a former French finance minister, is also pursuing changes in how and where companies pay taxes, which he says should be more equitable.

The European Commission, the EU's executive, in coming weeks will propose taxes for digital services, Mr. Moscovici said. The proposal will target internet companies such as Airbnb Inc. and Priceline Group Inc.'s Booking.com, which make money far from where they are based.

"The principle should be, when [a company] creates profit somewhere, it should pay its fair share of tax there," Mr. Moscovici said.

EU governments will discuss the issue at a summit in Estonia next week, when France is also expected to present its proposal.

Brussels is also drafting a tax-haven blacklist to fight tax evasion and avoidance. The EU estimates that its member states lose tax revenue of up to €1 trillion ($1.19 trillion) annually due to tax-dodging.

STEFAN WERMUTH/BLOOMBERG NEWS

European Commissioner for Economy Pierre Moscovici.

Germany's Turks Face Vote Quandary

By Andrea Thomas

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

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

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

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

But Mr. Erdogan's call likely struck a chord in parts of a diaspora increasingly dissatisfied with its political treatment. "German Turks no longer trust German parties as they used to because they don't get treated as equals," said Umit Karakas, co-head of Data4U opinion-research institute. The parties often vow to address integration issues ahead of elections but tend not to deliver on these promises, she said.

JAN WOITAS/ASSOCIATED PRESSJAN WOITAS/ASSOCIATED PRESS

Turkey's president urged German Turks not to vote for the party of Chancellor Angela Merkel, shown in a re-election poster.

For Remzi Aru, the Turkish president's boycott appeal was great news. The Berlin-based, Turkish-born businessman founded the Alliance of German Democrats, a party that targets immigrant voters.

Polls show his party is unlikely to reach the 5% threshold required to enter the German parliament. But it could still inflict some pain on its competitors, especially the Social Democrats, or SPD, Ms. Merkel's main rivals.

A 2015 poll of 1,003 German voters of Turkish origin by market-research firm BIK Aschpurwis Behrens GmbH showed 69.8% considered the Social Democrats their favorite party. But a survey of 1,000 such voters commissioned early this year by the Union of European Turkish Democrats—a group linked to Mr. Erdogan's AKP party—showed a sharp shift. it found that less than half of the 46% of respondents who said they voted for the SPD in the 2013 elections intended to do so again this year.

"We don't feel at home with any party right now. And if one can't feel at home with any party, it's very sad for democracy," said Zafer Sirakaya, president of the UETD. "Nobody has any chance to become active in German politics unless they're critical of Turkey and critical of Erdogan."

The two countries' ties started fraying last year, a few months after Ms. Merkel helped the European Union broker a deal with Turkey to stem the flow of illegal migrants into the bloc. In June 2016, Germany's parliament adopted a resolution branding the killing of more than a million Armenians by Ottoman Turkey in 1915 and 1916 as genocide, sparking loud protests in Ankara.

Since then the relationship between the two North Atlantic Treaty Organization allies has gone from bad to worse. In March, German officials banned Mr. Erdogan and his cabinet from campaigning in Germany for a referendum in Turkey to expand the president's powers. After Turkey repeatedly barred German lawmakers from visiting German troops stationed in the country's south, Berlin relocated the contingent to Jordan.

The low point came in July, when Turkish security officers arrested a German human-rights activist in Istanbul, prompting Berlin to issue a travel advisory for the country and threaten cuts in aid. On Friday, the German Foreign Ministry said Turkey had arrested two more German citizens, one of whom has since been released.

In a debate Sunday, SPD chancellor candidate Martin Schulz called for an end to long-stalled talks on Turkey's accession to the EU. Ms. Merkel said on Tuesday that EU members should arrive at a joint position, arguing that public disagreements would only strengthen Mr. Erdogan's hand.

German voters overwhelmingly support Berlin's robust stance toward Ankara.

Still, some Turkish leaders in Germany say it is too early to say how much of the conflict has spilled over into Germany, home of the world's largest Turkish diaspora. Turks began coming to Germany in the booming 1960s as so-called guest workers, and have become the country's largest single migrant community. The population is very diverse, including many ethnic Kurds and other Turkish groups in open conflict with Mr. Erdogan's government, and some say it can't necessarily be swayed by the Turkish leader's stance.

—Yeliz Candemir in Istanbul contributed to this article.

U.S. Envoy Proposes New Path on Iran

By Felicia Schwartz

WASHINGTON—U.S. Ambassador to the United Nations Nikki Haley laid out a path for the White House to declare that Iran isn't complying with the 2015 nuclear deal but leave it to Congress to decide what to do.

Although the U.S. has said Tehran is technically abiding by its commitments, Ms. Haley raised critical questions about the deal in an effort to give President Donald Trump support should he choose not to certify Iranian compliance.

Mr. Trump has called the accord between Iran and six world powers "the worst deal ever," but some of his advisers in recent months have been looking for ways to let the president say Iran isn't complying without immediately killing it.

"What happens next is significantly in Congress's hands," Ms. Haley said Tuesday in a speech at the American Enterprise Institute, a conservative think tank. "If the president chooses not to certify Iranian compliance, that does not mean the United States is withdrawing" from the accord.

Mr. Trump faces a deadline in October when he must tell Congress whether he believes that Iran is meeting terms of the deal, which required Iran to cut back its nuclear capabilities in exchange for sanctions relief.

While Ms. Haley said she didn't know what Mr. Trump will say, the president said in an interview with The Wall Street Journal in July that he is likely to say Iran isn't meeting its commitments.

The Obama administration hailed the deal as a historic step in curbing Iran's nuclear ambitions and said it didn't intend to focus on Iran's other destabilizing behavior in the region. In her speech, Ms. Haley said the Obama administration drew "an artificial line between the Iranian regime's nuclear development and the rest of its lawless behavior."

She said Mr. Trump would be justified if he didn't certify Iran's compliance because the deal itself is "very flawed and very limited." She said the accord discourages countries from confronting what the administration views as destabilizing behavior, such as missile tests and support for terrorist groups.

AARON P. BERNSTEIN/REUTERS

U.S. envoy to the U.N. Nikki Haley

"U.S. law requires the president to also look at whether the Iran deal is appropriate, proportionate and in our national security interests," Ms. Haley said in the speech.

Despite Mr. Trump's misgivings about the deal, he has twice told Congress that Iran is living up to its terms. He most recently did so in July after an intense fight with advisers and had come close to telling advisers otherwise.

The U.N.'s nuclear watchdog said last week that Iran is meeting its commitments under the nuclear deal. Before Mr. Trump faces the congressional deadline in October, the administration must decide this month whether to waive sanctions under the terms of the deal.

Ms. Haley said she hasn't yet consulted with lawmakers about the administration's possible approach and acknowledged that European allies don't want the administration to take steps to weaken or leave the deal.

"I get that Congress doesn't want this," Ms. Haley said.

At least one foe of the deal, Sen. Tom Cotton (R., Ark.), said on Tuesday he supports Ms. Haley's strategy.

WORLD NEWS

China Tests for Leaks From Nuclear Blast

Underground test by North Korea is thought to have collapsed a containing structure

BY JEREMY PAGE

GREG BAKER/AGENCE FRANCE-PRESSE/GETTY IMAGES

A North Korean cargo ship passes by the Chinese border city of Dandong. More than 100 million people live in China's three provinces bordering or near North Korea, making the slightest risk of a leak from Sunday's North Korean nuclear blast an issue of huge concern.

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

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

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

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

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

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

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

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

Chinese authoritarian leaders are sensitive to public opinion and wary of anything that could provoke protests, dent the image of the Communist Party, or otherwise diminish their power. Such sensitivities are especially high with China's leadership heading into a key political meeting next month to shuffle top portfolios—and with the government under pressure from the U.S. to bring North Korea to heel.

China has never publicly reported contamination from North Korean nuclear testing. In private Chinese officials have expressed increasing concern about the environmental impact, according to diplomats and analysts.

After a meeting in 2013, then-South Korean President Park Geun-hye said that Chinese Premier Li Keqiang told her that Pyongyang's test that year contaminated the Yalu River that forms the border with China, according to a South Korean presidential representative. China's foreign and environment ministries didn't respond to requests to comment on that conversation.

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

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

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

"There's a lot of mountain to go before you reach air," said Mr. Gibbons. It will likely take days or weeks before radiation from this test is detected, if at all, he said, noting that radioactivity was detected only after two previous North Korean nuclear tests, in 2006 and 2013.

A potential leak would most likely be radioactive xenon gas and, based on weather patterns, would spread into northeastern China and then across far eastern Russia over this week, said Lassina Zerbo, head of the Vienna-based Comprehensive Test Ban Treaty Organization.

Along the 880-mile border separating China from North Korea is an active volcano, known as Mount Paektu to Koreans and Mount Changbai in China. While previous tests had no impact on it, some volcanologists say a larger underground blast could trigger an eruption. Other experts call that unlikely.

Australia Economy Builds on Streak

BY JAMES GLYNN

RICK RYCROFT/ASSOCIATED PRESS

Busy streets in Sydney. The economy grew 1.8% from a year earlier. Australia has completed 26 years of growth since the last recession.

SYDNEY—Australia's economy shrugged off the effects of a cyclone in March to grow strongly in the second quarter, helped by soaring business confidence and higher commodity prices.

Gross domestic product grew by 0.8% in the second quarter from the first quarter and 1.8% from a year earlier, data showed Wednesday.

That was close to economists' forecasts of 0.9% growth over the quarter and 1.9% growth over the year. And it was a strong result compared with first-quarter growth, which was left unchanged at 0.3% on-quarter.

Australia has now completed 26 years of growth since the last recession in the early 1990s.

The upbeat data reflect rising business confidence in Australia, which has played out in much stronger employment growth and rising nonmining investment.

Treasurer Scott Morrison said the economic momentum improved the prospect of a smaller deficit compared with forecasts in May's budget.

"I anticipate that based on these figures today and other data that has come that we will achieve a better-than-the-budgeted outcome," he said.

It also supports the optimistic outlook offered this week by the Reserve Bank of Australia, which kept official interest rates unchanged at a record low 1.5% for a 13th month in a row.

In a speech Tuesday in Brisbane, RBA governor Philip Lowe said he has been encouraged by recent strength in investment and full-time jobs growth, something the RBA has been anticipating for some time.

The solid second-quarter GDP result was supported by strength in exports and public spending, led by infrastructure construction.

Alan Oster, chief economist at NAB, said the strong growth firms up the probability that the next move in Australian interest rates will be higher.

"This fits with the RBA's upbeat view on the economic outlook, is consistent with the next move in rates being up rather than down, and raises the risk that the RBA may hike sooner than we currently expect in 2019," Mr. Oster added.

Iron-ore prices, still an important factor in economic growth, have been higher than expected over recent months, fanning confidence and generating added income for resource companies.

Higher consumer spending helped growth in the quarter, but lingering pessimism among consumers continues to cloud an otherwise sunny outlook for the economy. Record household debt combined with slow wages growth are keeping Australians' cash in their wallets.

Households savings continued to fall in the quarter, reaching a new low since the global financial crisis in 2008, while income indicators remained flat across the board.

A further complication is coming from the Australian dollar, which has risen to its highest level in more than two years in recent months. That could weigh on exports, economic growth and inflation.

—Rob Taylor in Canberra contributed to this article.

WORLD WATCH

CAMBODIA

Hun Sen Vows to Rule For 10 More Years

TANG CHHIN SOTHY/AGENCE FRANCE-PRESSE/GETTY IMAGES

Prime Minister Hun Sen poses with workers at a garment factory in Phnom Penh.

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

"Before I was very hesitant of when I shall be leaving office, but after witnessing the treasonous acts of some Cambodians in recent days, I have decided to continue my job for another 10 years," the 65-year-old said.

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

After the opposition Cambodia National Rescue Party mounted a strong challenge in 2013, Mr. Hun Sen and his Cambodian People's Party have sought to stifle dissent and weaken challengers ahead of elections in July.

—Associated Press

CANADA

Trade Deficit Narrowed in July

Canada's trade deficit narrowed in July from the previous month, as exports declined steeply for a second straight month and imports fell by the most in over eight years.

Canada's merchandise trade deficit in July came in at a seasonally adjusted 3.04 billion Canadian dollars (US$2.46 billion), Statistics Canada said Wednesday, compared with a revised C$3.76 billion shortfall in the previous month.

In July, exports declined 4.9% to C$44.14 billion, compared with the previous month's 5% drop. On a one-year basis, exports rose 2.2%.

Imports declined 6% to C$47.18 billion, or the biggest monthly decline in imports since January 2009, when imports dropped 8.9%.

—Paul Vieira

Myanmar Violence Against Rohingya Draws Muslim Ire

BY BEN OTTO AND ANITA RACHMAN

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

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

In Jakarta, capital of the world's largest Muslim-majority country, police said around 5,000 people joined the rally. Protesters called for the closure of Myanmar's embassy and an end to the violence.

The politically influential, hard-line Islamic Defenders Front said it was prepared to declare an "open war" on Myanmar. "If the Indonesian and Myanmar governments cannot stop the slaughtering of Rohingya Muslims...we will send jihadists to defend our brothers," spokesman Slamet Maarif told reporters, claiming his group had 10,000 volunteers ready to go.

Security analysts largely dismissed the possibility of a mass Indonesian jihad in Myanmar; the two Southeast Asian countries share no land border, for example. But the government has been quick to ban a threatened protest by the group at Borobudur, an ancient Buddhist temple complex in central Java, underscoring fears of Myanmar's sectarian rift spilling over into the country.

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

Myanmar considers the estimated one million Rohingya people within its borders to be illegal immigrants from Bangladesh and subjects them to travel restrictions and other curbs. Many of the Rohingya have lived in Myanmar for generations.

Officials in Turkey, Malaysia, Indonesia, Pakistan and other nations have condemned the crackdown, with many calling into question Aung San Suu Kyi, who won the Nobel Peace Prize for her nonviolent resistance to military rule and has been the country's de facto leader since last year, albeit in a state still heavily dominated by the military.

Ms. Suu Kyi's office recently released a statement blaming international aid agencies for helping Rohingya militants, prompting the U.N. to evacuate some of its staff.

Indonesia's foreign minister, Retno Marsudi, met with Ms. Suu Kyi and the head of the military this week and called for an end to "all forms of violence." In Bangladesh, Ms. Retno promised help in dealing with the sudden influx of refugees.

Turkish President Recep Tayyip Erdogan has promised to raise the issue at this month's U.N. General Assembly meeting, saying "humanity remains silent to the massacre in Myanmar," and his wife and a son are scheduled to travel to Bangladesh to draw attention to the issue.

Rohingya were denied citizenship after Myanmar gained independence from Britain, and often are dismissed as Bengalis—illegal immigrants from Bangladesh. Many are restricted to tented camps where they rely on food and medical services provided by the U.N. and other groups.

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

ACHMAD IBRAHIM/ASSOCIATED PRESS

Protesters rally against the persecution of Rohingya outside Myanmar's Embassy in Jakarta.


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'Dreamer' Deal Is Sought

House Speaker Ryan suggests pairing legalization with tighter border security

BY LAURA MECKLER AND BYRON TAU

JACQUELYN MARTIN/ASSOCIATED PRESS

House Speaker Paul Ryan didn't offer specifics on a compromise.

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

The Wisconsin Republican said it was important to protect the young people in the wake of President Donald Trump's decision, announced Tuesday, to end the Obama-era program that gives them safe harbor from deportation and work authorization. Mr. Trump gave lawmakers six months to act before the protections begin to expire.

Mr. Ryan also affirmed the view of many Republicans that a legalization program should be combined with some sort of enforcement measure, such as additional border security funding. He didn't offer specifics.

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

Many Republicans would like to protect this group of undocumented immigrants, reasoning that they didn't make the decision to come to the U.S. illegally and shouldn't be punished. But they are divided over how to proceed.

Some support passage of the Dream Act, proposed legislation that offers this group legal status and a path to citizenship.

Others are willing to go along if Democrats agree to additional border security or immigration enforcement measures, with some insisting on funding for Mr. Trump's controversial border wall. Still other Republicans oppose the program as amnesty for people who broke the law.

Mr. Ryan didn't say whether a border security package should include wall funding, which Democrats are united against, or other measures to which Democrats might agree.

For their part, congressional Democrats vowed Wednesday to try to attach legislation protecting these young people to other pieces of legislation if Republican leaders won't bring the measure to a vote on their own this month.

"Congress has an ability and obligation to act," Senate Minority Leader Chuck Schumer (D., N.Y.) said at a news conference alongside at least 50 Democratic lawmakers from both houses of Congress. "If a clean Dream Act does not come to the floor in September, we are prepared to attach it to other items on the floor until it passes."

He repeated his vow from the Senate floor a few minutes later. "We could solve this problem tomorrow rather than letting fear of deportation hang over the heads of 800,000 dreamers," he said.

Democrats are in the minority in both houses of Congress, but their votes will be needed on important pieces of legislation this fall, including a spending bill required to keep the government open, giving them some negotiating leverage.

Mr. Trump ignited the scramble in Congress on Tuesday when he said he would end the Deferred Action for Childhood Arrivals program, which gives nearly 800,000 young undocumented immigrants freedom from deportation and the ability to work legally.

No new applications to the program will be considered, but the administration will renew DACA for those whose grants expire before March 5.

If Congress doesn't act by then, DACA recipients will begin losing their protections.

DACA was created by President Barack Obama in 2012 after the Dream Act died in Congress. Republicans have long argued that Mr. Obama exceeded his executive authority in doing so.

In his remarks, Mr. Ryan said he was encouraged that Mr. Trump gave lawmakers time to find a compromise "because these kids don't, for the most part, don't know any other home …."

"Where does that compromise exist? That's what we're going to spend the next months figuring out," he said.

—Siobhan Hughes contributed to this article.

Republicans Face Sprint on Tax Changes

BY RICHARD RUBIN

WASHINGTON—The U.S. policy makers on taxes known collectively as the "Big Six" gathered with President Donald Trump at the White House—and they have some big decisions to make.

Republicans are trying to rewrite significant portions of the tax system by year's end, giving them little time to agree on policy changes and then muscle them through Congress.

The six are Reps. Paul Ryan (R., Wis.) and Kevin Brady (R., Texas), Sens. Mitch McConnell (R., Ky.) and Orrin Hatch (R., Utah), Treasury Secretary Steven Mnuchin and White House economic policy chief Gary Cohn. "We are all on the same page for delivering tax reform this year," Mr. Brady said after the meeting.

Many Republicans are optimistic about getting a tax bill done and are moving "as expeditiously as possible," White House press secretary Sarah Huckabee Sanders said after Tuesday's meeting.

With control of the House, Senate and White House, the GOP is eager for the chance to overhaul tax policy and lower rates. Failure to do so would mark a political setback. But they must contend with inherent trade-offs, competing priorities and a tight time frame.

"I can't imagine they can get to the end of the year without passing something, but I can't figure out what the something would be or how they would get it done," said Leonard Burman, a fellow at the Urban Institute in Washington and a former Treasury official in the Clinton administration.

Mr. Trump was scheduled to head to an Andeavor Corp. facility in North Dakota on Wednesday for his second speech on taxes in two weeks. Both are in states he won in 2016 that also have Democratic senators up for re-election in 2018.

Sen. Heidi Heitkamp (D., N.D.) was scheduled to travel with the president on Air Force One, according to her office.

Mr. Trump will say, as he did in Missouri, that voters should defeat Democrats who don't work with him on taxes, senior White House officials said. He will be making similar trips to pitch tax policy almost every week, they said.

Ms. Heitkamp was one of three Senate Democrats who didn't sign a letter outlining the party's position against deficit-financed tax cuts and lower taxes for high-income households. That was a signal she might back a tax bill when it emerges.

Getting many Democrats on board will be a lot more difficult. "If Democrats were included in the debate, tax reform would be much more likely to help the middle class," Senate Minority Leader Chuck Schumer (D., N.Y.) said Tuesday. "If Republicans are the only ones in the room on tax reform, the vast majority of benefits are likely to go to those at the very, very top."

Hurricane Slams Caribbean; Odds For U.S. Hit Grow

BY JON KAMP AND SCOTT CALVERT

Hurricane Irma walloped the northeast Caribbean Wednesday after growing into one of the most powerful storms ever recorded over the Atlantic Ocean and as officials in Florida urged residents to follow evacuation calls.

The "potentially catastrophic" storm packed maximum-sustained winds of 185 miles an hour, making it a Category 5 hurricane and one of the five strongest ever recorded in the Atlantic, according to the National Hurricane Center's latest forecast.

The center said it was still too soon to forecast the timing and magnitude of a potential Florida hit.

"The chance of direct impacts from Irma beginning later this week and this weekend from wind, storm surge and rainfall continues to increase in the Florida Keys and portions of the Florida Peninsula," the center said.

Florida Gov. Rick Scott called the storm "extremely dangerous and deadly" and warned that Irma could hit the state even harder than Andrew, a Category 5 hurricane that slammed into South Florida in 1992.

"This storm has the potential to devastate our state, and you have to take this very seriously," Mr. Scott, a Republican, said Wednesday.

Authorities also advised there could be a storm impact in Georgia and South Carolina.

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

According to a tweet from French authorities in the island region of Guadeloupe, the St. Martin administrative offices had been partially destroyed and the local prefect and 23 other people were taking refuge in a concrete reinforced room.

On the island of St. Barthélemy, the firehouse was under 3 feet of water, with the firefighters taking refuge on the floor above. Both islands have lost power.

New hurricane warnings extended to the northern coast of Haiti as Irma's forecast track called for a dangerously close approach near Puerto Rico and the island of Hispaniola, which includes Haiti and the Dominican Republic.

President Donald Trump approved emergency declarations late Tuesday for Florida, Puerto Rico and the U.S. Virgin Islands, moves that can hasten preparations and federal assistance.

Puerto Rico Gov. Ricardo Rosselló urged residents on Twitter Wednesday to evaluate their situation and to go to shelters if necessary. Already, 700 people had gone to shelters, he said. "There is no reason for being in the street," he wrote in a tweet.

Mr. Scott asked Florida's residents, totaling about 20 million, to stock up on supplies and he urged residents to make evacuation plans. He said the state is working to make it easier for heavy trucks to travel the highways and keep provisions stocked, citing fuel shortages in the Florida Keys and empty supermarket shelves.

He also activated 1,000 national guard members in the state and directed the remaining 6,000 guard members in the state to report for duty Friday morning.

Monroe County, which includes the Florida Keys, issued a mandatory evacuation starting 7 a.m. Wednesday for all visitors and tourists, and 7 p.m. for all residents. Schools there closed on Wednesday, and local hospitals started making plans to evacuate patients.

JOE RAEDLE/GETTY IMAGES

People put up shutters as they prepare for the storm at the Actors' Playhouse at the Miracle Theatre in South Florida.

PRICES

Continued from Page One

And it is essential to investors' decisions about where to put money: Bonds do well when interest rates fall, and falling interest rates traditionally are taken as signaling concerns about growth, so stocks and bonds typically cushion each other.

Yet in 2017, and for much of the postcrisis period, bonds and stocks have been going in the same direction. This year, the S&P 500 has risen almost 10% while 10-year Treasury prices have gained 6%, pushing the benchmark U.S. bond yield down near 2%—a level typically associated more with financial distress than with improving growth.

Explanations for the breakup of the growth-inflation marriage abound. European Central Bank President Mario Draghi argued in June that statistics miss people in temporary jobs or outside the labor force—in other words, the economy isn't necessarily as strong as the numbers suggest.

In a speech Tuesday, Federal Reserve governor Lael Brainard said that "one simple explanation may be the experience of persistently low inflation": Because inflation has been low and often falling for much of the past decade, households and firms now expect low inflation in the future as well.

Paul Donovan, chief economist at UBS Wealth Management, believes the bond market is giving the wrong signal about inflation because of extraordinary demand for safe debt, created by an aging population, regulation and central-bank buying.

But it is also possible, investors say, that something deeper has changed. Candidates include globalization, the decline of labor unions and the rise of big multinationals holding down consumer prices in an effort to grab market share.

Bond markets aren't imagining low inflation. Unemployment across the developed world has fallen to where it was before 2008, so in theory companies should be offering more generous pay increases to attract workers and increasing prices to offset the cost. Neither is happening.

A partial explanation is that workers can't demand pay raises. In its annual report in June, the Bank for International Settlements found a "positive and significant" link between wages and the strength of unions. Unionization has dropped by half over four decades.

Enrique Martínez-García, economist at the Federal Reserve Bank of Dallas, published research in July showing that globalization is part of why inflation has been low and unresponsive to growth.

Companies can outsource production or import if the wage bill starts to get too high, rather than raise prices. China has flooded international markets with cheaper goods, ultimately pushing down prices.

BIS data show that in the U.S., 10% of the change in labor costs between 2006 and 2016 was determined by the price of labor abroad, compared with 2% between 1995 and 2005. For the world overall, it is 22%, up from 11%.

The Dallas Fed has started "to seriously consider the impact of globalization on inflation," Mr. Martínez-García said.

What makes the problem difficult to solve is that inflation hovered around policy makers' targets for more than two decades until 2008, after shooting up in the 1970s. Central banks were then credited with subduing inflation by raising rates and cooling the economy, but many investors now doubt they can manage the effect in reverse.

"Inflation is not a leading indicator" of growth anymore, said Didier Borowski, head of macroeconomic research at Amundi, Europe's largest asset manager. He said "much more competition at the global level" is leading producers to price more aggressively.

Indeed, the focus of many analysts is now on the market power of so-called superstar firms, especially technology giants such as Alphabet Inc. or Amazon.com Inc., rather than on traditional supply-and-demand explanations.

"When Amazon enters a market, it drives prices down," said Jason Helfstein, a tech-sector analyst at Oppenheimer & Co.

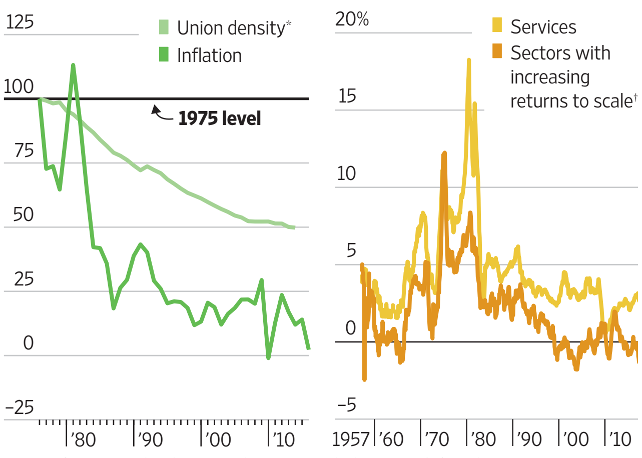
Chicago Fed President Charles Evans referred to Amazon's purchase of Whole Foods Market Inc. as an example of "disruptive technology" that keeps inflation down.

For extra demand to lead to higher prices, like many textbooks say, a company must make more of a product. However, economists have long documented that, in the real world, many industries benefit from economies of scale. For them, producing more is cheaper—and might not even require more workers, because bigger markets can spur investment in labor-saving equipment. So even if growth and demand increase, prices need not.

Changing Relationship

The decline in labor unions has kept lockstep with inflation and allowed large, globalized companies to hold down pricing efforts

Union density and inflation in Group of Seven advanced economies | **Change from a year earlier in U.S. consumer-price indexes**



*Ratio of union membership to employment †Vehicles, apparel, furnishings, communication, technology and recreation

Sources: Bank for International Settlements (unions), Organization for Economic Cooperation and Development (inflation); U.S. Bureau of Labor Statistics (indexes)

THE WALL STREET JOURNAL.

Poll Shows America's Divisions Growing

By Janet Hook

Divisions in America reach far beyond Washington into the nation's culture, economy and social fabric, and the polarization began long before the rise of President Donald Trump, a new Wall Street Journal/NBC News survey of social trends has found.

The findings help explain why political divisions are now especially hard to bridge. People who identify with either party increasingly disagree not just on policy; they inhabit separate worlds of differing social and cultural values and even see their economic outlook through a partisan lens.

The wide gulf is visible in an array of issues and attitudes: Democrats are twice as likely to say they never go to church as are Republicans, and they are eight times as likely to favor action on climate change. One-third of Republicans say they support the National Rifle Association, while just 4% of Democrats do. More than three-quarters of Democrats, but less than one-third of Republicans, said they felt comfortable with societal changes that have made the U.S. more diverse.

What is more, Americans' view of the economy, the direction of the nation and the future has even come to be closely aligned with their feelings about the current president, the survey found.

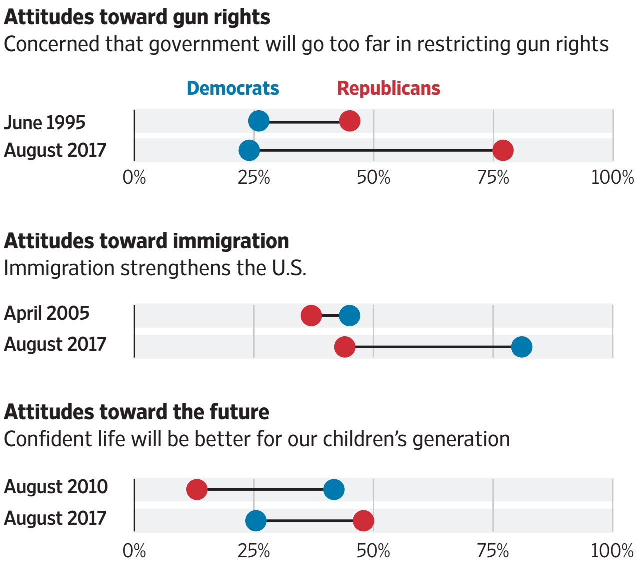
"Our political compass is totally dominating our economic and world views about the country," said GOP pollster Bill McInturff, who conducted the survey with Democratic pollster Fred Yang.

The poll found deep splits along geographic and educational lines. Rural Americans and people without a four-year college degree are notably more pessimistic about the economy and more conservative on social issues. Those groups make up an increasingly large share of the GOP.

One measure of how much more polarized the electorate is than a generation ago can be found in views of the president. Eight months into the 1950s presidency of Republican Dwight Eisenhower, 60% of Democrats approved of the job he was doing. That level of cross-party support for a new president remained above 40% until Bill Clinton, when only 20% of Republicans approved of his performance after eight months in 1993. For Barack Obama, Republican support dropped to 16% at this point in his presidency in 2009.

Partisan Lens

Members of the two parties have moved further apart on several issues over the past decade or two.



Source: WSJ/NBC News telephone poll of 1,200 people conducted August 5-9; margin of error +/-2.82 pct. pts.
THE WALL STREET JOURNAL.

Under Mr. Trump, that trend has continued and intensified. His job-approval rating among Americans overall has remained in recent months at about 40%, but just 8% of Democrats approve of the job he is doing, the survey found. By contrast, 80% of Republicans approve.

Mr. Trump's election has brought a sharp mood swing among Republicans. In August 2014, 88% of Republicans said they weren't confident that life for their children's generation would be better than their own. Eight months into the Trump presidency, just 46% of Republicans say they lack confidence in their children's future—a 42-point swing that is more dramatic than improvements in the economy seem to justify.

Two groups in particular have a relatively pessimistic view of the economy—rural Americans and those with less education, the survey found.

Some 43% of rural residents gave a high rating to their local economy's health, compared with 57% of urban dwellers. Among people without a four-year college degree, only 47% viewed the economy in their area as good or excellent, compared with two-thirds of people with a degree.

Both groups have been moving from the Democratic Party to the GOP. Among people without a four-year college degree, a plurality of 44% identified as Democrats in 2010. Now, only 36% do. Among those who are college graduates, just 36% now identify as Republican, versus 41% in 2010.

While there is broad agreement that the country is riven by division, there is no consensus on why. Fully 80% of those surveyed saw the country as mainly or totally divided. But Democrats and independents tended to see the division as rooted in economics—the income gap between the rich and the poor. Republicans saw the split as political, with people divided based on their party affiliation, and as a function of which media outlets they follow.

The Journal/NBC News poll surveyed 1,200 people on Aug. 5-9. The margin of error for the full sample was plus or minus 2.82 percentage points.

U.S. Colleges Lose Luster in Global Rankings

By Douglas Belkin

The U.S. continues to lay claim to more elite research universities than any other country in the world, but that dominance is beginning to fray.

Oxford and Cambridge, the intellectual one-two punch of the U.K., took the first and second spots in the 2018 Times Higher Education World University Rankings. Their showing marked the first year schools outside the U.S. seized the two top positions in the 14-year history of the list.

The U.S., led by California Institute of Technology and Stanford University, took seven of the top 11 spots.

But this also marked the fifth year of consecutive decline in the overall showing of the U.S. This ranking listed 62 U.S. schools in the top 200. In 2014, 77 U.S. universities ranked in the top 200.

By contrast, the cumulative reputation of Chinese research institutions is swelling. In the latest ranking, seven Chinese schools cracked the top 200. In 2014, there were just two. Peking University and Tsinghua University topped Chinese schools, ranking 27th and 30th, respectively. That placed them ahead of the Georgia Institute of Technology (No. 33), Brown University (No. 51) and the University of North Carolina at Chapel Hill (No. 56).

"It's not doom and gloom, the U.S. still dominates the list, but there are clear warning signs and fairly significant flashing red lights that the U.S. is under threat from increasing competition," said Phil Baty, rankings editor at Times Higher Education. "Asia is rising. It's a worrying time for stagnation for the U.S."

The World University Ranking awards about a third of its score to the research generated by a university's scholars, in part by culling 62 million citations and 12.4 million research publications. Research funding also plays a role. Institutional income—the money generated by the university—and research reputation dinged U.S. schools, while it pulled up the scores of Chinese schools.

The ascendance of Oxford and Cambridge comes after years of increases in research revenue—but much of that money, as well as the researchers who use it, come from the European Union. Britain's decision to withdraw from the EU has thrown that revenue source into question.

The rise of Chinese universities comes as the Chinese Communist Party has invested heavily in research universities. Elizabeth Perry, a professor at Harvard and expert on China, said the Chinese are actively "gaming" the system. "They are hiring an army of postdocs whose responsibility is to produce articles," she said. "They are changing the nature of a university from an educational institution to basically a factory that is producing what these rankings reward."

Xia Qiong, a professor at Wuhan University in central China, also criticized what she described as an excessive fixation on publication metrics in Chinese universities. "Research overly emphasizes quantity, not quality," Ms. Xia said.

Times Higher Education is a unit of TES Global Ltd., a London company owned by private-equity firm TPG Capital since 2013. Times Higher Education was sold in 2005 by News Corp, the parent of The Wall Street Journal owner Dow Jones & Co. Times Higher Education has a business relationship with The Wall Street Journal to develop college rankings.

—Te-Ping Chen contributed to this article.

The Top 10

1. University of Oxford (U.K.)
2. University of Cambridge (U.K.)

T-3. California Institute of Technology (U.S.)

T-3. Stanford University (U.S.)

5. Massachusetts Institute of Technology (U.S.)
6. Harvard University (U.S.)
7. Princeton University (U.S.)
8. Imperial College London (U.K.)
9. University of Chicago (U.S.)

T-10. ETH Zurich–Swiss Federal Institute of Technology Zurich (Switzerland)

T-10. University of Pennsylvania (U.S.)

BATS

Continued from Page One

Mexican farmers have harvested their blue agave—tequila's raw material—before they blossom, because they die when they flower. Dead agave plants don't make good tequila.

But the lesser long-nosed bat loves the blossoms and was vital to pollinating blue agave before humans took over, Dr. Medellín says. So tequila only exists, he argues, because of what some Mexicans call "the tequila bat."

And now more than ever, he says, bat and agave need each other for the greater good.

Bats pollinate other flowering species, so blue-agave blossoms will help sustain the broader plant kingdom, he says. And bat-pollinated agave, he says, will produce seeds of varieties that are more genetically diverse than what now dominate tequila production.

The bats, meanwhile, are suffering from human encroachment and would benefit from more tequila-agave nectar. Among creatures people tend to despise, "no one does more for the welfare of humans than the bat," what with their flower-pollinating and bug-eating habits, says the 59-year-old Dr. Medellín, a researcher at National Autonomous University of Mexico.

Bats, he says, get a bad rap from vampire mythology and "are the ones who suffer the most from this injustice."

Dr. Medellín, known in his field as "The Batman of Mexico," has persuaded three long-established tequila makers to set aside 5% of their blue-agave crops to flower in some fields, through an initiative launched by his university and Tequila Interchange Project, a group that advocates for sustainable and traditional production techniques.

For their pains, they get to call tequila from those fields "bat friendly" and slap on the bottles a hologram Dr. Medellín provides with an image of a bat near an agave flower.

One of the distillers, Tequila Tapatío, produced a bat-friendly version of its Tequila Ocho that its owner, Carlos Camarena, found "to present traces of pepper and pineapple as well as orange blossom aromas." He allows that those characteristics have nothing to do with bats but stem from "terroir."

The sight of flowering agaves in Mr. Camarena's fields is so uncommon that nearby farmers come to ask incredulously why the agave plants are being allowed to blossom. "In this project, you are basically turning tens of thousands of dollars worth of agave into bat feed," Mr. Camarena says.


MARCO TSCHAPKA

Lesser long-nosed bats are suffering from human encroachment.

"But this is a love story."

Americans can share the love at bars like San Antonio's Esquire Tavern, which offers a bat-friendly-tequila cocktail dubbed "Batman of Mexico." The spicy $12 drink includes fresh corn syrup, a blend of chilies and lime, and bat-friendly tequila.

"It's a conversation starter," says the tavern's beverage director, Houston Eaves, who calls Dr. Medellín´s project an "eye-opening kind of concept."

The bat-friendly Tequila Ocho version can be found for around $45 at some U.S. liquor stores.

Dr. Medellín has spent decades in hot caverns studying bats, including the lesser long-nosed bat, the Mexican long-nosed bat and the Mexican long-tongued bat. For much of that time, he was trying to convince tequila makers that bats are good for business as well as nature. He finally convinced the three tequila makers three years ago, including Mr. Camarena, who says he was won over by the environmental concerns.

He and a team of students now moonlight sometimes as bat-friendliness compliance officers. Near midnight recently, they paced one of Mr. Camarena's fields inspecting agave crops that qualify for bat-friendly status.

"Did you bring some tequila?" Dr. Medellín asked. One replied: "Sorry Doc, I don't drink at work."

They verified nectar levels of the flowering spikes and set bat nets to study the creatures that fly in as far as 60 miles from their caves. "Bats remember," Dr. Medellín said, feeding sugary water to an exhausted bat. "After 150 years, they are now back pollinating."

Since the late 19th century, farmers have propagated agave fields, mostly in western Jalisco state, using clonal shoots rather than seeds. The bats have had to content themselves with flowering agaves in ditches or the wild. As a result, Dr. Medellín says, many of Mexico's blue agave plants aren't very genetically diverse. That could make them susceptible to disease, he says, and bat pollination could help change that.

Tequila companies and the industry's trade group have made huge investments to fight disease, says Carlos Humberto Suárez, head of institutional relations at José Cuervo, the world's best-selling tequila maker. "There's a strict control of production methods to avoid risks. Blue agave isn't a wild plant, and its cultivation is closely supervised."

Tequila Patrón, a major distiller, has commissioned a study with Mexico's National Center for Genetic Resources to analyze the genetics of agave shoots and to check into Dr. Medellín's claims they lack diversity. "We want to do the right thing," says Francisco Soltero, head of strategic planning at Patrón, "but we feel that we need more information about it."

Tequila sales are booming, and distillers have a hard enough time finding enough blue agave, which takes about six years to grow.

In Mr. Camarena´s tequila warehouse, Dr. Medellín marvels at one of the results of the bat friendly crop: 350,000 blue agave seeds. "This is a genetic treasure," he says.

Having turned several distilleries batty, Dr. Medellín has had to pitch bat-friendly booze to bars. He's taken American bartenders to fields in Mexico to show them bats at work at night. "They ended up wanting to have their pictures taken with bats."

A visit last year to a field made a believer of Joaquín Meza, owner of El Rancho Grande restaurant in Providence, R.I. Before, "I wasn't that friendly to bats," he says. Now he is offering the bat-friendly spirit to clients. "Many customers don't like such creepy creatures," he says, "so they get really intrigued when they try bat-friendly tequila."

KOREA

Continued from Page One

on North Korea.

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

After reviewing Mr. Kim's paper at the Journal's request, Mr. Furukawa concluded it fell into a category banned by U.N. sanctions.

Foreign-educated North Koreans' work in multiple disciplines, said Mr. Furukawa, now an independent analyst, has "surely contributed to the accumulation of scientific know-how and information relevant to its weapons program."

North Korea's technological advances go beyond nuclear science. Any research or contacts abroad that could help North Korea launch objects into space is of concern to the U.S. as it tries to stop Pyongyang from perfecting ways to attack America or its allies.

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

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

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

The concern among U.S. officials is that Pyongyang exploited a lack of strict education sanctions before the 2016 U.N. ban to dispatch scientists and bring back "dual use" expertise—with civilian and military applications—and could continue to benefit from any lax enforcement of the ban.

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

Homemade claims

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

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

JEREMY PAGE/THE WALL STREET JOURNAL

North Korean doctoral students in a registration book at their former accommodation block at China's Harbin Institute of Technology, above. A member of an intelligent-vehicle club at the institute is shown below.


WANG KAI/XINHUA/ZUMA PRESS

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

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

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

China in recent years has accounted for the bulk of North Korean scientists abroad, the Journal found in a review of official figures and data from universities in countries where the most North Koreans typically have studied. In China, 1,086 North Korean postgraduates studied in 2015, the last year for which official data are available, according to a Chinese Ministry of Education publication, up from 354 in 2009. The publication doesn't show which schools they attended or what they studied.

The Education Ministry didn't respond to requests for comment.

China accounted for 60% of research papers by North Koreans in foreign journals from 2011 through 2016, mostly in physics, engineering, math, metallurgy and materials science, a study of academic databases by researchers from South Korea's Hallym University found.

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

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

North Korea has said it needs nuclear weapons to prevent an attack by the U.S. It began its nuclear-arms program with Soviet backing in the 1950s and for years had small enclaves of scientists with the Eastern Bloc. After the Cold War's end, Pyongyang traded for nuclear and missile expertise, mainly with Iran and Pakistan, according to historians, while continuing to send a few scientists abroad.

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

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

Mr. Kim's studies

It isn't clear how the mechatronics scientist, Mr. Kim, planned to use his expertise in MR damping. "Could it be turned into military applications? Possibly," said Mehdi Ahmadian, a Virginia Tech professor who said he had done similar research on MR damping in space structures, which could include satellites, antennae or mirrors.

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

Prof. Chen said that, after four years in Harbin on a Chinese government scholarship, Mr. Kim returned home because of the sanctions shortly before defending his Ph.D. thesis. "I tried to comfort him a little," Prof. Chen said. "He knew that after going back, he'd feel disappointed. He didn't express it, but you could still tell."

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

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

David Albright, a former U.N. weapons inspector and expert in nuclear proliferation, said it is common among nations seeking to develop weapons of mass destruction to seek knowledge abroad, including by sending scientists to take courses and attend conferences. China's engineering schools and training programs, he said, offer "opportunities to mingle with people who may have sensitive information, such as Chinese who have been in military programs."

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

Mr. Kim was in the first group. Born in 1975, he studied mechanical engineering in North Korea before enrolling in HIT's School of Mechatronic Engineering, according to his research papers. The school boasts on its website it has trained personnel for China's manned space program and has facilities for defense research, including on ultraprecision machining.

Mr. Kim and the other North Koreans at HIT kept low profiles, sharing two-bedroom apartments and rarely socializing, university staff said. The North Koreans all had Chinese government scholarships, they said, which provided free housing and tuition and monthly stipends of about 3,000 yuan ($450).

"They were easy to recognize from their clothes and their looks," said one Chinese postgraduate student at HIT. They appeared to be supervised by one individual among them, other students said.

Upon arrival, Mr. Kim "looked at the direction of my research and thought it was quite interesting," said Prof. Chen, a vibration-control expert who has worked on defense projects. He said he now focuses on civilian research because "military project management is very strict and not conducive to academic exchanges."

In 2007, Prof. Chen co-wrote a paper on designing composite laminates to control vibration in spacecraft. From 2012-2015, he ran a project on vibration control for hypersonic vehicles, according to his profile and the National Natural Science Foundation of China.

That project sponsored Mr. Kim's paper in March, whose co-authors included Wang Xiaoyu from the Beijing Institute of Spacecraft System Engineering, which has worked on Chinese satellites and China's manned spacecraft and lunar rover. Ms. Wang declined to comment.

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

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

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

Some may have taken home a little extra know-how. North Koreans are suspected of violating library regulations by downloading tens of thousands of papers from subscription-based databases in recent months at at least two Chinese schools, including HIT, according to university staff and students.

On May 16, 57,000 papers were downloaded by nine foreign students from the mechatronics and other faculties at HIT, according to a notice from its library. Staff and students said the culprits were North Korean.

—Daniel Stacey and Kersten Zhang contributed to this article.

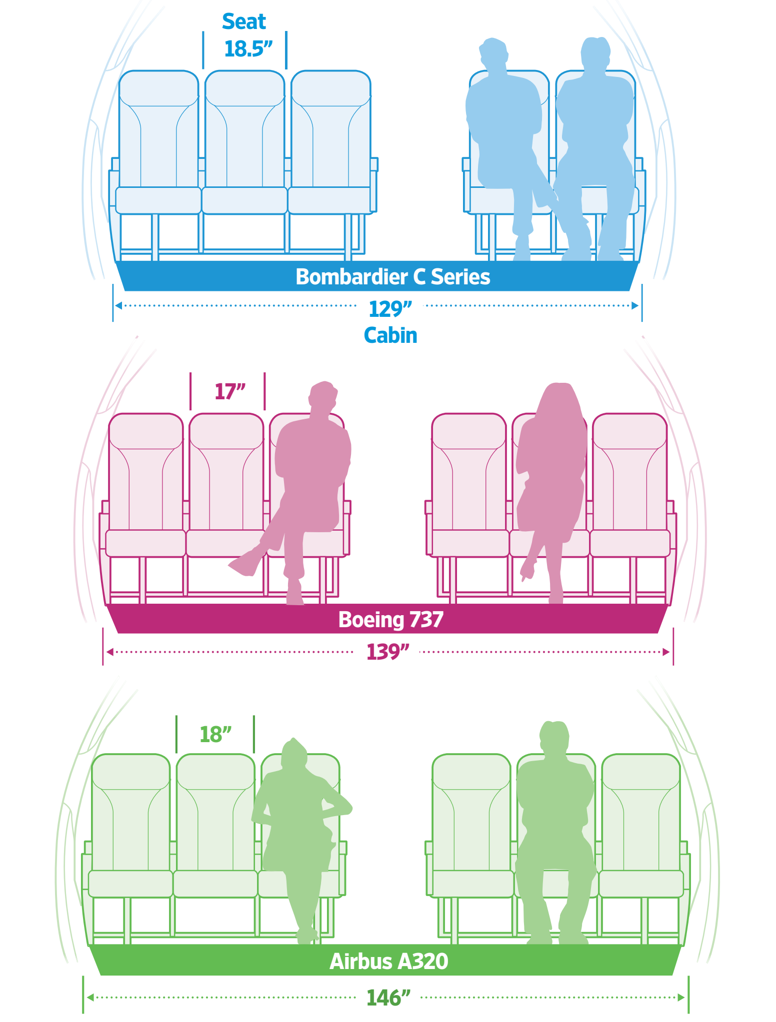
LIFE & ARTS

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

DENIS BALIBOUSE/REUTERS

A Wider Berth

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



Source: The airlines

THE WALL STREET JOURNAL.

THE MIDDLE SEAT | By Scott McCartney

Sure, It's Roomier, But Do Fliers Care?

The C Series has wider seats and other perks; most major carriers aren't buying

Mirabel, Quebec

THERE'S A NEW passenger jet with wide seats, ample overhead bin space and an extra-quiet engine.

It isn't selling well.

Four years after its maiden flight, only two small European airlines fly the Bombardier C Series of 110- and 140-passenger planes. Delta will begin flying the plane next year. While there are many reasons for the slow sales, the lack of interest highlights the low priority airlines and passengers place on comfort.

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

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

He says flying the new plane has brought attention to his brand. Passengers notice how quiet the C Series is and that you can pass by a trolley in the aisle without getting blocked. Overhead bins are large, and since there are only five passengers in a row instead of six, there's more bin space per passenger.

The CS100, which seats 100 to 125 people, and its sister CS300, with up to 145 seats, were designed to bring the low per-seat costs of big planes into the small-plane arena, usually dominated by cramped regional jets.

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

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

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

That means each passenger can have an 18.5-inch-wide seat, roomier than any other coach single-aisle airplane. Alternatively, Bombardier is also offering a unique option for the poor souls stuck in the middle: a 19-inch-wide seat while window and aisle seats get 18 inches.

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

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

Which is to say, secondary.

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

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

Mr. Cromer, a former airline executive, says orders will pick up now that the plane is in service and proving to be both economical and reliable. With that, the passenger comforts will sway airlines. "We're starting to check all the boxes," he says.

United President Scott Kirby, whose airline canceled an earlier C Series order, says he'll probably examine the 100-seat market again someday. But his preference is for bigger planes. Even if you can't fill a 737 on a particular route today, he says, in 10 years you'll likely be able to, and the airline will own the plane for 20 years.

"We're in a world where flying bigger and bigger planes is just better and better," Mr. Kirby said at the Boyd Group conference in Las Vegas last week.

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

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

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

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

MUSIC

TICKETMASTER ASKS: ARE YOU A BIG ENOUGH FAN?

BY ANNE STEELE

AFTER MISSING OUT when tickets went on sale for Taylor Swift's 2015 concert tour, Kelley Johnson couldn't afford the sky-high prices scalpers were asking. Her final gambit, calling into radio stations in her hometown of Lenoir, N.C., was also unsuccessful and she never saw the tour.

"It killed me knowing there were seats open," she says. "But I couldn't get them because they were $1,000."

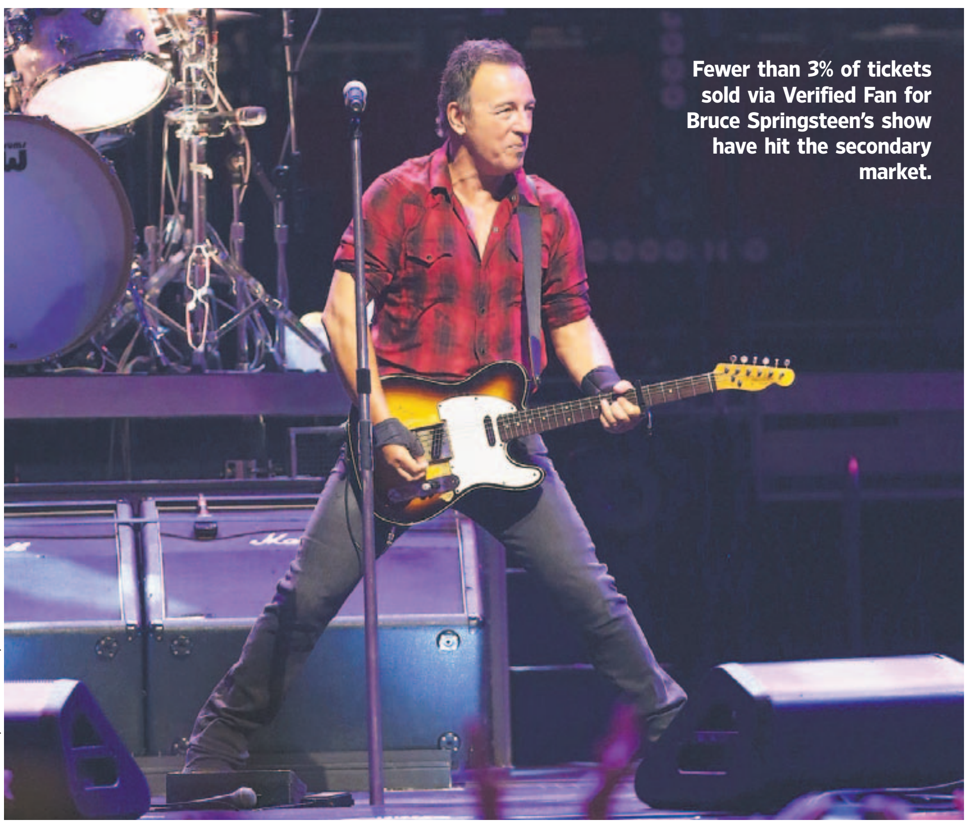
When the pop star's next tour kicks off, Ms. Johnson, 30, hopes things will work out differently for her, thanks to a new system called Verified Fan.

It's Ticketmaster's latest attempt to ensure that actual fans, rather than scalpers, get first crack at tickets to hot events, including Ms. Swift's "Reputation" tour and Bruce Springsteen's upcoming run of solo shows on Broadway. For at least a decade, the ticketing giant has waged war against professional resellers and the software "bots" they use to harvest tickets the instant they're available.

"Instead of fighting an arms race, we decided we could take advantage of a deep database of info on ticket buyers and identify the behaviors that real fans exhibit," says David Marcus, head of music at Ticketmaster, a unit of Live Nation Entertainment Inc.

The system asks users to register weeks before tickets go on sale, providing their name, email and phone number. Ticketmaster doesn't disclose the exact details of how the program works. But according to people who have worked on tours that used Verified Fan, the ticketing giant mines its own sales records, along with publicly available data such as social-media history, to verify would-be buyers' identities. Those deemed legitimate are sent codes that let them access tickets.

Verified Fan has generated controversy in its first several months. Unsuccessful fans are livid, feeling snubbed by software that purports to quantify their enthusiasm for a given artist. Ticket brokers—the term resellers prefer to scalpers—say the process interferes with free-market dynamics.


Fewer than 3% of tickets sold via Verified Fan for Bruce Springsteen's show have hit the secondary market.

DON ARNOLD/WIREIMAGE/GETTY IMAGES

But many in the concert industry hail it as the best solution yet to an age-old problem.

Mr. Marcus says for typical high-demand shows, Ticketmaster expects 30% to 50% of tickets to be snapped up by scalpers and their bots. With Verified Fan, which some 50 artists have used since it rolled out late last year, fewer than 5% end up being offered for resale on services such as StubHub or through brokers' own websites.

So far, Ticketmaster says fewer than 3% of the tickets sold via Verified Fan last week for Bruce Springsteen's 79-show run on Broadway have hit the secondary market.

Diane Wilkes, a Springsteen fan-page administrator who's seen him 150 times, wasn't among the lucky few to secure a ticket code for one of the Broadway shows, which run from Oct. 3 to Feb. 3 at the 960-seat Walter Kerr Theatre. Luckily, her husband did, and secured a pair for $600 apiece.

"I think this made it less horrible," she said, adding that no ticketing system could solve the basic problem that there simply aren't enough tickets for everyone who wants one.

Not all fans are convinced. Edward Morris, a diehard Springsteen fan, took the day off work last Wednesday to wait for a code that never came. He's used to tough times when it comes to securing tickets.

"When Springsteen goes on sale the computers crash—that's almost tradition," he says. But at least he had a shot in those cases. "I'm wondering if the fairest way isn't just to camp out like the old days."

Representatives for Mr. Springsteen declined to comment.

In Ms. Swift's case, fans are being prioritized for tickets before tour dates are even announced. Preference is based on how aggressively fans display their fervor, including by spending money on her products.

A registered user can earn a "medium boost" by watching one of Ms. Swift's videos on the her site or posting a photo on Twitter showing a UPS truck emblazoned with an ad for her upcoming album, "Reputation"; UPS is a sponsor of her tour. They can earn a "high boost" for ordering merchandise including T-shirts ($47 to $50), rings ($60) or "Reputation," for $15, plus $45 for "expedited" shipping—via UPS—to ensure it arrives on its release date, Nov. 10.

Mr. Marcus says the system rewards fans for things they already do.

"Nobody is forced to buy anything," he says. "Taylor's fan base is hyper-engaged. They are collectors of her music, avid buyers of her merchandise, rabid viewers of her videos and listeners of her singles."

Ms. Swift's publicist said scalpers won't take the time to engage in legitimate fan activity. "If these same tickets were offered on the open market, scalpers would snatch them up and fans would be paying thousands of dollars for them," she said.

Ram Silverman, operations director for Golden Tickets, a broker based in Plano, Texas, dismissed Verified Fan as a gimmick.

"It's good marketing but in the end it's very deceiving," he says. "You don't know where you're going to be in line or what kind of tickets you might get."

REVIEW & OUTLOOK

Burmese Powder Keg

A new humanitarian catastrophe is looming on the border between Burma and Bangladesh. The United Nations reports that 125,000 Rohingya Muslims have fled violence in Burma, and tens of thousands are believed to be on their way. Persecution of the stateless minority could destabilize the region by fueling Islamist movements.

Persecution of the Rohingyas may fuel Islamist radicals.

The Rohingyas (now numbering 1.3 million) have lived in Burma for centuries, but since the 1980s the government has stripped them of citizenship, insisting that they are illegal immigrants from Bangladesh. This makes it difficult for them to find work, buy property, go to school or even get married. This mistreatment is the source of the present violence.

On Aug. 25, a new militant group, the Arakan Rohingya Salvation Army (ARSA), attacked police posts and an army base, killing 110. The Burmese Army retaliated with a campaign of ethnic cleansing. Satellite photos show 17 villages burned, and eyewitnesses say soldiers slaughtered men, women and children.

The Burmese government led by Aung San Suu Kyi says these are lies and exaggerations. It has even accused the Rohingyas of torching their own property to gain international attention. But the government's credibility is minimal after years of similar atrocities against the Rohingyas and other minorities.

After Buddhist mobs attacked Rohingyas in 2012, the government moved about 140,000 of them into camps with appalling conditions. In 2015 that treatment drove tens of thousands to pay human traffickers for journeys on rickety boats to Malaysia and Thailand. Thousands died at sea and in the jungles.

Last October the Arkan Roningya Salvation Army conducted its first attacks against the Burmese government, killing nine police officers. Over the next four months, the Burmese army razed villages and slaughtered civilians in retaliation. About 70,000 Rohingyas fled to Bangladesh. A U.N. report found evidence the military committed crimes against humanity, including mass rape.

Ms. Suu Kyi, Burma's de facto leader whose National League for Democracy won a landslide victory in the 2015 election, has failed to end the violence or speak on behalf of the Rohingyas.

Last week she used Facebook to accuse foreign aid groups, including the U.N. World Food Program, of supporting Rohingya "terrorists," and she has refused to grant U.N. investigators visas to enter the country.

Political and religious leaders as well as Ms. Suu Kyi's fellow Nobel Peace Prize laureates have called on her to live up to the lofty ideals she preached as a democracy campaigner, to no avail. U.N. Special Rapporteur Yanghee Lee says that the Burmese government "may be trying to expel the Rohingya population from the country altogether."

Ms. Suu Kyi's moral failure has naturally raised tensions with Bangladesh, which is sheltering more than 200,000 refugees. In Malaysia, home to about 60,000 Rohingya migrants, a local charity organized a protest in Kuala Lumpur last week, and Prime Minister Najib Razak last year accused Burma of genocide. Indonesia's second-largest Muslim organization, Muhammadiyah, called for Burma to be referred to the International Criminal Court.

Southeast Asia is home to 240 million Muslims, and conservative forms of Islam are growing thanks in part to funding from the Middle East. So far the Rohingya Salvation Army remains small and crudely armed.

But if the persecution of the Rohingyas continues, radical groups could use their plight to recruit new members and send them into the fight. That would destabilize neighboring countries with multireligious populations.

Aid donors such as the U.S., Japan and the European Union can use their leverage to ask Ms. Suu Kyi and the Burmese army to restore the Rohingyas' citizenship rights. But the Association of Southeast Asian Nations can exert the greatest pressure on Burma. They must overcome their reluctance to intervene because they have so much to lose.

America's Dreamer Debacle

President Trump is taking flak from all sides for ending his predecessor's Deferred Action for Childhood Arrivals (DACA) policy, thus putting some 800,000 young immigrants—so-called Dreamers—in legal limbo. Though the President and Barack Obama share responsibility for instigating the crisis, Mr. Trump and Congress now have an obligation to fix it and spare these productive young adults from harm they don't deserve.

Cynical politics by both parties puts thousands of adults in jeopardy.

* * *

Mr. Trump was at his worst during the campaign when he assailed DACA as an "unconstitutional executive amnesty," though to his credit he later evinced a change of heart toward these immigrants who were brought to the U.S. illegally as children. The White House continued DACA despite legal misgivings. But in June, 10 Republican state Attorneys General presented an ultimatum: Kill DACA or we'll sue.

They could make this threat because President Obama unilaterally issued the policy in June 2012 putatively because Congress failed to reform immigration, but the end-run was timed to galvanize his base before the election. He also knew that Dreamers have widespread public sympathy, including among Republicans who otherwise support strict immigration enforcement. He figured Republicans would harm themselves politically by opposing the compassionate policy and that a Republican successor couldn't roll it back without a public backlash.

This was Mr. Obama at his most cynical, and it takes gall for him to scold Mr. Trump as he did Tuesday for making a "political decision" about "a moral question" and "basic decency." Mr. Obama's "political decision" to act as his own legislature teed up this moral crisis and created the legal jeopardy.

DACA allows undocumented immigrants under age 36 to apply for legal status and work permits, which can be renewed every two years. Applicants cannot have a serious criminal conviction. They must attend school, have a job or serve in the military.

As America's problems go, these young adults shouldn't even be on the list. And it shows the Republican Party at its worst that the state AGs and Attorney General Jeff Sessions want to make this an urgent priority, rather than let Congress take it up when it has a less-crowded schedule. They are pandering to the restrictionist right that is a minority even within the GOP.

But as a legal matter, they are right that Mr. Obama's DACA diktat presents legal problems. The U.S. Constitution gives Congress the power to write immigration law, and issuing work permits confers a right that is the purview of the legislative branch.

The GOP AGs led by Texas's Ken Paxton threatened to amend their lawsuit against the Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA), which Mr. Obama issued in November 2014. That sweeping order granted legal protections to four million or so undocumented immigrants and stretched far beyond any reasonable definition of prosecutorial discretion.

In 2015 the Fifth Circuit Court of Appeals stayed DAPA, holding that the order usurped congressional authority. The Supreme Court left the injunction in place last year. Mr. Sessions is probably right that DACA "is vulnerable to the same legal and constitutional challenges that the courts recognized with respect to the DAPA program."

But DACA presents distinct humanitarian and economic concerns—as well as a government promise that carries a moral if not legal obligation. Unlike DAPA, which was never implemented, some 800,000 Dreamers have used DACA to reorder their lives.

The Obama Administration invited Dreamers out of the shadows and asked them to submit personal identification and records that could now allow the feds to track them down. These young immigrants have committed no crime and trusted the federal government to protect them. A study last year by the Immigrant Legal Resource Center found that 87% of DACA beneficiaries are employed.

They would no longer be able to work legally once their DACA permits expire. And if they forge work documents, they would become a deportation priority. Dreamers could be forced to return to a country where they have no family and may not even speak the language. Is deporting these people really how Republicans want to define themselves?

* * *

The White House seems to understand the terrible political optics, which is why it has tossed the issue to Congress. It plans what it calls "an orderly wind-down of DACA" rather than wait for a potentially disruptive court injunction. Current Dreamers whose permits expire over the next six months will be allowed to apply for renewals by Oct. 5, though no new applications will be accepted.

This gives Congress at least some time to enact the current Dreamer legalization process in a statute that is the proper legal path under the Constitution's separation of powers. Mr. Trump signaled his willingness to sign such a bill on Tuesday when he tweeted, "Congress, get ready to do your job—DACA!" We hope he means it.

This will be a test of the sincerity of both Republicans and Democrats in Congress. Some Republicans like Iowa Rep. Steve King will oppose any DACA legalization as "amnesty," and will want to load up a bill with poison pills that moderates and Democrats can't abide. Many Democrats may also be more than happy to block legislation and use the Dreamers as a cudgel against Republicans next year.

An obvious bipartisan solution would trade authorizing DACA in return for additional border enforcement. But Republicans should also be prepared to send Mr. Trump a clean authorization to make good on the government's moral obligation to these young people.

Trump Can Achieve Inclusive Growth

POLITICS & IDEAS
By William A. Galston

With Labor Day just behind us, now is a fitting time to review the condition of American workers and their families.

During the past few months, median household incomes finally have regained the ground lost during the 2007-09 recession—closing in on the all-time high reached in 1999. Yet for average Americans almost two decades have passed without significant improvement in their standard of living.

For many, it has been far worse. On average, high-school educated white American men working full time earned 4% less in 2014 than they did in 1996, according to a Sentier Research study.

Statistical aggregates often conceal as much as they reveal. All else equal, when experienced workers retire and younger workers are hired in their place, median income will decline. This is no cause for concern.

The real issue is what happens to individuals over the course of their working lives. This reality, the Sentier study shows, was far worse than the aggregate numbers suggest. The cohort of high-school educated white men who were 25 years old in 1996 and 43 years old in 2014 experienced a 9% decline in annual earnings, on average, between 1996 and 2014.

The losses were concentrated among the oldest workers in this group. For example, individuals ages 37 to 38 earned an average of $44,209 in 1996. In 2014, when they were in their mid-50s, these individuals on average earned only $32,298—a decline of 27%.

During this same period, by contrast, white men with college degrees were gaining ground. Overall, as college-educated men who were 25 in 1996 and 43 in 2014 experienced average earnings gains of 23% between 1996 and 2014.

Those beginning their careers fared even better. College-educated men ages 25 and 26 earned an average of $40,487 in 1996. Eighteen years later, these men on average earned $94,252, a gain of 133%.

In one sense, this is nothing new. A cohort analysis for white men between 1978 and 1996 tells much the same story. Overall, high-school-educated men ages 25 to 44 in 1978 had annual earnings of $49,414. By 1996, when these men were ages 43 to 62, the average stood at $44,108, a decline of 11%. By contrast, college-educated men in this age cohort saw average earnings gains of 30%.

But there is a key difference between these two 18-year chunks of recent history. Between 1978 and 1996, women at all educational levels surged into the paid workforce, and two-earner families became the norm. Overall incomes in households with high school-educated men could rise even when men's earnings did not.

But female labor-force participation peaked in 1999 and declined thereafter, eliminating a key counterbalance to declining earnings for less-educated men.

For four decades, American society has left less-educated workers to fend for themselves as unions weakened and the forces of globalization and technological change intensified.

And now there are two Americas divided by education. One moves forward, the other falls behind. One is optimistic, the other pessimistic. One is comfortable with change, the other fears it. This divide is dangerous and has been ignored for far too long.

Focus on 'middle skill' jobs, which require some training but not a bachelor's degree.

For the next generation, the pole star must be not only overall growth, but inclusive growth that gives Americans at different levels of formal education a chance to succeed.

Although the details remain up for debate, consensus broadly exists on how to achieve this. To increase aggregate growth, the U.S. must focus on higher rates of labor-force participation and productivity-enhancing capital investments. As long as global forces hold inflation in check, U.S. monetary policy can tilt toward growth.

To achieve inclusive growth, Congress and the president should emphasize middle-skill jobs, which require more than a high-school education but less than a bachelor's degree. Studies have identified pools of these jobs that are of high value for businesses, provide pathways to higher wages over careers and have proved persistently difficult to fill. There are gaps between what non college-educated workers are bringing to the job market and what employers are seeking.

A systematic program to close this gap would begin by expanding modern skills training in high schools and local community colleges. It would increase the availability of apprenticeships.

And as a Harvard Business Review study puts it, because no *deus ex machina* will produce workers with the right skills who are ready to contribute from day one, employers must "take ownership for fixing the skills gap," and they "must be willing to make the investments necessary" to close it. The alternative is to continue sitting on the sidelines complaining about the American educational system.

It's time for employers to get back into the game. The country will benefit, and over time they will too.

LETTERS TO THE EDITOR

The Journal Was Too Polite Toward Antifa

Your editorial analysis of Antifa is timely and on target ("Behind the Bedlam in Berkeley," Aug. 30). Some media cavalierly refer to Antifa actors as "demonstrators" or "participants" or "protesters" when it is becoming apparent that Antifa wants to violently shut down legitimate protests and demonstrations. The "comrades" who claim to be antifascist are actually anti-everything.

Violence is Antifa's primary tactic to stifle free speech and shut down conservative or midstream speech, whether Republican or Democratic.

You stop short of identifying Antifa as a major terrorist threat to America, evidence of which is growing. Both political parties, college presidents, campus leaders and the media must denounce Antifa for its nihilistic suppression of free speech and its violent opposition to any exchange of ideas. They must also demonstrate a solidarity against anarchy and Antifa's intrinsic violence.

JOSEPH E. COFFEY
West Roxbury, Mass.

As anarchists, Antifa thugs are by definition a law unto themselves. They despise authority, particularly law enforcement. So far this year Antifa has used Molotov cocktails, rocks, bricks, marbles, bottles of urine, balloons filled with feces and unknown chemicals, red-stained tampons, fireworks and pepper spray to attack police in Berkeley, Boston, Phoenix, Portland, Ore., and Olympia, Wash.

When a black police officer recently intervened to stop Antifa from vandalizing an Atlanta park statue, the demonstrators chanted: "Blue lives splatter." Antifascists interviewed by the Atlanta Journal-Constitution said they "view police as a tool of an establishment they want to dismantle."

Eventually Antifa will kill someone unless law enforcement clamps down soon, perhaps using a no-tolerance "broken-windows policy" to arrest those who hurl projectiles, vandalize property, commit assaults or even jaywalk. Unmask them, jail them, publish their names and force them to attend free-speech training.

CHARLES D. EDEN
Atlanta

The similarities among Antifa, the Sturmabteilung (Nazi Brownshirts) and Stalin's thugs is chilling. Have we learned nothing from the 20th century?

JAMES SCHAEFER
Paso Robles, Calif.

These groups routinely show up at otherwise peaceful rallies armed and ready for battle. They come clad in black, hooded and masked to disrupt and attack anyone that might put forth ideas or positions that differ with their beliefs. This ignores the right of others to freely express opposing ideas and concepts. This is un-American and must be stopped.

I suggest that as soon as Antifa or any others appear in masks they be immediately arrested, unmasked and photographed. It is obvious by their dependence on these masks that they are cowards and are most afraid of being identified and associated publicly with these hate groups. This might not solve all problems but would greatly reduce participation in these groups.

JOHN R. ASHBURN JR.
Carrollton, Va.

It's the antifada.

ROBERT HERNDON
Brandon, Miss.

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Trump's Looming Trade Crack-Up

By Robert B. Zoellick

Donald Trump's trade policy is speeding toward a shipwreck. Under the U.S. Constitution, Congress has principal authority over trade, although it has delegated considerable powers to the executive. Congress needs to reassert control to block Mr. Trump's crack-up.

The president threatened last week to abandon the U.S.-Korea Free Trade Agreement. The immediate result would be to increase barriers to American exporters, especially farmers, ranchers, manufacturers and service industries. Without the FTA, Korea's average tariff could be boosted to almost 14%, quadruple the average U.S. tariff. The European Union will retain free access to Korea through its trade deal.

His fight with Seoul would leave the U.S. a loser. Congress needs to assert its authority to stop him.

Mr. Trump's impulses are strategically incoherent. China has been squeezing Korean companies because Seoul has been installing missile defenses against North Korean rockets. When Mr. Trump seeks to cut off South Korea's trade with the U.S., Seoul's logical course is to accommodate Beijing to protect ties with its largest trading partner.

Combined with his withdrawal from the Trans-Pacific Partnership (TPP), Mr. Trump's attack on the Korean FTA signals America's unreliability as an economic partner. Asian countries will inevitably question whether America's economic retreat is consistent with U.S. security commitments across the Pacific.

No one will understand why Mr. Trump would fracture ties with Seoul—and provoke public hostility in South Korea—at a moment when North Korea's threats necessitate tight cooperation and trust to thwart Pyongyang. North Korea's Kim Jong Un will proclaim that he is Korea's true national patriot, having shown his countrymen that America is selfishly thrashing the "running dogs" in Seoul.

The recently appointed South Korean trade minister, Kim Hyun Chong, is the same man who negotiated the FTA with the George W. Bush administration, who patiently renegotiated with Barack Obama, and who worked with Congress during both terms to forge closer links. South Korea's economic and democratic development has been an incredible success story; Korea grew to become America's sixth-largest trading partner for goods even without an FTA.

But Mr. Kim wanted to lock in an alliance with America in the 21st-century competition for power in the Indo-Pacific. Especially in Asia, where respect and reliability in personal relations are valued highly, Mr. Trump's shocking slap to America's Korean friends will be noted and long remembered.

Mr. Trump's tirade about South Korea is part of a much larger problem. He has repeatedly threatened to terminate the North American Free Trade Agreement (Nafta), too. Conventional wisdom has treated these trade tantrums as passing storms, but the rationalizers have misread his purposes.

Mr. Trump wants to reverse bilateral trade deficits, which he views as "losing." In reality, trade deficits with other countries reflect a mix of relative growth rates, differential production advantages, supply chains, savings and investment, and currency exchange rates. The U.S. has a trade surplus with Australia, which has a surplus with China, which has a surplus with the U.S.—each reflecting comparative advantages. I have a "deficit" with my local supermarket, but I offset what I owe by earning money elsewhere, not by stocking shelves at night to pay for my groceries.

BRENDAN SMIALOWSKI/AFP/GETTY IMAGES

South Korea's President Moon Jae-in visiting the Oval Office on July 30.

The U.S. cannot reverse trade deficits through new agreements. Mr. Trump's negotiators will try to fix outcomes by having governments set market shares or through arrangements similar to barter, like the Soviet Union's old Council for Mutual Economic Assistance.

Neither Canada, Mexico, South Korea nor any other market-economy partner will agree to a central-planning trade model. Even if they tried, bilateral trade patterns would still reflect global comparative advantages. Some 60% of America's imports are for intermediate goods that contribute to U.S. competitiveness. Mexico's trade surplus with the U.S. primarily reflects integrated auto production, which helps U.S. companies and workers to compete globally.

The administration's Nafta proposals reveal its own contradictions. The U.S. demands more-open markets for American goods, pressing for provisions from the TPP that Mr. Trump denounced. But the U.S. also wants the ability to ignore its commitments. The administration, for example, wants to abolish neutral panels that apply agreed rules to resolve disputes about subsidies or selling goods below cost.

The U.S. also wants to be able to raise new barriers when interest groups demand "temporary protection." And the administration wants to ignore rules on treating investors fairly. Mr. Trump's abandonment of investment protections could prove self-defeating if a new Mexican government reverses President Enrique Peña Nieto's move to open Mexico's energy markets.

Mr. Trump appears oblivious to these realities. His real aim may be to forge a domestic political realignment around matters such as trade protectionism, hostility to immigration and walling off Mexico.

As he is unable to achieve simple solutions in North Korea, Afghanistan and the Middle East—and as his frustrations build with Congress and investigations—the danger is that he will lash out. Because his trade policy won't reverse bilateral trade deficits, the president will want to scrap "bad deals" that he can blame on others. He will destroy agreements to keep faith with his own false arguments—and to save himself.

Those in Congress who still want to give Mr. Trump the benefit of the doubt should ask how he plans to enact his new deals. Nafta's passage in 1993 required a huge effort by President Clinton and relied heavily on Republican support.

Mr. Trump is inept with Congress and will never fight for any Nafta. Democratic lawmakers will happily embrace Mr. Trump's economic isolationism to reclaim voters they lost.

This trade policy will unravel vital ties across the Asia-Pacific region, hurt an ally facing a security crisis, destroy a North American partnership that should be the foundation for U.S. global power projection and subvert confidence in the U.S. around the world.

Congress can no longer wait for Mr. Trump to speak and act sensibly. It needs to assert its constitutional powers over trade to stop this president's destruction.

Mr. Zoellick is a former World Bank president, U.S. trade representative and deputy secretary of state.

The Case for Companies Issuing Nonvoting Stock

By Dorothy Shapiro Lund

S&P Dow Jones Indices will no longer include companies that go public with multiple classes of shares on its major U.S. stock indexes, it announced in July. A few days earlier, FTSE Russell said it would bar dual-class companies from its indexes unless public shareholders hold at least 5% of the voting rights.

These policy changes were made in response to a recent surge in dual-class initial public offerings, in which company insiders raise cash by selling nonvoting or low-voting stock to the public while retaining voting control over the company.

Such structures were historically favored by family-owned companies seeking to preserve control but have recently gained popularity among successful technology companies, including Facebook, Google and, more recently, Snap Inc.

The conventional view is that dual-class structures insulate company insiders from investor influence and accountability. When a problem arises at a company, the shareholders most affected have few tools to take action. Separating control from ownership therefore weakens the insiders' incentives to maximize shareholder welfare. When the insiders slack or skim off the top, they reap all of the benefits but bear only a fraction of the costs.

Dual-class issuers don't deny that low-vote stock shields insiders from influence. They view it as the key benefit. That's because the dual-class structure can allow insiders to operate without interference from outside shareholders who seek short-term gains at the expense of the company's long-term vision.

Both sides of the debate overlook an important and unrecognized benefit of dual-class structures: A corporation that offers two classes of stock to the public is able to allocate voting power between shareholders who are informed about the company and its performance and those who are not.

Put differently, there may be companies that are made worse off when all shareholders vote. Some shareholders, including many retail investors, have no interest in learning about the company and prefer to free-ride off informed investors.

Other passive shareholders, such as index funds, may lack financial incentives to vote intelligently because of their investment strategy. Index funds seek to match the performance of the market, not beat it, so any investment in informed voting would drive up the fund's costs with little to no benefit.

Having two classes of shares leaves decisions to those who are informed.

Index-fund voting, therefore, is unlikely to move the company in the right direction. Yet as index funds own more of the market, uninformed shareholders are likelier to be the ultimate arbiter of shareholder elections.

This is where nonvoting stock could be especially useful: If a company issued nonvoting shares for uninformed investors to buy, all shareholders would be better off. Consolidating voting power in the hands of informed investors would make the company more attractive to those investors, who would get greater influence at a lower cost, and also to uninformed investors, who would save on costs associated with voting.

Moreover, because nonvoting stock generally trades at a discount, voter sorting should occur without legal intervention. Uninformed voters should want to purchase discounted nonvoting shares, while informed voters would likely pay a premium for the right to vote.

But there are reasons to believe that such sorting won't always occur. The institutional investors that primarily invest in index funds haven't yet embraced nonvoting stock. Quite the opposite—they have been leading the effort to bar dual-class companies from stock indexes.

These largely passive institutional investors explain that because their indexing strategy requires them to buy and hold company stock under all conditions, they need a voice in company affairs. In time, though, the opportunity to purchase stock at a discount and avoid costs associated with voting would likely push uninformed investors, including many index funds, toward nonvoting shares. And when this happens, the company that issued them would be more valuable, not less.

It's also true that so far the effect of issuing nonvoting stock has been to keep control with company insiders. But over time, the growing concentration of wealth in the hands of index funds and exchange-traded funds should increase the attractiveness of company structures that concentrate voting power with informed investors—that is, so long as companies aren't prohibited from using those structures.

The decisions by the major U.S. stock indexes, however, serve as a powerful deterrent to future dual-class offerings. Those indexes are major drivers of demand for U.S. stocks, so their decisions are likely to eliminate dual-class IPOs in the U.S.

Rather than celebrate the elimination of an entrenching corporate governance practice, Americans should pause and consider what unintended consequences arise from blanket prohibitions on corporate structuring in competitive markets.

Ms. Lund is a teaching fellow at the University of Chicago Law School.

Silicon Valley's Hypocrisy on Internet Censorship

By Mark Epstein

Apple has at last broken its silence on net neutrality. Last week the company sent a letter to the U.S. Federal Communications Commission endorsing "strong, enforceable open internet protections" and opposing the FCC's planned deregulation.

"Consumers must be allowed to access the lawful internet content, applications, and services of their choice," wrote Cynthia C. Hogan, Apple's vice president of public policy for the Americas. "Broadband providers should not block, throttle, or otherwise discriminate against lawful websites and services."

Apple's comments are directly in line with the larger progressive narrative, which presents net neutrality as a bulwark against corporate censorship. If the FCC's deregulation went through, a senior policy analyst for the American Civil Liberties Union worried in July, "corporations like Comcast, Verizon, and AT&T will have the power to distort the flow of data and the marketplace of ideas online."

Facebook's Mark Zuckerberg wrote that the FCC plan would let internet providers "block you from seeing certain content." A public policy manager at Twitter said "free expression" would be threatened because cable companies could "block content they don't like."

One problem: No one has presented a single credible case of any major internet provider censoring web content based on political beliefs. But you know who does? The very companies calling for net neutrality.

Apple, Facebook, Google, PayPal, Twitter and other tech firms are engaged in increasingly strict political censorship through vague and subjective prohibitions on "hate speech" and "fake news."

Twitter outright banned the conservative provocateurs Milo Yiannopoulos and Anthony Cumia. Although these men could be caustic online—Mr. Yiannopoulos has embraced the label "troll"—social-media companies also blocked controversial but sober political arguments.

Twitter allows paying users to "promote" their tweets, but last month it refused posts from the Center for Immigration Studies, including one that argued "illegal immigrants are a large net fiscal drain."

Facebook reportedly removed a post last year that merely argued "what Trump is trying to say is that Homeland Security can not differentiate which muslim is radical wanting to cause harm and which is a harmless refugee."

Google's YouTube restricted access last year to dozens of videos from PragerU, a project of conservative talk-radio host Dennis Prager, including lectures by prominent experts on subjects such as "Israel: The World's Most Moral Army."

PayPal canceled service this summer to dozens of accounts labeled as "hate groups" by the left-wing Southern Poverty Law Center. Apple Pay soon followed suit, and CEO Tim Cook announced his company would donate $1 million each to the SPLC and the Anti-Defamation League.

Companies like Apple and Facebook claim net neutrality will protect free speech—and then they take down your 'hate.'

Proponents of net neutrality say this comparison is apples and oranges. Since most people have only one or two options for high-speed internet, and because cable companies must invest billions of dollars in infrastructure, the argument is that competition won't effectively check censorship.

On the other hand, we're told to think of "platform monopolies" like Facebook as competing newspapers that would be beaten in the marketplace if they began to censor.

But this ignores that social media is the textbook example of a service with "network effects." The more users they have, the more valuable they become.

The point of social media is communicating with others on social media. You could start a free-speech competitor to Facebook or Twitter, but it wouldn't provide remotely the same service until it attracted hundreds of millions of users.

Moreover, social media companies present themselves as open forums. "Free expression is part of our company DNA," the Twitter public-policy manager wrote in July. "We are the platform that lets users see what's happening and to see all sides."

The Supreme Court apparently agrees. In *Packingham v. North Carolina*, an opinion issued in June, the justices described social media as the "modern public square."

For years, Facebook denied it was a media company in any sense of the term. Then in December, when it began restricting fake news, Mr. Zuckerberg claimed it was "not a traditional media company."

The legal difference here is important. Traditional media companies like newspapers can be held liable for the content they publish. But online platforms are given a safe harbor under law to avoid liability for their users' content. The statute setting up this immunity explicitly states that Congress believes "the Internet and other interactive computer services offer a forum for a true diversity of political discourse."

This isn't to say that social-media companies should be subject to the First Amendment of the U.S. Constitution or "common carrier" regulations, as some have recently begun to advocate. But if Apple, Facebook and Google want to prevent big corporations from suppressing free speech online, then: physician, heal thyself.

Mr. Epstein is an attorney and freelance writer.

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MUSIC REVIEW | By Jim Fusilli

Breaking From Indie Rock Orthodoxy

The National: Scott Devendorf, Bryce Dessner, Matt Berninger, Bryan Devendorf and Aaron Dessner; the band's 'Sleep Well Beast' is out on Friday.

GRAHAM MACINDOE

ERUDITE AND HIGHLY capable musicians, the members of the National dedicated the years since their 2013 album, "Trouble Will Find Me," to a range of independent projects: EL VY, singer-composer Matt Berninger's delightful pop collaboration with Brent Knopf of Ramona Falls; the twin brothers Aaron and Bryce Dessner's broody score for the crime-thriller film "Transpecos"; the full band's musical contributions to "Day of the Dead," a 59-track multi-artist tribute to the Grateful Dead co-produced by the Dessners and Josh Kaufman; and Bryce's classically minded compositions performed by the Copenhagen Philharmonic, Eighth Blackbird, Kronos Quartet and Sō Percussion; among many other ventures.

Inspired by their adventures, when they reconvened to write and record, they found that they were eager to alter their familiar sound of traditional organic rock in support of Mr. Berninger's baritone and his lyrical storytelling. Mr. Berninger said the quintet had realized they had been working with "a limited palette." "We had been more in a corner than we thought," he added when we spoke by phone last week.

The resulting "Sleep Well Beast" (4AD), out on Friday, is unlike any of the National's previous six albums and is well removed from indie rock's orthodoxy. Its foundation is propulsive electronic music composed by the Dessners, who previewed some of the new sounds at an October 2016 festival in Berlin in which about 80 eclectic musicians collaborated on spontaneous and often experimental performances. The presence of Mr. Berninger's voice, snarling electric guitars, supple bass and pounding drums in conjunction with the complex electronica places the album at an intersection of the new and familiar. "It feels more reckless," Aaron told me when I called him at home in Copenhagen. "We were interested in melting away some of the barriers between genres."

Most tracks on "Sleep Well Beast" utilize a synthesized substructure from start to end. "I'll Still Destroy You" rises from a simple beat created on Aaron's laptop; when it recedes, a folk guitar and what sounds like a marimba slide under Mr. Berninger's voice. "Empire Line" also opens with an electronic pulse that's joined by drummer Bryan Devendorf, who excels throughout the album, and lush strings sweep in as Mr. Berninger shifts easily between singing and speaking the tale. A lovely take on a 1950s-style stroll, "Dark Side of the Gym" features synthetic sounds flitting about the midrange; after a deft modulation, orchestral strings appear to provide a thrilling exit.

The National rocks hard on the album, even within the electronic context. In the rumbling "The System Only Dreams in Total Darkness," a stinging repeated guitar riff suggests the instrument will be used as decoration only, but there is a blistering solo that elevates the track. "Turtleneck" is booming rock in which Scott Devendorf's bass locks in with his younger brother's kick drum and toms.

The National composed the new disc as it had past recordings—with the Dessners recording instrumental sketches and submitting them to the full group for development. Working on his own or with the aid of his wife, Carin—the National is nothing if not a family affair—Mr. Berninger crafted melodies in the digital audio workstation GarageBand. Lyrics emerge through free association or "mumblings," as Mr. Berninger called them. The darker colors of his baritone, that here is of a school with Nick Cave, Bryan Ferry and Leonard Cohen, well suit the somber mood that permeates "Sleep Well Beast." In writing the lyrics, Mr. Berninger said he was responding to the music that was presented to him. "I can tell when Aaron is sad," he confided.

Aaron agrees that the band can be "gloomy," as he put it, without trying to be. "I like to make music that is meditative and cathartic," he said, adding that if the early drafts of the compositions have an emotional weight to them, Mr. Berninger responds accordingly.

Here, the narrator is often isolated. "I try to save it for a rainy day. It's raining all the time," Mr. Berninger sings in "Walk It Back." In "Empire Line," he sings, "I've been talking about you to myself because there's nobody else." He summarizes his state of mind in "I'll Still Destroy You": "I have no positions, no point of view or vision / I'm just trying to stay in touch with anything I'm still in touch with." In several songs, characters are in motion, seemingly only for the sake of being so.

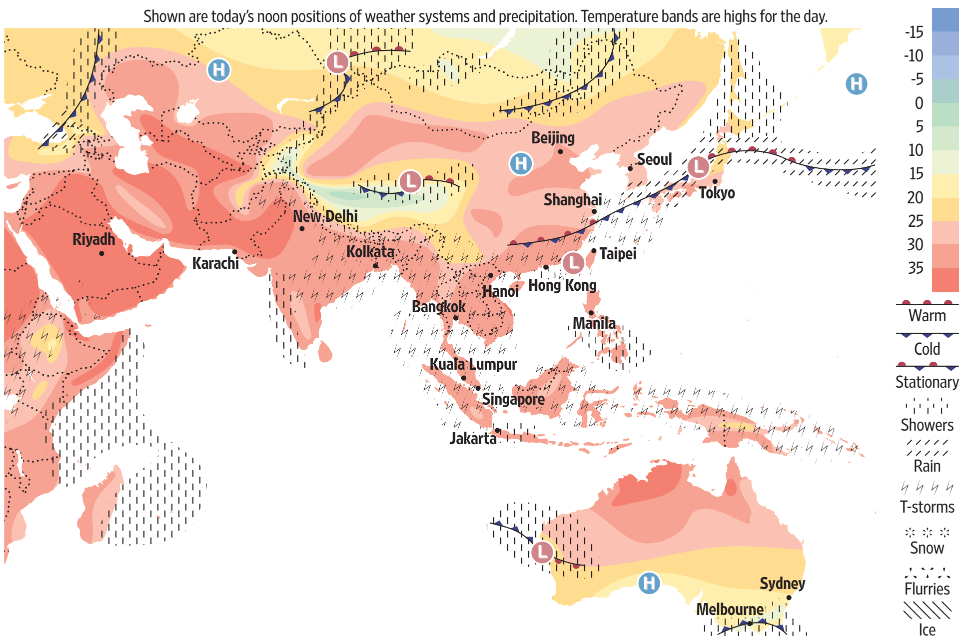
The presence of Mr. Berninger will be a comfort to longtime fans of the National: His voice and lyrics ensure "Sleep Well Beast" is in the continuum of its body of work. For those who follow the band members' external explorations, the experimental nature of the music is a welcome variation that reflects the musicians' capabilities. Thus, the album doubly satisfies. And at its best it exhilarates.

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

Weather

AccuWeather.com

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



Global Forecasts

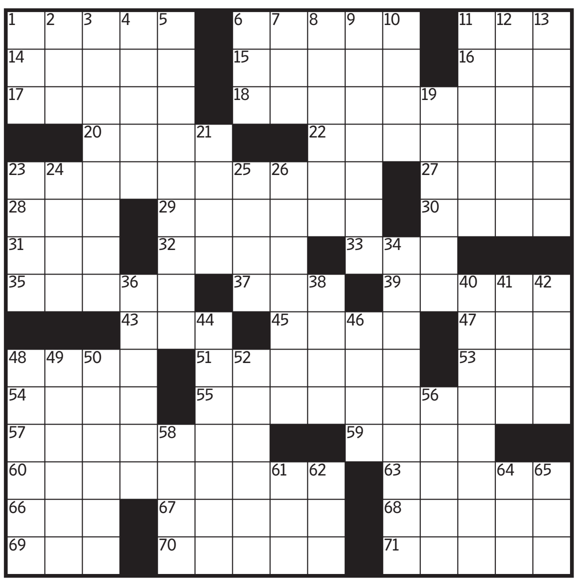
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	18	14	pc	17	12	r
Anchorage	14	9	c	14	8	s
Athens	29	22	s	30	22	s
Atlanta	25	13	s	26	16	s
Baghdad	43	26	s	41	24	s
Baltimore	23	12	pc	24	12	s
Bangkok	34	26	t	34	27	t
Beijing	32	18	s	31	20	s
Berlin	17	12	pc	18	13	c
Bogota	19	10	r	19	9	r
Boise	34	20	pc	33	18	pc
Boston	24	14	r	23	12	pc
Brussels	19	14	pc	16	11	r
Buenos Aires	21	12	pc	20	14	c
Cairo	33	22	s	34	23	s
Calgary	31	13	s	28	11	pc
Caracas	32	25	pc	32	25	pc
Charlotte	25	12	s	25	14	s
Chicago	20	12	pc	20	11	pc
Dallas	30	18	s	30	18	s
Denver	30	14	s	31	14	pc
Detroit	19	10	sh	18	9	c
Dubai	41	31	s	41	31	s
Dublin	16	10	r	15	10	sh
Edinburgh	15	9	r	15	8	t
Frankfurt	19	12	pc	19	12	c

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Geneva	20	9	pc	22	11	s
Hanoi	31	26	t	33	27	t
Havana	32	23	pc	31	24	t
Hong Kong	31	27	sh	31	27	c
Honolulu	31	25	s	30	24	sh
Houston	29	16	s	30	17	s
Istanbul	27	19	s	28	20	s
Jakarta	33	24	c	33	25	pc
Johannesburg	28	13	s	28	13	s
Kansas City	24	14	s	28	16	s
Las Vegas	38	25	s	35	23	pc
Lima	20	15	s	20	15	pc
London	19	14	pc	18	10	r
Los Angeles	29	19	pc	28	19	pc
Madrid	31	14	s	32	15	s
Manila	34	26	pc	34	26	t
Melbourne	15	6	sh	12	7	pc
Mexico City	20	14	pc	20	14	pc
Miami	33	27	t	33	27	pc
Milan	28	17	pc	25	17	pc
Minneapolis	21	11	pc	21	9	s
Monterrey	28	16	t	30	18	pc
Montreal	19	11	sh	18	10	sh
Moscow	18	10	pc	15	9	c
Mumbai	31	27	c	32	27	pc
Nashville	24	12	s	26	14	s
New Delhi	34	25	t	35	26	pc
New Orleans	28	20	s	29	20	s
New York City	23	15	sh	23	13	pc
Omaha	26	14	s	29	17	pc
Orlando	33	24	t	31	24	pc

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Ottawa	20	8	sh	16	7	sh
Paris	19	13	pc	19	11	c
Philadelphia	23	14	pc	23	13	pc
Phoenix	41	28	s	39	26	pc
Pittsburgh	19	11	pc	19	9	pc
Port-au-Prince	32	25	r	33	24	t
Portland, Ore.	27	17	pc	26	13	pc
Rio de Janeiro	27	18	s	28	19	s
Riyadh	41	25	s	41	27	s
Rome	26	17	t	27	16	pc
Salt Lake City	35	21	s	33	19	t
San Diego	26	21	pc	25	20	pc
San Francisco	24	17	pc	23	15	pc
San Juan	31	27	r	32	26	t
Santiago	18	5	pc	14	6	c
Santo Domingo	30	25	r	31	25	t
Sao Paulo	26	14	pc	29	15	s
Seattle	26	17	pc	24	13	c
Seoul	27	19	pc	28	19	pc
Shanghai	28	22	r	30	23	pc
Singapore	31	24	c	31	26	t
Stockholm	15	6	pc	15	9	c
Sydney	20	11	s	19	8	pc
Taipei	35	27	sh	33	26	pc
Tehran	36	24	s	36	22	s
Tel Aviv	30	23	s	32	26	s
Tokyo	28	21	c	27	21	sh
Toronto	18	9	pc	17	7	pc
Vancouver	24	16	c	23	12	pc
Washington, D.C.	24	15	pc	24	14	pc
Zurich	18	8	pc	22	10	pc

The WSJ Daily Crossword | Edited by Mike Shenk



E-MOBILITY | By Mark MacLachlan

Across

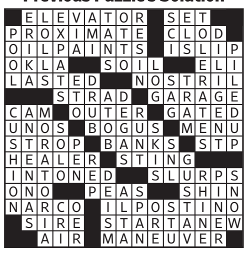
1 Crossed one's fingers
6 Plays in the street
11 CEO's degree
14 Discombobulated
15 Designer of Doha's Museum of Islamic Art
16 Middle-earth's Azog, e.g.
17 Harrison mate
18 Banana without a peel?
20 Place
22 They're scored on a 1 to 5 scale
23 Croquet and badminton?
27 Say no to
28 Louis le Grand, par exemple
29 Fine-tune
30 Big pistachio producer
31 Reelection seekers
32 Neophyte, in Internet gaming lingo
33 Military command center, for short
35 Like some larcenies
37 [not my error]
39 Storyteller of the 6th century B.C.
43 Chum
45 Zip along
47 Jack's predecessor
48 Screen makeup
51 It can drip or drop
53 Beats Music VIP
54 Show with booths
55 Salon request for My Little Pony?
57 Scholarly sort
59 Unwritten exam
60 Despise greetings from the queen?
63 Boot
66 Cheer for a charge
67 Make ___ in (reduce somewhat)
68 First choice word?
69 Paris's Pont ___ Invalides
70 Like many D&D players
71 Links legend Sam

Down

1 Orders at the diner
2 National League RBI leader in 1934
3 David, for one
4 Chilling
5 Challenge St. Nick to go down a chimney?
6 Dribble catcher
7 She was Emma in 1998's "The Avengers"
8 Some smoked fish
9 Follows strictly
10 Free of coarseness
11 Working cat
12 Gillian Jacobs's "Community" character
13 Pursues, as a police tip
19 Polish text, say
21 Beehive, e.g.
23 Klutzy move
24 Primo
25 Alejandro's eyes
26 Add insult to injury
34 Perform some pruning?
36 Item with an airplane mode
38 Gospel singer Winans
40 Source of extra income
41 Creole staple
42 Furtive look
44 Tangy quencher
46 Additionally
48 System
49 Yoga class instruction
50 Deliberately hurts
52 Thanksgiving dinner VIP
56 Poetic "fowl whose fiery eyes now burned into my bosom's core"
58 Skater Michelle
61 Wrap up
62 Fairground enclosure
64 Bourne's former employer
65 Tycoon Turner

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

Previous Puzzle's Solution



TECHNOLOGY: EU HIGH COURT BACKS INTEL'S APPEAL B4

BUSINESS & FINANCE

Yen vs. Dollar 108.7590 ▼ 0.05% **Hang Seng** 27613.76 ▼ 0.46% **Gold** 1340.00 ▲ 0.06% **WTI crude** 49.40 ▲ 1.52% **10-Year JGB** yield 0.010% **10-Year Treasury** yield 2.068%

India Separates Itself From Pack

Political stability, tax overhaul help markets draw ahead of other emerging economies

BY CORINNE ABRAMS AND DEBIPRASAD NAYAK

MUMBAI—India's stocks and currency have outperformed those of most large economies in the past six months as renewed confidence in the country's relative economic and political stability has made it an emerging-market haven.

The firm standing of the ruling Bharatiya Janata Party, good economic fundamentals, a prime minister with an appetite for reform, and a potential demographic dividend from a young population make the country an attractive bet, bullish investors say.

It is a turnaround from four years ago, when Morgan Stanley bundled India with Brazil, Indonesia, South Africa and Turkey as one of the "fragile five," because of its weak currency and economic fundamentals.

"India seems to be standing out from the emerging-market peer group from a political perspective and to some extent from a developed-market perspective," said David Cornell, chief investment officer of Ocean Dial, which manages $550 million in India.

The Indian rupee has gained close to 6% this year against the dollar, and the benchmark S&P BSE Sensex index is up 20%. Only China's currency is outperforming the Indian rupee and Hong Kong's Hang Seng Index is outdoing the Sensex.

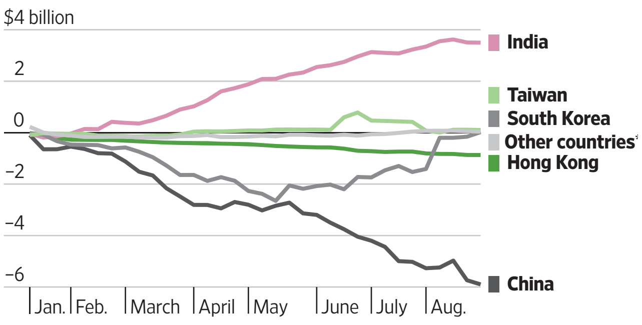
The World Bank predicted that the South Asian nation's economic growth will accelerate from an estimated 6.8% this year to 7.2% in 2018. Low inflation positions the central bank to possibly cut interest rates again this year. Other emerging markets such as Russia and Brazil last year suffered negative growth, and the pace of growth of China has slowed. India is less dependent on exports than most major countries and so is less vulnerable to the vagaries of international trade.

The positive outlook comes despite some recent setbacks. Prime Minister Narendra Modi's move last year to cancel 86% of the currency in circulation in a bid to tackle corruption and tax evasion hurt economic expansion in the short run. India's gross domestic product expansion slowed from first in the world for large economies to second behind China over the past

Please see HAVEN page B2

Going with the Flow

While money has left many Asia country funds since January, weekly estimates of cumulative flows show India has emerged as a winner.



*Others include Indonesia, Malaysia, Philippines, Thailand and Vietnam.
Source: EPFR Global
THE WALL STREET JOURNAL.

Wanda Lawsuits Battle Online Reports

BY WAYNE MA

BEIJING—**Dalian Wanda Group**, the property and entertainment giant controlled by billionaire Wang Jianlin, has filed defamation lawsuits against at least 10 Chinese social-media accounts that published reports the company says sent its shares and bonds tumbling.

According to a copy of one lawsuit reviewed by The Wall Street Journal, Wanda is taking issue with claims that Mr. Wang was detained by police at Tianjin's airport last month and barred from leaving China.

The lawsuit said the social-media report was false but widely read and forwarded online, "triggering a market panic" that led to a drop in Wanda's bond prices and a nearly 10% decline in the shares of its publicly listed unit in Hong Kong, according to Wanda's lawsuit.

The article also hurt Wanda's reputation and ability to obtain financing, and led to the stagnation of its investment projects, according to the lawsuit.

The other lawsuits make similar claims, according to a person familiar with the matter. In a statement, Wanda said that the suits have been accepted by Chinese courts and that the company is seeking five million yuan ($764,000) in damages as well as a public apology from the social-media accounts.

In the suit that was reviewed by the Journal, Wanda is also seeking data on the post from **Tencent Holdings** Ltd., which operates China's largest social-media network. A Tencent spokeswoman didn't reply to a request to comment.

Wu Xiaowei, one of the defendants named by Wanda, said in an interview that he was merely sharing reports he had read elsewhere in social media, and later deleted them from his microblog account.

Mr. Wu, 46 years old, of Beijing, said he follows Wanda closely because he is a shareholder in **Wanda Film Holding** Co., the company's publicly listed unit in Shenzhen.

"I don't want bad news about Wanda; all my money is in Wanda," he said. After learning of the lawsuit, Mr. Wu posted an apology to Wanda on his microblog account, which has about 37,000 followers.

The other defendants named by Wanda didn't reply to a request to comment.

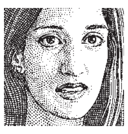
Wanda and other companies, including **Anbang Insurance Group** Co., **HNA Group** Co. and **Fosun International**, are under scrutiny by Chinese regulators for overseas acquisitions as China seeks to stem an outflow of capital.

Wanda's $3.5 billion acquisition of Hollywood production company Legendary Entertainment is one of the deals under a spotlight.

HEARD ON THE STREET

By Anjani Trivedi

The Most Worrisome Lender In China



Forget China's debt binge, piles of bad loans and billions in dodgy investment products: Investors have fallen in love with Chinese banks again. Their favorite object of affection is **China Merchants Bank**, whose Hong Kong-listed shares are up nearly 60% this year to a record.

Aside from the perennial—and serious—concerns about the Chinese financial system, the continuing crackdown on banks by Chinese regulators should be enough to make investors nervous.

On the surface, China Merchants is doing very well. Net profit rose at a double-digit pace in the first half of the year, while its nonperforming-loan balance fell sharply.

But the bank is deeply reliant on so-called wealth-management products, which are short-term investments that promise higher returns than ordinary bank deposits. Chinese banks have issued hundreds of billions of dollars worth of these products in recent years, much of which they have recorded off their balance sheets, even though most customers assume the banks will guarantee them. China Merchants has about 2.1 trillion yuan ($316 billion) of these outstanding, the biggest exposure among its midsize bank peers, and is dependent on them for both fee income

Please see HEARD page B2

Wind Power Wins U.S. Converts

DAVID KASNIC FOR THE WALL STREET JOURNAL

One of BP's three wind farms in Benton County, Indiana. The company operates more than half of the county's 560 turbines.

BY ERIN AILWORTH

FOWLER, Ind.—**BP** PLC does big business harvesting energy in and around this farm town. But it isn't oil and gas—it's wind.

Hundreds of wind turbines ring Fowler, their white towers rising amid the golden-tipped cornfields and leafy soybean plants blanketing much of Benton County, pop. 8,650. More than half of the county's 560 turbines are operated by BP, which has three wind farms here.

"Turbines as far as you can see," said Ryan Linzner, who manages the BP wind farms.

Wind developers have made $17 million in payments to the county and have spent $33 million on roads, a boon for an economically struggling community that about a decade earlier considered hosting a waste dump to generate jobs and government revenue.

The wind farms took hundreds of turbines to build, and created 110 permanent jobs, mostly wind technicians—in charge of servicing and maintaining wind turbines—who, according to federal data, earn approximately $51,500 a year in Indiana.

"Benton County didn't see the recession until 2011," said the county commission's president, Bryan Berry, who has three turbines on his farmland. "The wind industry helped keep things open."

As wind becomes a bigger part of the U.S. electricity mix, it is becoming an economic force in rural communities such as Fowler, a development that is changing the political conversation around renewable energy in many parts of the U.S.

Wind supplied just over 6% of the country's electricity last year, and the industry employed close to 102,000 people—nearly double the number working in coal mining, according to federal data.

President Donald Trump campaigned in part on reviving the U.S. coal industry, and has been critical of renewable-energy subsidies.

But heavily Republican states such as Indiana, Iowa, Texas and Wyoming have embraced wind for the work and revenue it brings.

Nearly 90% of the wind capacity brought online in 2016 was in states that voted for Mr. Trump, according to the American Wind Energy Association, a trade group.

In the process, the industry has developed powerful allies, including Energy Secretary Rick Perry, who presided over a wind-turbine boom as the governor of Texas, and Sen. Chuck Grassley, the Iowa Republican who chairs the Judiciary Committee.

While some in Congress have argued against the federal subsidies that wind energy receives, Mr. Grassley said that support helped build an industry that creates jobs and lowers the nation's need for foreign oil.

"It helps us to be energy independent," Mr. Grassley said, adding that wind's growing competitiveness with traditional energy sources has diminished the need for wind tax credits, which are being phased out.

Excluding subsidies, it now costs about $47 per megawatt hour to generate electricity from wind in North America

Please see WIND page B2

Do Free Business-School Courses Have a Payoff?

BY KELSEY GEE

BUSINESS EDUCATION

An explosion of online business courses is prompting some students to ask: What's the ROI for free classes?

Schools like the University of Pennsylvania's Wharton School and the University of Illinois at Urbana-Champaign College of Business have attracted thousands of people to free or low-cost digital versions of courses taken by full-time, two-year M.B.A. students. Classes such as "Selling Ideas" and "People Analytics," two current Wharton offerings, have helped schools win attention and revenue at a time of waning interest in the flagship M.B.A. degree.

"It used to be the case that an M.B.A. from a top school was a golden passport to professional success, and a few universities had a monopoly on the credential," said Bill Aulet, who teaches entrepreneurship at the Massachusetts Institute of Technology's Sloan School of Management, which offers a suite of free classes online. Those credentials matter less now that online learning and non-university training have widened access to skills that once came only with an M.B.A., he said.

For learners, though, the career payoff remains unclear as many new certificates have been untested in the job market, giving the credential less sway than a traditional B-school degree.

Still, students in massive open online courses, or MOOCs, tend to be further along in their careers and not immediately interested in an M.B.A., said Anne Trumbore, Wharton's senior director of online learning. In a recent survey of 4,650 of the school's online learners, roughly two-thirds were located outside the U.S., and around 60% were seeking to advance their careers.

Wharton has enrolled nearly one million professional learners since 2015. Around 100,000 of those have taken individual courses or strung together a series of classes to earn credentials such as a professional certificate in digital marketing, paying up to $600 a course. By contrast, the school each year graduates 900 M.B.A. students, who pay about $250,000 for their degrees.

Harvard Business School, meanwhile, charges up to $1,500 for eight-week classes like "Becoming a Better Manager" via HBX, its online learning platform. HBX revenue doubled to $10 million last year, according to the school's most recent financial statement.

In many of these courses, students complete graded assignments and take quizzes

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JOHN BOAL FOR THE WALL STREET JOURNAL

Over three years Laurie Pickard amassed multiple certificates, but no degree, taking free online courses from schools like Wharton.

INSIDE

QILAI SHEN/BLOOMBERG NEWS

GOLDMAN HALTS WORK FOR HNA UNIT

FINANCE & MARKETS, B5

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

Boeing Questions Suppliers' Deal

By Doug Cameron
And Thomas Gryta

Boeing Co. raised concerns about **United Technologies** Corp.'s proposed takeover of **Rockwell Collins** Inc., threatening to cancel some contracts with the suppliers if the combination undermines competition in the aerospace supply chain.

A day after the $23 billion deal was made public, Boeing said on Tuesday that it was skeptical the transaction would benefit its airline customers or the broader industry. "We would intend to exercise our contractual rights and pursue the appropriate regulatory options to protect our interests," the aircraft maker said.

In buying Rockwell, United Technologies is betting it can foster the industry's creation of the fully digital airplane. Aerospace companies are investing heavily to connect everything from engines and brakes, and even coffee pots, using sensors to guide them on when to schedule maintenance or replacements.

Such repairs have long been the most profitable part of the aircraft industry, prompting efforts by Boeing, Airbus SE and others to secure a larger slice of the business, moves potentially threatened by United Technologies' move on Rockwell Collins.

"It gives us the opportunity to do things that we wouldn't be able to do on our own," said United Technologies Chief Executive Greg Hayes on a Tuesday conference call. The combination with Rockwell Collins, he said, will make it easier to meet demand for digital offerings and integrate aircraft systems, with benefits like reducing overall weight.

United Technologies is already the world's largest aerospace supplier, with almost $30 billion in sales this year split evenly between engine maker Pratt & Whitney and UTC Aerospace Systems, which makes everything from landing gear to the motors that control wing flaps.

Rockwell Collins would add another $9 billion in annual sales derived from its business of cockpit controls and communication equipment and this year's purchase of B/E Aerospace, the biggest provider of aircraft seats. Rockwell also makes the sensors and communication systems that allows for real-time tracking of those products' performance and the need for maintenance.

Customer opposition and the potential of antitrust action given the sheer scale of the proposed deal—rather than product overlap—still leaves some question marks, analysts said. The deal is expected to close by the third quarter of 2018, after regulatory and competitive concerns are reviewed.

Mr. Hayes said the companies will have to work with customers that have change-in-control clauses in their contracts, but played down the risks. "We don't see anything that will stop this transaction from happening," he said.

Credit Suisse analysts gave the deal an 80% chance of closing, mostly because of the lack of major overlaps, even with Boeing pushing against the takeover. Both Airbus and Boeing privately lobbied last year against plans by Honeywell International Inc. to buy United Technologies, according to people familiar with the situation. However, Honeywell's $15 billion aerospace unit had far more product overlap with United Technologies.

Rockwell Collins CEO Kelly Ortberg would become head of a new United Technologies unit, Collins Aerospace systems, with annual sales of $23 billion, heft that some believe will unsettle Airbus and Boeing.

On Tuesday, Mr. Hayes was already working to ease worries. He noted the lack of overlapping products in the combination and said it would help cut costs for customers.

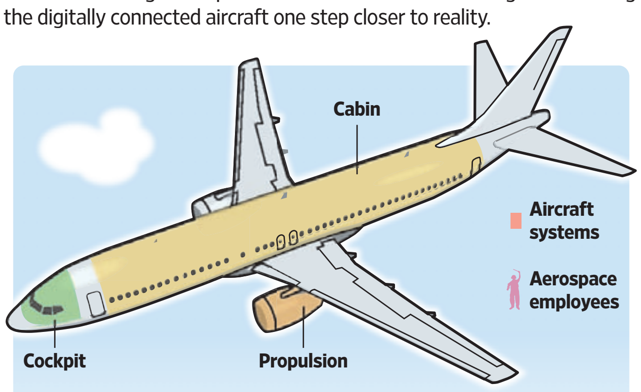
The projected cost savings from the takeover is net of any concessions made to customers, Mr. Hayes said.

An Airbus spokesman said the aircraft maker hopes "this M&A will not distract UTC from their top operational priority," which is delivering a new generation of Pratt & Whitney engines.

—Robert Wall contributed to this article.

The Sum of Many Parts

United Technologies' acquisition of Rockwell Collins is a big bet on taking the digitally connected aircraft one step closer to reality.



	United Technologies	Rockwell Collins
Cockpit	Pilot controls, Pitot tubes (sensors)	Avionics, Communication, Navigation, Flight controls, Head-up displays
Propulsion	Engines, Nacelles (streamlined housing), Engine sensors, Engine controls, Pylons (connect the engines)	None
Cabin	Lighting, Seats	Lighting, Lavatories, Seats, Broadband, Galleys
Aircraft systems	Auxiliary power, Cargo handling, Exterior lighting, Fire systems, Ice detection, Actuation (motors), Wheels/brakes, Landing gear	None
Aerospace employees	152,000	30,000

Source: the companies
THE WALL STREET JOURNAL.

WIND

Continued from the prior page
over the full lifetime of a facility, compared with $63 for natural gas and $102 for coal, according to a 2016 analysis by Lazard Ltd.

Wind now produces more than 36% of Iowa's electricity, nearly 7 gigawatts of capacity in all, second only to Texas' 21 gigawatts.

The falling price of wind power, along with its environmental benefits, helped persuade companies such as Facebook Inc., Microsoft Corp. and Alphabet Inc.'s Google to open data centers in the state, said Debi Durham, director of the Iowa Economic Development Authority.

Some other counties are still debating whether wind is right for them.

"We use this wind portfolio, this renewable portfolio, as a calling card when we are talking to companies," she said.

Indiana is an up-and-coming wind competitor, with nearly 2 gigawatts of wind capacity.

More than half that capacity is in Benton County, where there is roughly one turbine for every 15 residents. Turbines started sprouting in Benton a decade ago, a few years after a landfill project proved unpopular in 2004.

"When renewable energy came around, it was like, well, this isn't even close to a dump," said Benton County Economic Development Director Paul Jackson.

In addition to BP, which owns wind farms here with Dominion Energy Inc. and Sempra Energy, the area's wind developers include **Orion Energy Group** LLC, Pattern Energy Group Inc., and the North American subsidiary of Électricité de France SA's EDF Énergies Nouvelles. Electricity produced by Pattern's farm is bought by Amazon Web Services Inc., a subsidiary of Amazon.com Inc.

The wind boom has allowed Mike Kidwell, a Fowler native, to stop commuting about 55 kilometers to a Subaru plant in Lafayette, Ind., where he worked for 18 years.

He initially found a job in Fowler as a wind technician for Vestas Wind Systems AS, a Danish wind company, and is now vice president of operations at **Auxilius Heavy Industries**, a Fowler-based business that provides crews to service wind farms.

"I always said if I could find something that paid good at home, I would come back," said Mr. Kidwell, 47 years old.

Three of Mr. Kidwell's six children—sons Nick, Brandon and Chris—work with him at Auxilius.

Some other counties are still debating whether wind is right for them, concerned that the turbines are unsightly and could spook lucrative residential development as suburbs sprawl from Lafayette and Indianapolis. But in Benton County, the turbines are now a fact of life.

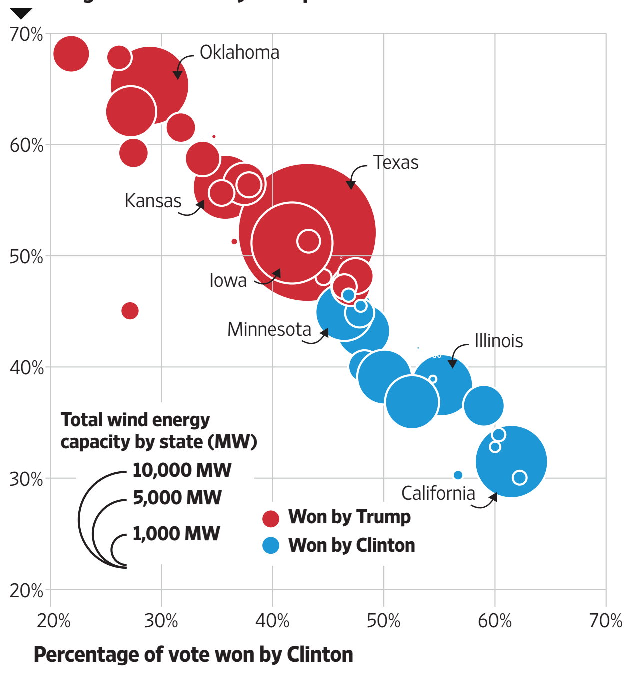
Farmer Bruce Buchanan, who has 14 turbines spinning amid his corn and soybean crops, said wind payments are helping him finance needed improvements, such as fixing drainage issues.

His wife, Virginia, still hasn't gotten used to the turbines, however, finding them unattractive and odd.

"They have them in California," she said. "I never thought of us having them here."

Political Winds

Nearly 90% of the wind capacity brought online in 2016 was in states that voted for Donald Trump.



Note: Only states with at least 1 MW capacity are shown
Sources: American Wind Energy Association (capacity); David Leip's Atlas of U.S. Presidential Elections (vote share)
THE WALL STREET JOURNAL.

HAVEN

Continued from the prior page
two quarters as the lack of cash and confusion about the goods-and-services tax forced consumers and companies to spend less.

Some analysts say Indian shares look expensive. Stocks on India's benchmark BSE Sensex are trading a 17-year high P/E ratio of 23 times the expected profits for this fiscal year.

But Indian stocks and bonds attracted about $27 billion net from foreign investors this year through August. Demand for offshore rupee-denominated bonds has been so high that regulators had to shut down new issues.

Foreign direct investment hit a high of $60 billion for the financial year that ended on March 31.

Some optimists are hoping that India is finally emerging from China's shadow. India's long-term stock performance suggests it is pulling away: the BSE Sensex is up more than 80% in the past five years, while China's Shanghai Composite is up around 66%, Brazil's Bovespa less than 30% and Russia's RTS has fallen.

One part of the positive story is the "political stability with the Modi government coming into power," said Stefan Grünwald, a fixed-income expert at Raiffeisen Bank International AG.

Mr. Modi's tax-collection push has begun to yield results. After the currency move, direct tax revenue increased 19.1% from a year earlier to 1.9 trillion rupees ($30 billion) in April to July.

The rollout of a long-delayed goods and services tax this year is also expected to increase compliance and eventually boost growth.

"The government's ability to collect taxes in a much more efficient manner, and the implementation of GST over the long run are going to be massively positive for the economy," said Dhiraj Bajaj, fund manager and head of Asia fixed income for Lombard Odier.

The market is pricing in the expectation that Mr. Modi's party has enough support to push through more change and win the 2019 general election, "and that will help him to legislate more reform which will in turn lead to a stronger economy," said Mr. Cornell of Ocean Dial.

While money has flowed into emerging markets overall over the past six months, India has gained the most, according to estimates from fund-tracker EPFR Global. Over the year to July 31, almost $17 billion came into India funds, compared with $7.6 billion to China funds and $6 billion to Brazil funds.

India bulls say that though shares may be expensive now, they are attractive if you look at it as a long-term bet on the country's vast young population, which will be consuming more and pushing up earnings for decades.

"It is coming of age, and the younger demographics that India has to offer make it an attractive investment destination," said Vikas Gattani, founder and CEO of Progress Opportunities Fund at Progress Asia Capital.

A recent selloff showed how India has become a shelter. When mutual-fund investors pulled money from emerging-market funds in August, India funds weren't badly hit, according to data from EPFR Global.

More than $20 billion flowed out of China funds in the three weeks beginning Aug. 2, while $14 billion flowed into funds dedicated to India during that period.

HEARD

Continued from the prior page
and as a source of funding.

Amid the regulatory crackdown, the bank issued fewer wealth-management products than a year earlier. If regulators step up their efforts to force China Merchants to bring all of its wealth-management products onto its books, it would have to raise 100 billion yuan in new capital, according to Autonomous Research analysts.

There is another reason China Merchants' balance sheet isn't all that it seems: The bank has been a big user of asset-management plans. This tool, which is increasing in popularity, allows banks to set up unconsolidated entities that buy up some of their souring loans and then issue securities to investors. China Merchants' exposure to such plans rose nearly 20% to more than 400 billion yuan in the first half, and that is likely where many soured loans have been put.

The bank is also looking squeezed when it comes to income. One of its key customers is **Anbang**, the insurer that owns New York's Waldorf Astoria hotel as well as a 10% stake in China Merchants. Anbang is among the institutions Beijing is now scrutinizing following a wave of overseas acquisitions. Any threat to its business could have a knock-on effect on the bank.

$316B
China Merchants' exposure to wealth-management products

There are already signs that China Merchants is preparing for a capital crunch. Last month, it said it would issue bonds, including non-public preference shares, worth up to $5.3 billion. Last week, it said it was injecting capital into a fund-management subsidiary that deals with its more than $150 billion asset-management business.

All of these issues suggest its current valuation of 1.3 times book value is overly generous, especially as other comparable Chinese banks trade below 1 times book. As Chinese banks face a challenging period, China Merchants should be on the top of the worry list.

FREE

Continued from the prior page
much like full-time students do.

"MOOCs have found their audience, and it's professional learners seeking career-related credentials," said Dhawal Shah, who has run the course search engine Class Central since 2011. The strong brands of top business schools like Harvard and Wharton carry special weight in the increasingly crowded online educational market, he added.

Laurie Pickard began taking free M.B.A.-level courses online while working as an international development specialist in Rwanda in 2013. Ms. Pickard, now 36 years old, chronicled her free coursework from schools like Wharton and University of Michigan's Ross School of Business on her blog, No-Pay M.B.A.

Over three years, Ms. Pickard amassed a large following online, along with multiple certificates, but no degree. In 2015, she was promoted—in part, she says, because her employers were impressed by her new business acumen.

"The market ought to recognize the value of people with the determination to learn on their own," said Ms. Pickard, who has advised other online learners and recently wrote a book "Don't Pay For Your M.B.A.," due out in October. She adds that employers are more likely to put stock in online certificates directly related to job skills rather than general management credentials.

M.B.A. grads get a median base salary boost of around $30,000, according to the Graduate Management Admission Council, which administers the traditional B-school entrance exam. Calculating the return on low-cost online classes is harder.

"There seems to be a certification for everything these days, from facilitation to surface engineering, and it's harder and harder to gauge what someone has learned," said Anthony Gagliardo, director of human resources at NASA's Jet Propulsion Laboratory.

A study of more than 17 million online job listings found that of 2,500 certifications requested by employers, the most commonly sought were ones like certified public accountant, which are awarded by industry associations, not universities.

"The fact that employers almost never ask for most certificates raises questions about whether people are pursuing a credential that actually has currency in the market," said Matt Sigelman, chief executive of Burning Glass Technologies, a labor-market data firm that conducted the analysis.

Even so, business-school leaders are pushing further with online courses to raise both revenue and visibility. A recent GMAC survey found that 8% of prospective business school students said they had completed at least one online course, compared with 6% the year before.

"We're reaching people who would never show up on our doorstep if Wharton only had an in-person program," Ms. Trumbore said.

Houston Refineries Revive

Operations slowly come back online in wake of Harvey; bottlenecks remain

By Christopher M. Matthews

HOUSTON—Oil refineries here are starting to come back online as the epicenter of the U.S. energy industry begins to recover from Hurricane Harvey. But getting the fuel flowing again isn't as easy as flipping a switch, and some key transport infrastructure remains down.

When Harvey inundated the Texas coast last month, it closed about 25% of U.S. refining capacity. Six Gulf Coast refineries, accounting for 9% of U.S. refining capacity, remained closed as of Tuesday afternoon, according to the Energy Department. Another five were in the process of restarting, and at least seven were running at reduced rates.

ADREES LATIF/REUTERS

A flooded facility in Port Arthur, Texas, on Aug. 31. About 25% of U.S. refinery capacity was closed.

Saudi Arabian Oil Co. said Tuesday it was in the initial phases of restarting its Motiva refinery, the country's largest. It said that the Port Arthur, Texas, facility, which can make 600,000 barrels of fuel a day, could be running at just 40% of capacity by the end of this weekend. And Exxon Mobil Corp. said over the weekend it was working toward restarting its Baytown refinery, the nation's second-largest.

Gasoline prices have jumped in the past week. Nationwide, the average gasoline price was \$2.65 a gallon Tuesday, 30.2 cents higher than a month ago, according to AAA. At the same time, gasoline futures fell Tuesday as news emerged that fuel facilities were coming back online.

At **LyondellBasell Industries** NV, Chief Executive Bhavesh V. Patel left work before the hurricane made landfall on Aug. 25 confident that his company had done all it could to prepare its Houston refinery for the storm.

Operators at the 268,000-barrel-a-day facility knew the greatest threat was flooding, and had spent the week draining water from the site's dikes and retention pools and inspecting pumps and electrical infrastructure. Their goal was to avoid a complete shutdown and a potentially dangerous start-up.

Then, 50 inches of rain fell.

LyondellBasell's Houston refinery did continue running throughout the storm, one of a handful in the area to do so. But the company had to cut back production, mainly because it couldn't get in enough shipments of crude oil or find a way to move out its shipments of refined fuel.

Flooding caused the closure of the Houston Ship Channel, which enables tankers laden with crude to move from the Gulf of Mexico to area refineries. LyondellBasell continued to receive shipments from Canada via pipeline, but not enough to operate at full capacity.

At the other end, LyondellBasell also couldn't move its refined fuel product through the ship channel, creating the risk of running out of storage space. Outages on the Colonial Pipeline, which transports gasoline from the Gulf to New York, exacerbated storage woes, officials said.

"Not only are you trying to conserve what you're consuming to keep this thing running, but you also don't want to fill up your storage of products and have no way out," Mr. Patel said.

The goal was to stretch out supplies and storage space enough to keep the refinery running, even if barely. A complete restart of a refinery can take weeks and poses serious risks. The primary danger is human error—starting back up often requires hundreds of new workers to come in and perform tasks outside ordinary operations. In 2005, 15 workers were killed during a start-up at a Texas City refinery, at the time owned by **BP** PLC, when a vapor cloud ignited.

At LyondellBasell's Houston refinery, which primarily processes heavy crude, workers are now in a pre-startup phase, checking electrical systems, pressure levels, steam supply, flaring and instrumentation. But fully resuming normal operations will require Houston's infrastructure to be up and running. Company officials declined to say how long that will take.

The ship channel is now open but not at full capacity. Rail networks remain hampered, and pipelines are still not running at normal levels.

LyondellBasell's employees are also in recovery mode. Some 100 employees out of a total of 850 at the Houston refinery were affected by the storm. The company is giving paid time off for those affected by the storm to work on their homes. The company operates nine sites along the Gulf of Mexico, and more than 5,000 of its employees were in the storm's path.

Plants were staffed by so-called ride-out crews. All but the company's chemical complex in Matagorda, Texas, where the Brazos River caused severe flooding, managed to continue operating.

—Dan Molinksi contributed to this article.

Choppy Skies For U.S. Airlines

By Susan Carey

United Continental Holdings Inc. said fallout from Hurricane Harvey and a fare war will hurt its third-quarter earnings, the latest airline dragged down by pressures facing most U.S. carriers.

United's shares dropped more than 4% on Wednesday after the airline said unit revenue could fall by up to 5% in the quarter. That was a cut to a previous forecast for essentially flat performance in that key measure of revenue for each mile a passenger flies.

Southwest Airlines Co., also reined in its unit-revenue forecast and said revenue lost due to Hurricane Harvey could reach up to \$60 million. Southwest shares dropped 2.1% before returning to positive territory.

Other carriers are also lowering guidance for the third quarter. UBS and Evercore ISI this week marked down earnings expectations for many of the largest U.S. carriers. **Delta Air Lines** Inc., **JetBlue Airways** Corp. and **Spirit Airlines** Inc. on Tuesday said aggressive fare competition is weakening revenue gains.

"We see incredibly low fares in the marketplace from our competitors," Andrew Levy, United's chief financial officer, said at an investor conference. "We are not going out in the market and resetting fares at very low levels. We are matching fares."

United has matched fares that ultradiscounters offer at its big hubs, even on last-minute tickets most often bought by business travelers. Mr. Levy said the rock-bottom "basic economy" fares will help it fend off competition and generate more revenue from fliers who upgrade to seats with more perks. Delta and American can also offer such fares.

Harvey forced United to cancel 7,400 flights from its second-largest hub, George Bush Intercontinental Airport. The company expects operations to return to normal by Friday, But Mr. Levy said demand for flights in Houston will suffer for a while.

Southwest canceled 2,800 flights at Houston's William P. Hobby Airport. On top of the pricing pressure, Southwest said it expects unit revenue to decline 1% in the third quarter, compared with its earlier expectation for 1% growth.

Discounter Spirit Airlines said the storm caused it \$8.5 million in lost revenue. Spirit also said a "broadening of aggressive pricing activity" is expected to pull unit revenue down by as much as 8.5% in the third quarter from a year ago. Spirit had previously forecast a unit-revenue drop of up to 4% in the quarter.

United Continental said fallout from Harvey will hurt its third-quarter results.

American Airlines Group Inc. said it would update investors next week.

Now airlines face a new threat in Hurricane Irma, the powerful storm churning through the Caribbean toward Florida. American, the largest operator in that region, has already canceled flights and offered travelers waivers to move their trips without penalties at 33 airports. Delta, JetBlue, Southwest and Spirit also could be widely affected.

Separately, United said it would buy 45 **Airbus SE** A350-900 long-range planes, seating about 325 passengers each. The deal has a list value of \$14 billion and replaces a \$12.6 billion, 35-plane deal for the larger A350-1000 variant agreed in 2013.

—Robert Wall contributed to this article

Intel Wins Reprieve on EU Antitrust Fine

By Natalia Drozdiak

BRUSSELS—The European Union's highest court on Wednesday backed **Intel** Corp.'s appeal of a €1.06 billion ($1.26 billion) EU antitrust fine in 2009, referring the case back to a lower court and dealing a blow to a regulator that has taken a hard line on U.S. tech giants.

The decision could embolden companies challenging the European Commission, the bloc's antitrust authority, in court over competition decisions—cases the regulator typically wins. It could also force the commission to re-examine its strategy in several cases.

The Intel case centers on whether an industry-dominant company abuses its commercial power by offering rebates to business customers to retain its market position. The commission in 2009 argued that the chip maker violated the bloc's antitrust rules because the use of rebates by dominant companies necessarily hurts competition.

The European Court of Justice said in a statement that the lower court failed to examine whether Intel's rebates to other companies in fact restricted competition.

The decision means that regulators may now have to prove in each case that the rebate offers would cause economic harm. That could make it harder for the commission when it seeks to lodge another such antitrust case.

"This is certainly a defeat for the European Commission and indicates a certain relaxation of the formalistic case law on abuse of dominance," said Assimakis Komninos, a Brussels-based partner at law firm White & Case. "While the Intel case is about rebates, all major corporates being investigated by the commission can take this as a positive sign."

The ruling could have ramifications for other abuse-of-dominance cases, including the regulator's antitrust probe into **Qualcomm** Inc., which is accused of illegally paying Apple Inc. to exclusively use its chips and selling chips below cost to force a competitor, **Icera** Inc., out of the market.

Most recently, the EU levied a record €2.42 billion fine against Alphabet Inc.'s Google in June for abusing its market position with its shopping service. Google has said it is considering an appeal.

In future appeals to antitrust decisions, the EU regulator won't be able "to defend its decision on the basis of narrow legal grounds as the general court will have to look at the economic arguments" put forth by the company, said Damien Geradin, a partner at competition law firm Euclid Law.

The court's ruling could also give dominant companies more freedom over how they offer rebates and discounts. As a result, it may also unintentionally make rules for compliance murkier.

"The commission takes note of today's ruling by the European Court of Justice and will study the judgment carefully," the commission said. "It is now for the general court to review the commission decision under the framework set out by today's judgment."

Intel welcomed the ruling. "While this case concerns events that happened more than a decade ago, we have always believed that our actions were lawful and did not harm competition," said Steven Rodgers, the company's general counsel.

In the Intel case, the commission penalized the company over rebates it granted to four major computer manufacturers—Dell Inc., Hewlett-Packard Co., NEC Corp. of Japan and Lenovo Group—for using its microchips between 2002 and 2007.

The antitrust authority found that Intel had used the rebates, coupled with its dominant position, to lock rival Advanced Micro Devices Inc. out of the market, reducing choice for consumers. The EU also said Intel made payments to electronics retailer Media Saturn Holding on the condition that it only sold computers containing Intel's microprocessors.

While the commission argued the company's rebates were by their nature anticompetitive, it also carried out an in-depth analysis of the circumstances, proving the rebate scheme was capable of shutting out a rival. Intel appealed the decision to the EU's general court. The court in 2014 backed the commission's first argument that dominant companies' rebates are by nature potentially anticompetitive—a decision Intel then appealed to the bloc's highest court.

DAVID PAUL MORRIS/BLOOMBERG NEWS

The EU's highest court backed the U.S. chip maker's appeal of a penalty tied to a rebate program.

Nissan Updates Leaf Electric Car

By Sean McLain

MAKUHARI, Japan—**Nissan Motor** Co. introduced its new Leaf electric car here Wednesday, with improved range, autonomous-driving technology and a price tag that undercuts rivals in a bid to jump-start slowing sales.

Nissan said the car would go on sale in Japan on Oct. 2 and in the U.S. and Europe in January. When it goes on sale in the U.S. the vehicle will start at $29,990, slightly less than the current Leaf.

With bulked-up battery power, the Leaf will go 240 kilometers (149 miles) on a single charge, according to the company, up from 170 kilometers in the previous version. Nissan also plans to introduce a version in the next year with a range of more than 480 kilometers.

The new Leaf is the vanguard of a planned expansion of electric models as Nissan makes a renewed push to get battery-powered cars into the mainstream.

"This is a priority, and we have to make it successful," said Nissan Chief Executive Hiroto Saikawa. With many car makers moving to produce affordable models that have better range, "it is not a niche anymore," he said.

Nissan said it aimed to at least double sales of the Leaf with the new model. The company sold nearly 50,000 Leafs world-wide last year, but growth has tailed off with rising competition. **Tesla** Inc. sold more than 75,000 Model S sedans and Model X sport-utility vehicles last year, and it is preparing to ramp up manufacturing of its new Model 3.

The Leaf will come with the Nissan ProPilot autonomous-driving suite, which can navigate the vehicle in a single lane and in stop-and-go traffic. In Japan, the Leaf will also be able to identify vacant parking spaces and park itself, a technology Nissan said might be introduced elsewhere later.

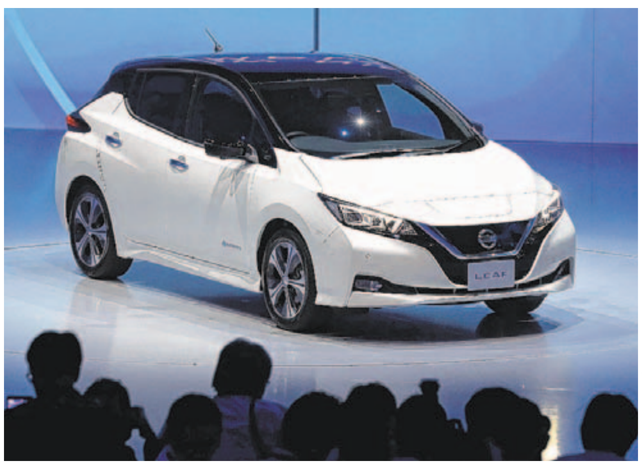
One number that might disappoint would-be buyers is the new Leaf's limited range relative to the competition. Tesla's base model $35,000 Model 3 can go 350 kilometers on a single charge. The $37,000 Chevrolet Bolt has a range of 380 kilometers. "The current battery is already more than enough for Japan for day-to-day usage," said Mr. Saikawa, the Nissan CEO.

Nissan engineers said that based on data from current Leaf owners, they believe an average Japanese driver will have to recharge their Leaf cars only once a week.

In the next year, Nissan plans to introduce a higher-performance Leaf with a 60-kilowatt-hour battery, compared with the 40-kilowatt-hour battery on the version unveiled Wednesday, Mr. Saikawa said. It will be able to travel over 480 kilometers on a single charge, he said.

Mr. Saikawa didn't specify whether the higher-range figure was based on Environmental Protection Agency test standards. Tesla says the most expensive versions of its Model 3 can go about 500 kilometers on a single charge based on EPA standards.

The most noticeable change in the new Leaf is the style makeover. Sharp angles and a sportier profile replace the soft curves that marked the last generation. Nissan said the batteries came from the same supplier as the old Leaf, a joint venture owned by Nissan and **NEC** Corp. of Japan. A Chinese investment firm, **GSR Capital**, plans to buy that battery venture.


KIYOSHI OTA/BLOOMBERG NEWS

The latest version of Nissan's Leaf electric vehicle is expected to travel 240 kilometers on a single charge, up from 170 kilometers.

Facebook's Reach Comes Into Question

By Lara O'Reilly

Facebook's measurement metrics face scrutiny again after a research analyst found the social network's advertising platform claims to reach millions more users among specific age groups in the U.S. than the official census data show reside in the country.

Pivotal Research analyst Brian Wieser found Facebook's Ad Manager claims to reach a potential audience of 41 million 18- to 24-year-olds in the U.S., whereas census data, most recently updated with a population estimate in 2016, indicates there are only 31 million people of that age group.

Similarly, among the 25-to-34-year-old age group, another key demographic for advertisers, Facebook's potential reach estimate is also out of whack with census data.

Facebook claims its platform can reach 60 million people in the U.S. in that category, while the census figure is 45 million.

In a statement, a Facebook spokeswoman said the company's audience reach estimates "are based on a number of factors, including Facebook user behaviors, user demographics, location data from devices, and other factors." She added, "They are not designed to match population or census estimates. We are always working to improve our estimates."

Facebook's age data is based on what users report when they register, which may be inaccurate. Users also might open multiple accounts, which could also contribute to the mismatch between the social network's numbers and official government statistics. And the Facebook reach data, which is based on a sample of users and extrapolated out, includes nonresidents or visitors that aren't tallied in the census.

Facebook has acknowledged on several occasions that it had made errors.

The impact of the discrepancy isn't clear. The Facebook reach estimate—which is designed as a planning tool for marketers to use before they buy their ad campaigns—doesn't affect how advertisers are billed by Facebook.

Generally, most advertisers are more focused on metrics that reflect how well their campaigns on the platform performed.

Still, the findings could raise more questions about the accuracy of the data the platform provides to marketers and underscore calls for Facebook to offer more independent measurement options.

Facebook has acknowledged on several occasions in the past 12 months that it had made errors that caused it to either understate or overstate the metrics it provides to advertisers and publishers.

Mr. Wieser's findings come after Australian trade title Ad News also reported a mismatch between Facebook's claimed potential reach in Australia and census data.

BUSINESS WATCH

GAP

Retailer Plans to Close Some Outlets

Gap Inc. plans to close about 200 Banana Republic and Gap stores over the next three years, while opening new Old Navy and Athleta locations, shifting its footprint to budget and athletic brands as shoppers search for bargains.

At an investor conference on Wednesday, Chief Executive Art Peck said the company's online and lower-priced businesses are more profitable and attracting more shoppers than its specialty businesses, which include Gap and Banana Republic.

Over the same period as the Gap and Banana Republic closures, the company expects to open about 270 new Old Navy and Athleta stores. Gap said it expects Old Navy sales to exceed $10 billion in the next few years. It expects Athleta, its athletic-wear brand, to exceed $1 billion in sales in the next few years.

—*Khadeeja Safdar*

BARRY CALLEBAUT

Company Unveils 'Ruby' Chocolate

There is milk chocolate, dark chocolate and white chocolate. Now a Swiss chocolate maker is adding "ruby" to the mix.

Barry Callebaut Group said Tuesday it has produced a type of chocolate extracted from the Ruby cocoa bean, resulting in a chocolate that is reddish, a hue usually associated with lipstick.

The new type of chocolate, launched Tuesday in China, was created at the company's research-and-development centers in Belgium and France as well as Jacobs University in Germany.

The company described the taste as "not bitter, milky or sweet, but a tension between berry-fruitiness and luscious smoothness." No berries, berry flavor or colors are added, it said. The news comes amid technological changes to the chocolate industry, which is adjusting to changing tastes.

—*Brian Blackstone*

Goldman Pulls Back From HNA

Wall Street firm halts work on a possible IPO for company owned by Chinese conglomerate

By Julie Steinberg
And Anjani Trivedi


QILAI SHEN/BLOOMBERG NEWS

Goldman Sachs's bankers have privately raised concerns about HNA's opaque ownership structure.

Goldman Sachs Group Inc. has stopped working on the potential listing of a Chinese company owned by **HNA Group** Co. because of concerns about the conglomerate's ownership structure, according to a person familiar with the matter.

Goldman in recent months was tapped by HNA to arrange financing for **Pactera Technology International** Ltd., a Beijing-based information-technology outsourcing firm, ahead of a planned initial public offering.

However, the New York bank last month told potential investors in the fundraising that it was suspending work on the financing and on the IPO itself, the person said. A timetable and a venue for the offering had yet to be determined, the person said.

Goldman's bankers have privately raised concerns about HNA's ownership structure, and the Chinese company hasn't provided enough information to satisfy the lender's concerns, according to people familiar with the matter.

Closely held HNA this summer said a fledgling New York charitable foundation would be its single-largest shareholder following a series of share transfers from several individuals. It said the rest of the company is owned by its founders and executives, as well as a charity in Hainan, where the airlines-to-hotels conglomerate is based. Since that disclosure, bankers and investors have stepped up scrutiny of HNA's still-opaque ownership structure.

Goldman is suspending its work on Pactera rather than resigning outright from the mandate. It could resume work on the deal if its concerns are addressed, said one of the people familiar with the matter.

Bank of America Merrill Lynch was previously selected to handle the IPO before Goldman but also opted not to proceed because of similar concerns about HNA's ownership, according to people familiar with the matter. The **Bank of America** Corp. unit isn't working on deals for HNA, while Goldman is deciding on such work on a case-by-case basis, according to the people familiar with the matter.

HNA Ecotech Panorama Cayman Co. bought Pactera from New York-based private-equity firm Blackstone Group LP for $675 million in October 2016.

Pactera and its subsidiaries provide IT outsourcing and consulting services to multinational and Chinese corporations. For the nine months ended September 2016, Pactera had revenue of about $800 million. Almost 40% of its revenue comes from the U.S. and Europe, while the rest is from Greater China.

U.S. Firm To List REIT in Singapore

By P.R. Venkat
And Saurabh Chaturvedi

SINGAPORE—**KBS Realty Advisors** LLC, a U.S. real-estate investment firm, is planning to raise about $500 million via a Singapore initial public offering of some U.S. office assets, according to people familiar with the matter.

The Newport Beach, Calif.-based company is in talks with the asset-management arm of Singapore conglomerate **Keppel** Corp. to form a joint venture that they plan to list as a real-estate investment trust later this year, the people said.

The new company, based in Singapore, would have an initial portfolio of close to a dozen properties, including office buildings in Seattle, Houston, Denver and other U.S. cities, according to the people familiar with the planned stock offering.

If the IPO goes ahead, the company would be the second Singapore-listed REIT to give investors in the city-state exposure to U.S. commercial properties. Last year, Canadian insurer **Manulife Financial** Corp. raised $470 million with a Singapore listing of some of its U.S. office properties under a real-estate investment trust called Manulife US REIT.

Singapore is a sought-after destination for REITs in Asia. The country is home to more than 40 REITs with a combined market capitalization of nearly $60 billion. Investors are drawn to their yields, which average 6% to 7%.

The KBS-Keppel joint venture could offer an investment yield of close to 7%, according to people close to the matter, in line with what Manulife US REIT pays.

Founded in 1992, KBS Realty invests in, manages, develops and sells U.S. commercial real estate on behalf of pension funds, sovereign-wealth funds and other institutional investors. As of June 30, the total value of KBS's real-estate and real-estate-related investments stood at about $11 billion, according to the company's website.

A spokeswoman for KBS declined to comment. A spokeswoman for Keppel Capital, the asset-management arm of Keppel Corp., declined to comment on the tie-up, but said the company is always on the lookout for opportunities to grow its fund-management business. "We will evaluate all possible growth avenues, and will issue an announcement if there is any material development," she said.

Crude Prices Gain as Refineries Restart

By Christopher Alessi


GREGORY BULL/ASSOCIATED PRESS

A refinery in Texas, where facilities are coming back online.

Oil prices rose on fears of potential damage to U.S. crude production from Hurricane Irma, as well as renewed demand for oil from restarted refineries in the Gulf Coast.

U.S. crude for October delivery rose 47 cents, or 1%, to $49.13 a barrel on the New York Mercantile Exchange in midday trading Wednesday, near a one-month high. Brent, the global benchmark, rose 57 cents, or 1.1%, to $53.95 a barrel.

The upswing in crude prices marked a swift reversal from last week, when prices had languished in the wake of Hurricane Harvey. The storm knocked out more than 20% of U.S. refining capacity, cutting demand for crude and weighing on prices.

Refining capacity has since started to come back online, providing support for crude.

"The price decreases before were probably considered overdone by market participants," Eugen Weinberg, head of commodities research at **Commerzbank** AG, said of the quicker-than-expected recovery at refineries and other oil infrastructure damaged by Harvey.

At the same time, the market is preparing for potential disruptions to oil production in the Gulf of Mexico as the result of Hurricane Irma, which made landfall in the Caribbean, and other brewing storms. If crude output is hindered by the new storms it would boost prices, Mr. Weinberg said.

Brent also responded positively Tuesday to suggestions by the Russian energy minister, Alexander Novak, that Russia and Saudi Arabia would be open to extending their output cut agreement, according to Michael Hewson, chief market analyst at brokerage CMC Markets PLC.

The **Organization of the Petroleum Exporting Countries**—of which Saudi Arabia is the largest member—and 10 producers outside the cartel, including Russia, first agreed late last year to cap production at around 1.8 million barrels a day lower than peak Oct. 16 levels, with the aim of reining in the global oil glut and sending prices higher.

The deal, which was extended in May until March 2018, has been undermined by falling compliance, growing U.S. output and an unexpected surge in production from Libya and Nigeria—two member states exempted from the agreement because their oil industries had been damaged by civil unrest.

Analysts said they were looking ahead to official U.S. data this week on crude inventory levels, which have fallen consistently in recent months, while cautioning that the information was likely to be less reliable than usual as a result of Harvey.

Gasoline futures fell 2.1% to $1.6635 a gallon and diesel futures rose 0.5% to $1.7574 a gallon in morning trading.

—Stephanie Yang contributed to this article.

Gourmet-Burger IPOs Eyed

By Julie Jargon
And Corrie Driebusch


BYRON SMITH FOR THE WALL STREET JOURNAL

Fatburger's XXXL burger

Two gourmet hamburger chains are betting investors will have an appetite for their companies' shares, even as America's craving for fancy burgers is waning.

Los Angeles-based **Fat Brands**, parent of the 162-unit Fatburger chain, said it wants to raise $24 million from an initial public offering, according to regulatory filings made with the Securities and Exchange Commission on Wednesday. It said it wants to use part of the IPO proceeds to fund a planned $10.6 million purchase of the Ponderosa and Bonanza Steakhouse chains owned by **Metromedia Restaurant Group**, retire debt and finance future acquisitions.

Bobby's Burger Palace, a 17-unit chain owned by New York-based celebrity chef Bobby Flay, has said publicly it wants to raise up to $15 million in a flotation to fund domestic and international expansion. It hasn't filed with the SEC and declined to provide further details.

The plans come amid struggles for fast-casual burger restaurants, which face fierce competition and tightened consumer spending.

Kathleen Smith, principal at Renaissance Capital, an IPO investment advisory firm, said fast-casual restaurants that have gone public in recent years have "really underperformed, and it's going to be challenging when it comes to generating investor enthusiasm."

Shake Shack Inc., the burger joint that went public in January 2015, has seen declining consumer traffic. Shares of Shake Shack rose 119% on their first day of trading from their IPO price of $21, closing that day at $45.90. On Tuesday, the shares closed at $30.97.

Habit Restaurants Inc., another publicly traded fast-casual burger chain, reported a second-quarter same-store sales increase of just 0.1% amid what it called a "choppy consumer environment."

While Shake Shack and Habit did traditional IPOs, Fatburger and Bobby's are looking to go public under federal rules, known as Regulation A+, that are intended for small businesses.

Reg A+ allows companies to raise up to $50 million by removing some hurdles and regulatory requirements. In doing so, it has the potential to open investors up to more risk, say some bankers and analysts.

June was the first time a company used the provision to list on a national exchange, and since then several more companies have tried to follow.

Last year was the slowest for U.S.-listed IPOs since 2003 in terms of money raised, according to data provider Dealogic. In 2017, things have perked up, but there have been recent disappointing performances by some recent offerings, such as Blue Apron Holdings Inc. and Snap Inc.

Fat Brands Chief Executive Andrew Wiederhorn said in an interview that he plans to diversify beyond burgers. The chain already owns 19 Buffalo's Café chicken wings restaurants and 66 smaller Buffalo's Express restaurants that are located together with Fatburgers.

In its filing, Fat Brands spelled out Mr. Wiederhorn's previous legal troubles. He formerly pleaded guilty to one count of filing a false tax return and of violating the Employee Retirement Income Security Act of 1974 with regard to a company he previously led. He served a 14-month sentence in 2004-2005 and paid $2 million in fines and restitutions.

Fatburger said it plans to list on the Nasdaq Stock Market. Bobby's hopes to list on the New York Stock Exchange.

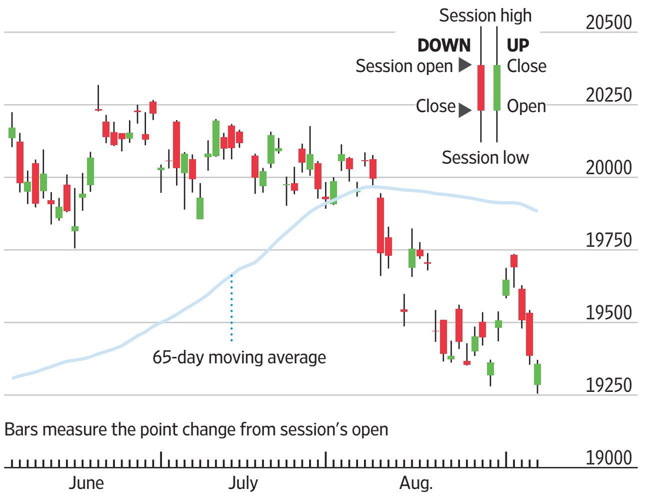
MARKETS DIGEST

Nikkei 225 Index

19357.97 ▼27.84, or 0.14%

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

Year-to-date		▲1.27%
52-wk high/low	20230.41	16251.54
All-time high	38915.87	12/29/89



Bars measure the point change from session's open

STOXX 600 Index

373.95 ▲0.24, or 0.06%

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

Year-to-date		▲3.47%
52-wk high/low	396.45	328.80
All-time high	414.06	4/15/15

S&P 500 Index

Data as of 12 p.m. New York time

2462.22 ▲4.37, or 0.18%

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

	Last	Year ago
Trailing P/E ratio	23.86	24.71
P/E estimate *	18.85	18.57
Dividend yield	2.00	2.11
All-time high:	2480.91, 08/07/17	

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

International Stock Indexes

Data as of 12 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**	2842.29	6.19	0.22	2386.93	2881.15	12.4
	MSCI EAFE	1935.16	2.04	0.11	1614.17	1955.39	12.8
	MSCI EM USD	1083.85	–1.08	–0.10	838.96	1091.36	36.5
Americas	**DJ Americas**	594.29	1.29	0.22	503.44	599.20	10.0
Brazil	**Sao Paulo Bovespa**	73159.28	1008.40	1.40	56459.11	73271.11	21.5
Canada	**S&P/TSX Comp**	15068.32	–21.83	–0.14	14319.11	15943.09	–1.4
Mexico	**IPC All-Share**	50545.59	244.20	0.49	43998.98	51772.37	10.7
Chile	**Santiago IPSA**	3889.20	–10.18	–0.26	3120.87	3945.90	20.7
U.S.	**DJIA**	21811.64	58.33	0.27	17883.56	22179.11	10.4
	Nasdaq Composite	6376.15	0.58	0.01	5034.41	6460.84	18.4
	S&P 500	2462.22	4.37	0.18	2083.79	2490.87	10.0
	CBOE Volatility	12.12	–0.11	–0.90	8.84	23.01	–13.7
EMEA	**Stoxx Europe 600**	373.95	0.24	0.06	328.80	396.45	3.5
	Stoxx Europe 50	3043.23	7.05	0.23	2720.66	3279.71	1.1
France	**CAC 40**	5101.41	14.85	0.29	4310.88	5442.10	4.9
Germany	**DAX**	12214.54	90.83	0.75	10174.92	12951.54	6.4
Greece	**ATG**	811.70	–1.15	–0.14	548.72	859.78	26.1
Israel	**Tel Aviv**	1393.31	1.00	0.07	1346.71	1490.23	–5.3
Italy	**FTSE MIB**	21814.56	76.87	0.35	15923.11	22065.42	13.4
Netherlands	**AEX**	516.47	1.01	0.20	436.28	537.84	6.9
Russia	**RTS Index**	1106.70	5.87	0.53	953.12	1196.99	–4.0
Spain	**IBEX 35**	10131.00	–48.80	–0.48	8512.40	11184.40	8.3
Switzerland	**Swiss Market**	8859.47	–10.09	–0.11	7585.56	9198.45	7.8
South Africa	**Johannesburg All Share**	55480.20	–664.60	–1.18	48935.90	56896.89	9.5
Turkey	**BIST 100**	109611.79	738.80	0.68	71792.96	110530.75	40.3
U.K.	**FTSE 100**	7354.13	–18.79	–0.25	6654.48	7598.99	3.0
Asia-Pacific							
Australia	**S&P/ASX 200**	5689.70	–16.50	–0.29	5156.60	5956.50	0.4
China	**Shanghai Composite**	3385.39	1.07	0.03	2980.43	3385.39	9.1
Hong Kong	**Hang Seng**	27613.76	–127.59	–0.46	21574.76	28094.61	25.5
India	**S&P BSE Sensex**	31661.97	–147.58	–0.46	25765.14	32575.17	18.9
Indonesia	**Jakarta Composite**	5824.14	–5.84	–0.10	5027.70	5915.36	10.0
Japan	**Nikkei Stock Avg**	19357.97	–27.84	–0.14	16251.54	20230.41	1.3
Malaysia	**Kuala Lumpur Composite**	1772.48	2.85	0.16	1616.64	1792.35	8.0
New Zealand	**S&P/NZX 50**	7790.21	12.81	0.16	6664.21	7879.46	13.2
Philippines	**PSEi**	7983.97	–65.38	–0.81	6563.67	8072.75	16.7
Singapore	**Straits Times**	3232.47	–18.79	–0.58	2787.27	3354.71	12.2
South Korea	**Kospi**	2319.82	–6.80	–0.29	1958.38	2451.53	14.5
Taiwan	**Weighted**	10547.86	–69.98	–0.66	8902.30	10617.84	14.0
Thailand	**SET**	1621.30	0.88	0.05	1406.18	1621.30	5.1

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 12 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	1.845	54.6	60.4	43.8	78.3	1.890	1.785	1.513
2.750	10	2.607	54.1	62.3	36.6	37.7	2.683	2.631	1.913
3.000	**Belgium** 2	-0.577	-187.5	-188.0	-187.6	-137.2	-0.594	-0.529	-0.642
0.800	10	0.661	-140.5	-141.5	-150.0	-142.0	0.646	0.765	0.116
0.000	**France** 2	-0.542	-184.0	-182.6	-182.0	-134.7	-0.540	-0.473	-0.617
1.000	10	0.658	-140.9	-141.3	-150.7	-142.1	0.647	0.758	0.114
0.000	**Germany** 2	-0.764	-206.2	-206.5	-202.9	-139.6	-0.779	-0.682	-0.666
0.500	10	0.347	-172.0	-172.0	-179.5	-164.4	0.340	0.471	-0.109
0.050	**Italy** 2	-0.096	-139.4	-139.1	-136.2	-85.2	-0.105	-0.015	-0.122
2.200	10	2.018	-4.8	-6.7	-24.5	-43.6	1.994	2.021	1.100
0.100	**Japan** 2	-0.152	-145.0	-143.9	-146.0	-91.9	-0.153	-0.113	-0.189
0.100	10	0.010	-205.7	-205.8	-220.2	-155.7	0.003	0.064	-0.021
4.000	**Netherlands** 2	-0.717	-201.5	-200.2	-198.2	-135.8	-0.716	-0.635	-0.628
0.750	10	0.479	-158.7	-159.0	-167.4	-153.5	0.471	0.592	0.001
4.750	**Portugal** 2	-0.041	-133.9	-134.3	-131.3	-29.1	-0.057	0.034	0.439
4.125	10	2.827	76.0	75.0	57.7	144.6	2.811	2.843	2.982
2.750	**Spain** 2	-0.342	-164.0	-165.4	-167.3	-91.8	-0.368	-0.326	-0.188
1.450	10	1.564	-50.2	-53.0	-80.0	-59.7	1.531	1.466	0.939
4.250	**Sweden** 2	-0.654	-195.2	-196.0	-201.3	-136.1	-0.674	-0.666	-0.631
1.000	10	0.592	-147.4	-145.0	-157.9	-139.2	0.611	0.687	0.144
1.750	**U.K.** 2	0.179	-112.0	-110.0	-109.2	-64.1	0.186	0.255	0.089
4.250	10	1.007	-106.0	-104.6	-108.9	-97.5	1.014	1.177	0.561
1.250	**U.S.** 2	1.298	...	...	...	...	1.286	1.347	0.730
2.250	10	2.067	...	...	...	...	2.060	2.266	1.536

Commodities

Prices of futures contracts with the most open interest — 12 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 9/5/2017

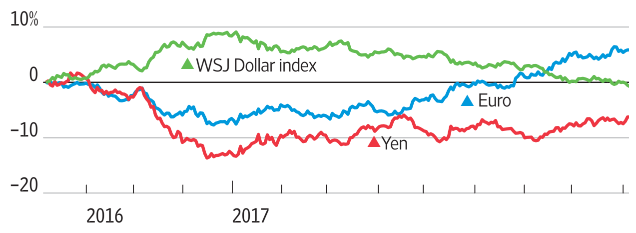
Commodity	Exchange	Last price	One-Day Change Net	Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	360.50	2.00	0.56%	417.25	344.25
Soybeans (cents/bu.)	CBOT	974.00	5.50	0.57	1,047.00	907.00
Wheat (cents/bu.)	CBOT	445.75	2.75	0.62	592.25	422.50
Live cattle (cents/lb.)	CME	104.975	0.550	0.53	122.850	99.125
Cocoa ($/ton)	ICE-US	1,922	-24	-1.23%	2,301	1,794
Coffee (cents/lb.)	ICE-US	128.80	0.95	0.74	166.75	119.10
Sugar (cents/lb.)	ICE-US	14.24	0.21	1.50	20.50	12.74
Cotton (cents/lb.)	ICE-US	74.77	-0.11	-0.15	75.72	66.15
Robusta coffee ($/ton)	ICE-EU	1945.00	-24.00	-1.22	2,272.00	1,892.00
Copper ($/lb.)	COMEX	3.1445	0.0165	0.53	3.1785	2.5025
Gold ($/troy oz.)	COMEX	1345.20	0.70	0.05	1,349.70	1,160.80
Silver ($/troy oz.)	COMEX	18.055	0.114	0.64	18.875	14.440
Aluminum ($/mt)*	LME	2,106.50	-13.50	-0.64	2,134.00	1,688.50
Tin ($/mt)*	LME	20,770.00	20.00	0.10	21,225.00	18,760.00
Copper ($/mt)*	LME	6,937.00	32.00	0.46	6,937.00	5,491.00
Lead ($/mt)*	LME	2,375.00	-15.00	-0.63	2,481.00	2,022.00
Zinc ($/mt)*	LME	3,195.00	5.00	0.16	3,195.00	2,450.50
Nickel ($/mt)*	LME	12,220.00	25.00	0.21	12,220.00	8,780.00
Rubber (Y.01/ton)	TCE	233.50	4.90	2.14	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2744.00	-23.00	-0.83	2950.00	2380.00
Crude oil ($/bbl.)	NYMEX	49.25	0.59	1.21	58.34	42.52
NY Harbor ULSD ($/gal.)	NYMEX	1.7515	0.0035	0.20	1.8138	1.3814
RBOB gasoline ($/gal.)	NYMEX	1.6559	-0.0432	-2.54	1.7832	1.2902
Natural gas ($/mmBtu)	NYMEX	3.010	0.038	1.28	3.5660	2.7990
Brent crude ($/bbl.)	ICE-EU	54.03	0.65	1.22	60.08	45.19
Gas oil ($/ton)	ICE-EU	518.50	3.25	0.63	534.00	408.25

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on Sept. 6

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



Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0580	17.2314	**8.6**
Brazil real	0.3217	3.1089	**–4.5**
Canada dollar	0.8186	1.2216	**–9.1**
Chile peso	0.001617	618.40	**–7.7**
Colombia peso	0.0003427	2918.29	**–2.8**
Ecuador US dollar-f	1	1	**unch**
Mexico peso-a	0.0562	17.7965	**–14.2**
Peru sol	0.3091	3.2357	**–3.5**
Uruguay peso-e	0.0347	28.790	**–1.9**
Venezuela bolivar	0.099239	10.08	**0.8**
Asia-Pacific			
Australia dollar	0.8011	1.2483	**–10.1**
China yuan	0.1533	6.5246	**–6.1**

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Hong Kong dollar	0.1278	7.8261	**0.9**
India rupee	0.0156	64.0700	**–5.7**
Indonesia rupiah	0.0000750	13328	**–1.5**
Japan yen	0.009195	108.76	**–7.0**
Kazakhstan tenge	0.002928	341.49	**2.3**
Macau pataca	0.1243	8.0428	**1.6**
Malaysia ringgit-c	0.2366	4.2268	**–5.8**
New Zealand dollar	0.7217	1.3856	**–4.0**
Pakistan rupee	0.0095	105.150	**0.7**
Philippines peso	0.0196	51.007	**2.8**
Singapore dollar	0.7411	1.3494	**–6.8**
South Korea won	0.0008822	1133.59	**–6.2**
Sri Lanka rupee	0.0065501	152.67	**2.8**
Taiwan dollar	0.03323	30.096	**–7.3**
Thailand baht	0.03018	33.140	**–7.5**

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Europe			
Bulgaria lev	0.6105	1.6379	**–11.9**
Croatia kuna	0.1607	6.222	**–13.3**
Euro zone euro	1.1938	0.8377	**–11.9**
Czech Rep. koruna-b	0.0457	21.870	**–14.9**
Denmark krone	0.1605	6.2320	**–11.8**
Hungary forint	0.003897	256.64	**–12.8**
Iceland krona	0.009423	106.12	**–6.1**
Norway krone	0.1285	7.7808	**–10.0**
Poland zloty	0.2808	3.5619	**–14.9**
Russia ruble-d	0.01744	57.340	**–6.4**
Sweden krona	0.1257	7.9532	**–12.7**
Switzerland franc	1.0484	0.9538	**–6.4**
Turkey lira	0.2919	3.4263	**–2.8**
Ukraine hryvnia	0.0384	26.0100	**–4.0**
U.K. pound	1.3068	0.7652	**–5.5**
Middle East/Africa			
Bahrain dinar	2.6512	0.3772	**0.01**
Egypt pound-a	0.0567	17.6393	**–2.7**
Israel shekel	0.2818	3.5492	**–7.8**
Kuwait dinar	3.3160	0.3016	**–1.3**
Oman sul rial	2.5976	0.3850	**unch**
Qatar rial	0.2710	3.690	**1.4**
Saudi Arabia riyal	0.2666	3.7504	**–0.01**
South Africa rand	0.0784	12.7602	**–6.8**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.11	–0.19	–0.22	**–8.43**

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Sep 6

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2483	1.6310	1.3082	0.0115	0.1595	1.4900	1.0216	...
Canada	1.2216	1.5964	1.2804	0.0112	0.1561	1.4583	...	0.9788
Euro	0.8377	1.0947	0.8780	0.0077	0.1070	...	0.6856	0.6711
Hong Kong	7.8261	10.2272	8.2035	0.0720	...	9.3430	6.4067	6.2703
Japan	108.7590	142.1300	114.0100	...	13.8970	129.8400	89.0400	87.1500
Switzerland	0.9538	1.2467	...	0.0088	0.1219	1.1390	0.7810	0.7644
U.K.	0.7652	...	0.8021	0.0070	0.0978	0.9137	0.6263	0.6131
U.S.	...	1.3068	1.0484	0.0092	0.1278	1.1938	0.8186	0.8011

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**1.23222%**	0.51322%
Three month	**1.31722**	0.83356
Six month	**1.45222**	1.23361
One year	**1.70789**	1.53922
Euro Libor		
One month	**-0.40071%**	-0.37286%
Three month	**-0.37329**	-0.32114
Six month	**-0.30771**	-0.20786
One year	**-0.21043**	-0.07843
Euribor		
One month	**-0.37100%**	-0.37200%
Three month	**-0.32900**	-0.30300
Six month	**-0.27400**	-0.19800
One year	**-0.16300**	-0.05900
Yen Libor		
One month	**-0.04693%**	-0.07100%
Three month	**-0.03250**	-0.03064
Six month	**-0.00736**	-0.00129
One year	**0.10914**	0.09200
	Offer	Bid
Eurodollars		
One month	**1.3300%**	1.2300%
Three month	**1.3700**	1.2700
Six month	**1.5700**	1.4700
One year	**1.8200**	1.7200
	Latest	52 wks ago
Prime rates		
U.S.	**4.25%**	3.50%
Canada	**2.95**	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.	**1.16%**	0.51%
Euro zone	**n.a.**	n.a.

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

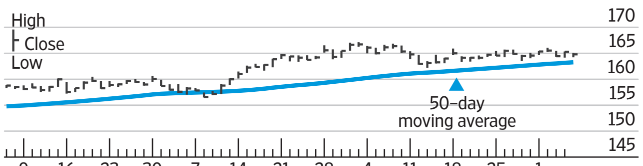
Top Stock Listings

Cur	Stock	Sym	Last	% Chg	YTD% Chg
	Asia Titans				
HK$	AIAGroup	1299	59.85	-0.58	36.80
¥	AstellasPharma	4503	1374.00	-0.87	-15.37
AU$	AustNZBk	ANZ	29.20	-0.51	-4.01
AU$	BHP	BHP	27.73	0.40	10.65
HK$	BankofChina	3988	4.02	-0.74	16.86
HK$	CKHutchison	0001	99.35	-1.05	13.03
HK$	CNOOC	0883	9.46	0.21	-2.47
AU$	CSL	CSL	132.28	1.07	31.74
¥	Canon	7751	3793.00	0.72	15.11
¥	CentralJapanRwy	9022	18660	0.54	-2.96
HK$	ChinaConstructnBk	0939	6.72	-1.03	12.56
HK$	ChinaLifeInsurance	2628	24.25	-1.42	20.05
HK$	ChinaMobile	0941	82.00	...	-0.24
HK$	ChinaPetro&Chem	0386	6.00	-0.33	9.09
AU$	CmwlthBkAust	CBA	73.70	-1.19	-10.57
¥	EastJapanRailway	9020	10035	0.96	-0.64
¥	Fanuc	6954	21145	0.62	6.71
¥	Hitachi	6501	740.80	0.57	17.22
TW$	Hon Hai Precisn	2317	115.50	-0.86	37.17
¥	HondaMotor	7267	3036.00	-0.69	-11.10
KRW	HyundaiMtr	005380	136000	-1.45	-6.85
HK$	Ind&Comml	1398	5.74	-1.03	23.44
¥	JapanTobacco	2914	3702.00	-0.11	-3.69
¥	KDDI	9433	2953.50	1.01	-0.20
¥	Mitsubishi	8058	2522.00	0.06	1.29
¥	MitsubishiElectric	6503	1626.50	-0.34	-0.18
¥	MitsubishiUFJFin	8306	657.90	-1.38	-8.65
¥	Mitsui	8031	1635.50	0.09	1.77
¥	Mizuho Fin	8411	186.40	-0.64	-11.15
¥	NTTDoCoMo	9437	2520.00	0.48	-5.37
AU$	NatAustBnk	NAB	30.15	-0.66	-1.70
¥	NipponTeleg	9432	5232.00	-0.17	6.51
¥	NissanMotor	7201	1086.00	-0.59	-7.61
¥	Panasonic	6752	1462.00	0.93	22.91
HK$	PingAnInsofChina	2318	61.65	-0.16	58.89
$	RelianceIndsGDR	RIGD	51.00	0.99	61.65
KRW	SamsungElectronics	005930	2350000	0.51	30.41
¥	Seven&I Hldgs	3382	4268.00	0.02	-4.15
¥	SoftBankGroup	9984	8579.00	-0.48	10.48
¥	Sony	6758	4283.00	-0.63	30.78
¥	Sumitomo Mitsui	8316	4024.00	-1.08	-9.78
HK$	SunHngKaiPrp	0016	128.40	-0.08	31.02
TW$	TaiwanSemiMfg	2330	217.00	-0.46	19.56
¥	TakedaPharm	4502	5948.00	-0.67	23.02
HK$	TencentHoldings	0700	324.20	0.75	70.90
¥	TokioMarineHldg	8766	4302.00	-0.60	-10.30
¥	ToyotaMtr	7203	6165.00	-0.87	-10.37
AU$	Wesfarmers	WES	42.25	-0.47	0.26
AU$	WestpacBanking	WBC	30.95	-1.09	-5.06
AU$	Woolworths	WOW	25.76	-0.35	6.89
	Stoxx 50				
CHF	ABB	ABBN	22.73	0.53	5.82
€	ASMLHolding	ASML	131.15	0.23	22.97
€	AXA	CS	23.96	-0.48	-0.10
€	AirLiquide	AI	103.00	0.64	-2.51
€	Allianz	ALV	179.45	0.34	14.30
€	AB InBev	ABI	100.05	0.23	-0.50
£	AstraZeneca	AZN	4576.50	0.07	3.13
€	BASF	BAS	83.17	0.60	-5.82
€	BNP Paribas	BNP	62.59	-0.14	3.37
£	BT Group	BT.A	285.40	-0.80	-22.21
€	BancoBilVizAr	BBVA	7.23	-0.11	13.91
€	BancoSantander	SAN	5.30	-0.86	6.94
£	Barclays	BARC	185.85	-1.09	-16.83
€	Bayer	BAYN	108.75	1.26	9.70
£	BP	BP.	446.75	0.01	-12.33
£	BritishAmTob	BATS	4812.00	0.74	4.12
€	Daimler	DAI	64.40	3.17	-8.94
€	DeutscheTelekom	DTE	15.00	...	-7.37
£	Diageo	DGE	2565.00	-0.48	21.56
€	ENI	ENI	13.48	0.67	-12.86
£	GlaxoSmithKline	GSK	1506.00	-0.50	-3.59
£	Glencore	GLEN	365.80	1.61	31.89
£	HSBC Hldgs	HSBA	728.90	-0.71	10.96
€	INGGroep	INGA	14.62	-0.27	9.31
£	ImperialBrands	IMB	3210.00	0.31	-9.39
€	IntesaSanpaolo	ISP	2.81	-0.14	15.91
€	LVMHMoetHennessy	MC	217.90	0.05	20.12
£	LloydsBankingGroup	LLOY	63.05	-0.08	0.86
€	LOreal	OR	177.70	0.48	2.48
£	NationalGrid	NG.	970.40	0.07	-6.52
CHF	Nestle	NESN	80.55	-0.49	10.27
CHF	Novartis	NOVN	80.10	...	8.10
DKK	NovoNordiskB	NOVO-B	299.00	1.08	17.39
£	Prudential	PRU	1761.00	-0.82	8.20
£	ReckittBenckiser	RB.	7139.00	0.66	3.67
£	RioTinto	RIO	3701.00	0.15	17.18
CHF	RocheHldgctf	ROG	242.60	0.12	4.30
£	RoyDtchShell A	RDSA	2133.50	0.14	-4.86
€	SAP	SAP	88.65	0.50	7.05
€	Sanofi	SAN	82.38	0.54	7.13
€	SchneiderElectric	SU	69.20	0.19	4.67
€	Siemens	SIE	112.65	0.31	-3.55
€	Telefonica	TEF	8.86	-0.39	0.50
€	Total	FP	44.03	0.32	-7.81
CHF	UBSGroup	UBSG	15.56	0.32	-2.45
€	Unilever	UNA	50.30	0.64	28.60
£	Unilever	ULVR	4497.00	0.59	36.58
€	Vinci	DG	79.46	1.22	22.81
£	VodafoneGroup	VOD	215.45	-0.39	7.81
CHF	ZurichInsurance	ZURN	280.50	-0.71	0.04
	DJIA				
$	AmericanExpress	AXP	85.22	-0.11	15.04
$	Apple	AAPL	160.98	-0.68	38.99
$	Boeing	BA	235.89	-0.47	51.52
$	Caterpillar	CAT	118.27	-0.03	27.53
$	Chevron	CVX	111.36	1.75	-5.39
$	CiscoSystems	CSCO	31.71	0.30	4.95
$	Coca-Cola	KO	45.97	0.11	10.88
$	Disney	DIS	101.76	0.16	-2.36
$	DowDuPont	DWDP	64.09	-1.36	-4.59
$	ExxonMobil	XOM	78.67	1.92	-12.85
$	GeneralElec	GE	24.92	0.63	-21.15
$	GoldmanSachs	GS	218.31	0.24	-8.83
$	HomeDepot	HD	155.47	1.66	15.95
$	Intel	INTC	35.70	1.93	-1.59
$	IBM	IBM	144.27	0.86	-13.09
$	JPMorganChase	JPM	90.06	0.61	4.36
$	J&J	JNJ	130.74	0.65	13.48
$	McDonalds	MCD	158.80	-0.19	30.46
$	Merck	MRK	64.00	0.61	8.72
$	Microsoft	MSFT	73.67	0.07	18.55
$	Nike	NKE	52.84	-0.31	3.96
$	Pfizer	PFE	33.95	0.46	4.54
$	Procter&Gamble	PG	92.78	0.06	10.34
$	3M	MMM	201.68	0.35	12.94
$	Travelers	TRV	117.03	1.39	-4.40
$	UnitedTech	UTX	110.25	-0.86	0.58
$	UnitedHealth	UNH	197.96	-0.68	23.69
$	Visa	V	103.39	0.37	32.52
$	Verizon	VZ	47.16	-0.42	-11.65
$	Wal-Mart	WMT	80.11	0.39	15.90

12 p.m. New York time

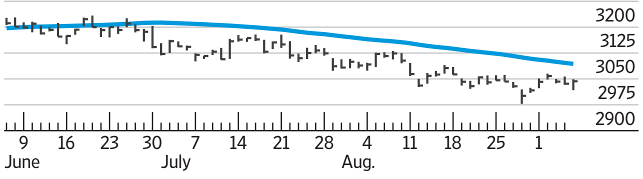
Asia Titans 50

Last: **164.80** ▼ 0.49, or 0.29% — YTD ▲ **16.9%**



Stoxx 50

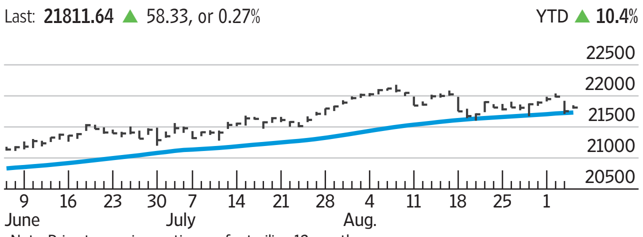
Last: **3043.23** ▲ 7.05, or 0.23% — YTD ▲ **1.1%**



Dow Jones Industrial Average

P/E: 20

Last: **21811.64** ▲ 58.33, or 0.27% — YTD ▲ **10.4%**



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

Former Wells Fargo Managers Sue Bank

By Emily Glazer

Two former managers have sued **Wells Fargo** & Co., claiming they were unfairly fired over the bank's sales-practices issues.

Reza Razzaghipour and Marla Razzaghipour claimed their dismissals were retaliation for them raising issues with senior managers about the questionable sales practices, such as falsification of bank records, according to a lawsuit filed Aug. 31 in Los Angeles Superior Court.

The former managers, who are husband and wife, were fired in March 2017 from positions overseeing regions in Southern California. Combined, the two managed about 3,500 people, The Wall Street Journal previously reported.

A Wells Fargo spokesman said Tuesday that the bank "denies the allegations of these two former regional presidents. The termination decisions were not retaliatory as alleged in the complaint. The company terminated the employment of these two individuals for legitimate and lawful reasons."

Wells Fargo was ordered to pay a $185 million fine last year over its sales practices and has since faced public and political pressure as the scandal erupted.

More than 5,300 employees were fired over a five-year period for the behavior. The bank said last week that as many as 3.5 million customer accounts may have been unauthorized.

The lawsuit alleges that Mr. Razzaghipour reported one type of employee fraud in 2013 and fired a "significant number of employees involved." The lawsuit also alleges that Mrs. Razzaghipour, known to some at work as Marla Clemow, "reported the illegal and unethical sales practices at the highest levels multiple times."

Both former managers "never fired or disciplined anyone for failing to meet the bank's impossible and fraudulent sales goals," the lawsuit claimed.

But some current and former employees and managers have told the Journal that Mr. and Mrs. Razzaghipour pushed them to engage in questionable sales tactics.

"My clients were fired in retaliation for complaining of illegal conduct at Wells Fargo, including the bank's improper sales practices," said the managers' lawyer, Emanuel Shirazi, of Los Angeles-based Shirazi Law Firm. "Despite knowing this, Wells Fargo chose to scapegoat Mr. & Mrs. Razzaghipour." The lawyer didn't comment specifically on the employee allegations.

The Razzaghipours' lawsuit also names several retail-banking executives, some of whom are still employed by the bank and others who were fired, as the real "bad actors."

The managers requested their payroll and personnel files from Wells Fargo, which refused to produce them, according to the lawsuit. They then filed a complaint with the Department of Fair Employment and Housing. In the lawsuit, they ask for damages of at least $50 million.

BRIAN MOLYNEAUX FOR THE WALL STREET JOURNAL

The lawsuit is tied to the sales-practices scandal that has rocked the San Francisco-based lender.

Deutsche Bank Chief Calls for End of ECB Stimulus

By Todd Buell

FRANKFURT—**Deutsche Bank** AG's chief said the European Central Bank should begin the process of ending its accommodative monetary policy, regardless of the strength of the euro.

Speaking at a banking conference Wednesday, Deutsche Bank CEO John Cryan said that while cheap money has helped countries and banks escape the crisis, it has also led to "ever greater upheavals."

He noted record real-estate prices in advanced economies. "The stock market appears only to know one direction," he said, adding "we are now seeing signs of bubbles in more and more parts of the capital market, where we wouldn't have expected them."

The comments further highlight the discomfort among many in Germany over the ECB's monetary policy, which includes a negative interest rate on deposits that banks leave at the central bank overnight, meaning the lenders must pay to park their money there instead of receiving interest on the funds.

"The era of cheap money in Europe should come to an end, despite the strong euro," said Mr. Cryan. "I welcome the recent announcement by the **Federal Reserve** and now also from the ECB that they intend to gradually bring their loose monetary policy to an end.

"The central banks must, however, plot a middle way that averts massive losses on the markets," he said. The euro has gained 13% against the dollar this year through Tuesday.


ALEX KRAUS/BLOOMBERG NEWS

CEO John Cryan says 'we are now seeing signs of bubbles.'

Speaking at the same conference, German Finance Minister Wolfgang Schäuble said "everyone hopes world-wide that we come to a normalization as soon as possible. I believe that with the good, stable economic development of the eurozone we are much closer to this normalization than pessimists would have thought one year ago."

The German minister, who in the past has sharply criticized ECB policy, said, however, that he supported the central bank's independence.

The comments come one day before the ECB is set to announce its monetary policy decision. Economists said they expect the ECB to announce how it intends to unwind its large-scale bond-buying program. The ECB isn't expected to provide many details about the end of quantitative easing at its meeting Thursday, but it may provide signals it is preparing the exit from its asset-buying program.

Mr. Cryan also gave Frankfurt an endorsement as the top location to relocate after the U.K. leaves the European Union. He said that jobs would come to Dublin, Amsterdam and Paris. But "in reality, none of these locations have the structures in place to assume a large portion of the business from London," he said. "There is only one European city which can fulfill these requirements and that is Frankfurt."

Mr. Schäuble also plugged Frankfurt as the new home of the European banking rule-setter, the European Banking Authority, which is in London but will have to leave due to Brexit.

"It is entirely logical that [EBA] comes to Frankfurt. I know other countries have applied for it, but I hope we can get it for Frankfurt with better arguments," he said.

—Hans Bentzien contributed to this article.

MARKETS

U.S. Stocks Bounce Back

Energy shares gain amid higher oil prices; cruise-line operators, airline companies fall

By Georgi Kantchev and Amrith Ramkumar

WEDNESDAY'S MARKETS

The Dow Jones Industrial Average rebounded from its worst session in weeks, boosted by shares of energy and financial companies.

The Dow industrials rose 56 points, or 0.3%, to 21809 around midday, following the blue-chip index's largest one-day decline since Aug. 17 on Tuesday. The S&P 500 advanced 0.2% and the Nasdaq Composite rose less than 0.1%.

Strong economic data around the globe has underpinned stock markets this year, with U.S. indexes hitting record highs over the summer even as investors have grown anxious about how long the bull run can last.

"We remain overweight equities and don't think yesterday was a sign of things to come," said Jon Adams, senior investment strategist with BMO Global Asset Management. "Our bias has been to buy the dips."

Energy stocks were among the best performers, rising with oil prices as Gulf Coast refineries continued to restart following Hurricane Harvey, boosting demand. U.S. crude oil was up 1.5% at midday.

The S&P 500 energy sector climbed 1.7% around midday, with Chevron and Exxon Mobil among the biggest gainers in the Dow industrials.

Financial stocks recovered from their worst day since mid-May, with the KBW Nasdaq Bank Index, a measure of 24 of the largest U.S. bank stocks, up 0.3% around midday.

Shares of financial firms fell a day earlier after Federal Reserve governor Lael Brainard said the U.S. central bank should be cautious about raising short-term interest rates further until policy makers are confident of overcoming the "persistent failure" to reach 2% inflation. Higher rates tend to boost lending profitability.

Stocks slightly pared earlier gains Wednesday and Treasury yields fell after Fed Vice Chairman Stanley Fischer announced his intention to resign, months before his term was set to expire.

A run of soft inflation data in the U.S. has been contributing to a two-month decline in Treasury yields. On Wednesday, the yield on the 10-year U.S. Treasury note fell to 2.068%, according to Tradeweb, after closing at 2.072% Tuesday, its lowest level since November. Yields fall as prices rise.

Investors were tracking Hurricane Irma, which has grown into one of the most powerful storms ever recorded over the Atlantic Ocean, prompting evacuations in Florida and disrupting air and sea travel.

Shares of cruise-line operators and airline companies were among the market laggards Wednesday. Royal Caribbean Cruises fell 0.3%, while Carnival shares shed 0.2% around midday, both paring earlier losses. United Continental Holdings shares declined 2% after the company said Hurricane Harvey and price competition will weigh on revenue in the current quarter.


DAN PELED/EPA/SHUTTERSTOCK

Shares of cruise-line operators fell. A Royal Caribbean cruise ship.

Continuing tensions following North Korea's recent nuclear test—its most powerful yet—were also a concern for investors. North Korea issued a defiant response on Tuesday to U.S. attempts to impose new sanctions, declaring that it wasn't cowed by the Trump administration's warnings and hinting at an unspecified "counteroffensive."

The Stoxx Europe 600 rose less than 0.1% to 373.95. Many investors were looking ahead to the next monetary policy meeting of the European Central Bank on Thursday.

In Hong Kong, the Hang Seng Index finished down 0.5%. Japan's Nikkei Stock Average fell 0.1%.

Euro's Rise Back to Its Starting Point May Worry ECB

By Mike Bird

The euro is back to where it began, partying like it's 1999.

As the euro rallies to the levels of its birth, its creator, the European Central Bank, may be getting nervous. And some analysts think it could climb higher.

On Jan. 4, 1999, the first trading day of the euro's existence, the euro reached $1.1789, according to the ECB. That is only around 1% from its level of $1.1938 midday Wednesday in New York.

On a trade-weighted basis, the euro is even closer to its genesis. The ECB's nominal effective exchange rate, which measures the euro's value against the currencies of its 12 closest trading partners, currently sits at about 103.5, almost exactly its level of 103.8 in 1999.

The euro has been on quite a ride since the ECB pressed the button on the currency that January. It hit a low of $0.825 in late 2000 and bounced to a high of $1.599 during 2008, when the dollar went through a particularly weak patch. In more recent years, through much of 2015 and 2016, the currency has traded in a range as investors despaired over weak growth and anti-establishment politicians calling for its end.

Back to the Beginning

Measured against the currencies of the eurozone's most significant trading partners, the euro's exchange rate is nearly where it was when the common currency began.

Euro against 12 trading partners, change from Jan. 4, 1999

Source: European Central Bank

THE WALL STREET JOURNAL.

This year the euro has been on a tear, gaining around 13% against the U.S. dollar, helped by a round of good economic data and as concerns over political risk in the region decline. The dollar's recent broader weakness has also helped.

The central bank's governing council meets on Thursday, and investors expect the euro's current strength to be on the agenda. The minutes of the ECB's July meeting included concerns about the exchange rate "overshooting in the future."

Among possible concerns for a central bank: A stronger currency drags down import prices, reducing inflation at a time when regional price-growth is still below the ECB's target.

But some analysts believe that even given the recent gains, the currency is either trading at what they believe it is worth or it may even be undervalued.

Analysts use various methods to estimate what they see as the appropriate level of exchange rates, based on factors such as the country's current-account surplus or deficit, growth and inflation.

A stronger currency drags down import prices, reducing inflation.

Deutsche Bank suggests the euro is almost exactly fairly valued at $1.19, while BNP Paribas's analysts believe that the currency's fair value is more like $1.33.

The Big Mac index of London-based magazine The Economist compares the purchasing power of different currencies by looking at the cost of a McDonald's Corp. burger. That suggests that the euro is still undervalued by around 13%.

There are other ways of looking at the euro that suggest comfort with its current trading position. Three-month eurodollar risk reversals, a measure of the cost of protection against a drop in the currency, have moved into positive territory for the first time in several years—meaning that the euro is regarded as safer.

"A stronger euro is at least partially a response to the better growth outlook," said Luigi Speranza, head of European market economics at BNP Paribas. "As the recovery is domestic-led, it is less vulnerable to external shocks than in the recent past."

"Importantly, the euro is still below its historical average in real terms," he added. "The eurozone economy remains rather competitive."

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY **WSJ.com/Heard**

To Bet on a Stronger Europe, Buy Spain

One of the problems for investors in Europe is that there are many moving parts: Spain is different from Italy is different from Germany. But when the movement is in the right direction, that creates opportunities. Spanish stocks look like a rewarding way of playing a stronger Europe.

Spain was hit hard by the eurozone crisis as a property and banking bust unfolded. Spanish gross domestic product fell by almost 10% from its precrisis peak and unemployment surged to more than 25%.

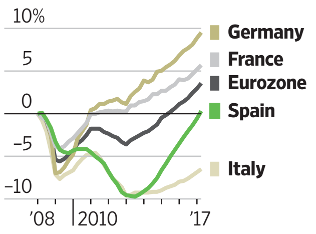
But the turnaround has been notable. Spain is on track to expand its economy by 3% this year. The current account has swung into surplus from a deficit of close to 10% of GDP precrisis. Spain has seen a lot of deleveraging, too, with credit to the nonfinancial sector falling by about 50 percentage points of GDP since 2010, Bank for International Settlements data show.

There should be more to come. Spanish GDP has only just regained its precrisis level. And while joblessness has fallen steadily, unemployment still stands at 17.1%, suggesting there is plenty of slack to be used up in the labor market.

Spanish stocks offer a good way to bet both on domestic growth and on trends within Europe. In particular, bank stocks figure heavily in the IBEX 35 and the MSCI Spain indexes—with the latter available to investors via the iShares MSCI Spain Capped exchange-traded fund. The European Central Bank's gradual exit from ultraloose monetary policy should support banks as bond yields rise; heavyweights **Banco Santander** and **Banco Bilbao Vizcaya Argentaria** should benefit.

Catching Up

Cumulative change in GDP



Source: Eurostat

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Further, there is a kicker of exposure to potential growth elsewhere, particularly in Latin America, although that carries risks around politics and U.S. trade policy.

Spanish stocks aren't outright cheap—the IBEX 35 trades at 13.9 times forward earnings versus 14.8 times for the broader Euro Stoxx, according to FactSet—but they still look extremely attractive against eurozone bonds, in which yields on both government and corporate debt remain extraordinarily low. The bond rally has run its course, but shares have room to gain.

Spain bears some political risk, with the long-running question of independence for Catalonia rumbling on and another vote scheduled for October. But the market is more likely to be concerned about the disruptive potential of politics in Italy, making Spain look a calmer bet.

The market has started to catch on to these factors: Spanish shares are beating their French and German peers this year and have weathered the rising euro better, but are well off their 2017 peak. With Europe looking stronger than it has for some time, it should be more a case of fiesta than siesta for buyers of Spanish stocks.

—Richard Barley

United Technologies' Heavy Load

United Technologies is building an aerospace supermarket. The question is whether anyone needs one.

By buying **Rockwell Collins**, United Technologies' aerospace and jet-engine divisions will become a virtual one-stop shop for building an airplane, producing engines, cockpit gear, seats, toilets, auxiliary power units and landing gear. The company speaks about linking these systems to create "connected airplanes," though airplanes are already among the most connected devices on the planet. Dividends from further technological leaps would seem to be some way down the road.

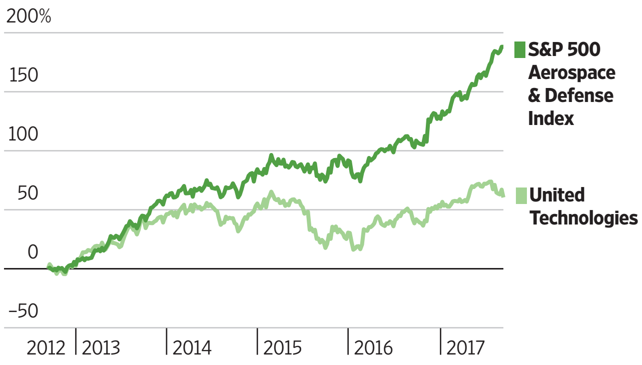
Investors should worry that the bigger rationales for the deal are defensive. Becoming a nose-to-tail provisioner of airplane parts gives United Technologies added heft vis-à-vis its biggest customers, Airbus and Boeing. It is an irony that United Technologies rebuffed a 2016 approach by Honeywell International, partly on the grounds such a big supplier would upset relationships with those same customers. Bulking up, including raising $14 billion in debt, could be a way to forestall Honeywell trying again and keeps attention away from the company's slower-expanding Otis Elevator and Carrier air-conditioning units.

The benefits for shareholders are less clear. United Technologies is paying $30 billion including debt, almost 17 times Rockwell's trailing earnings before interest, tax, depreciation and amortization when including the operations of B/E Aerospace, which it acquired earlier this year. That deal was for less than 14 times, a price many investors thought was expensive.

The pretax cost savings target of $500 million in four years, taxed and capitalized, would almost justify the roughly 30% premium United Technologies is paying over where Rockwell traded in the two months before news of the deal leaked in early August. Trouble is, some of that savings actually counts the $160 million Rockwell hoped to get with its integration of B/E Aerospace. Assuming $60 million of that is achieved before this larger deal closes, then United Technologies' forecast of 6% savings on Rockwell's sales shrinks to a less salubrious 5%.

Grounded

Total-return performance



Source: FactSet

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United Technologies boss Gregory Hayes reiterated Tuesday that he thinks his company's shares trade below their intrinsic value. Yet he is using them as currency for the part of the deal not paid in cash, while the company is canceling its buyback program for the next few years. United Technologies shares, already badly trailing the market, suddenly have a new load keeping them down.

—Alex Frangos

Why Harvey Gives Auto Industry Hope

Relief for the embattled U.S. automotive industry is coming from an unlikely source: hurricanes.

Research house Cox Automotive estimates the number of vehicles damaged by Hurricane Harvey in Texas at between 300,000 and half a million. Perhaps 20% will be repaired, and most of the rest replaced with secondhand vehicles, but at least some will drive new-car sales. On top of that there is the damage to vehicles on dealers' lots, though Ford said last week this was less than 5,000 units for its brands, which are dominant in Texas. Hurricane Irma, which is now approaching Florida, could have a similar impact in the coming days.

Brokerage Evercore ISI puts the potential bump to 2017 new-car sales from Harvey at about 135,000, or a little under 1%. That wouldn't be enough to restore the market to growth—sales are down 2.7% for the year through August, according to Autodata—but it would cushion the decline. The impact on profits in Detroit would also likely be greater, as Texans favor the lucrative pickups in which U.S. manufacturers specialize.

The rush of secondhand sales should support used-car prices.

Meanwhile, the rush of secondhand sales should support used-car prices. After Hurricane Katrina in 2005, used-car prices rose for half a year, notes Barclays.

This is more significant for manufacturers than it sounds. Secondhand prices have been falling as cars bought new on lease three years ago hit dealer lots in ever greater numbers. The "residual values" that car makers' finance arms and independent leasing companies include in their models are likewise falling, weighing on profits. They are compensating for this by tightening the terms of leasing packages, even as secondhand models get cheaper. This is an important reason why U.S. new-car sales are weakening—and likely to weaken further—despite near-record consumer confidence. Any support for used-car prices should slow this gradual erosion of the market.

The storms won't wash away Detroit's long-term challenge of investing in electric and self-driving vehicles as demand in its crucial home market turns down. But insurance payouts may give U.S. car makers a much-needed late-year fillip.

—Stephen Wilmot