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What's News

Business & Finance

Trump's tax framework, which includes lower corporate tax rate, should immediately boost banks' own profits. A1

♦ Toshiba signed a nearly \$18 billion contract with a buyer for its memory-chip unit, but regulatory and legal hurdles remain. A1

♦ China will force foreign car makers to start manufacturing electric vehicles in 2019, the strongest national initiative to spur gasoline alternatives. A1

♦ The yuan continued to drop against the dollar, showing how vulnerable the currency remains to policy changes. B1

♦ Amazon is hastening a global move to online shopping, prompting investors to dump shares of retailers far from the U.S. B1

♦ Kellogg CEO Bryant is stepping down after nearly seven years. B3

♦ A Fidelity-backed venture capital fund is betting on Stockpile, a startup that allows investors to buy fractional shares. B5

♦ Apple expressed interest in buying advanced liquid-crystal displays from Japan Display for some iPhones next year. B4

♦ Phunware has filed a lawsuit against Uber, claiming the ride-hailing company owes it almost \$3.1 million. B4

♦ Died: Hugh Hefner, 91, founder of Playboy. B1

World-Wide

♦ Republicans are promising the ACA repeal will still happen before the current session of Congress ends. A5

♦ The leading opposition force in Japan agreed to line up behind a new party, threatening Abe's hold on power. A3

♦ Foreign ships will be allowed to deliver aid to Puerto Rico after Homeland Security waived a law blocking non-U.S.-ships from transporting goods between U.S. ports. A5

♦ The Spanish government's efforts to stop Catalans from voting in a referendum on independence are testing the loyalties of its police force. A4

♦ Street protests and media bans are roiling Uganda as Museveni seeks to abolish an age cap to extend his 31-year rule. A4

♦ North Korean-connected businesses in China must shut down to comply with new U.N. sanctions. A3

♦ The third round of talks to renegotiate Nafta ended amid pessimism about the ability to reach a consensus over contentious parts of the pact. A4

♦ Malaysia banned citizens from traveling to North Korea, increasing the regime's isolation. A3

♦ More than 130,000 people fled the area surrounding a volcano in Bali showing signs of an eruption. A3

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WORLD NEWS

Abe Faces a New Threat as Rivals Unite

Leading opposition party dissolves, throws support behind Tokyo leader

BY PETER LANDERS

TOKYO—Prime Minister Shinzo Abe faced one of the biggest threats to his solid hold on power after the leading opposition force agreed to line up behind a new party led by popular Tokyo Gov. Yuriko Koike.

Parliament's lower house was dissolved on Thursday, and the government formally set a general election for Oct. 22, affirming a plan Mr. Abe announced this week.

Analysts initially expected Mr. Abe's ruling Liberal Democratic Party and a smaller coalition ally to have little trouble retaining a solid majority in the election, which would clear the way for Mr. Abe to continue in the office he has held since December 2012. They said Mr. Abe called the Oct. 22 election, more than a year ahead of the end of the lower house's term, in anticipation that opposition parties would split the support of anti-Abe voters.

But the prospects for a stiffer challenge increased on Thursday when the opposition group with the most parliamentary seats, the Democratic Party, said it would effectively disband itself and called for its candidates to run under the banner of Ms. Koike's new



YOSHIO TSUNODA/AFLO/ZUMA PRESS

Tokyo Gov. Yuriko Koike, center, and lawmakers from her Party of Hope raised fists after the party was formally established on Wednesday.

Party of Hope.

Ms. Koike, a former member of Mr. Abe's party who served in his cabinet during his 2006-2007 stint as prime minister, hasn't proposed major shifts in Mr. Abe's pro-American, business-friendly policies. Instead, she has presented herself as a fresh face for voters weary of LDP governments.

She called for an end to *shigarami*, or entanglements, in an implicit criticism of Mr. Abe after his government was accused of helping his friends, including one who got permission to open a veterinary school. Mr. Abe has denied wrongdoing but said on Monday that it would be a rough election because of the criticism.

For Ms. Koike to be a candidate for prime minister, she would need to resign as Tokyo governor and run for Parliament in the Oct. 22 election. Under Japan's system, the prime minister must be chosen from members of Parliament. Ms. Koike said on Thursday that she planned to stay on as governor but didn't absolutely

rule out a run for Parliament.

There are signs Ms. Koike's forces could be a formidable foe to Mr. Abe. Allies of Ms. Koike took a majority of the Tokyo assembly in July elections, and Mr. Abe's LDP was left with its fewest seats ever in the assembly.

A poll of 538 people by the Mainichi newspaper released

on Thursday found that support for Mr. Abe has fallen since Ms. Koike started her Party of Hope. The new party gained support from 18% of respondents compared with 29% for the LDP, with many undecided, the newspaper said. It didn't give a margin of error.

Speaking to ruling-party lawmakers on Thursday, Mr. Abe depicted the new opposition alliance led by Ms. Koike as the latest in a series of political "booms" dating to the 1990s that he said fizzled out. "What did these bring about? Disarray and economic stagnation," he said. "We must not entrust the future of our children and the security of Japan to any party that changes its face just for the sake of getting elected."

Mr. Abe said he would campaign on his economic record, which has included six straight quarters of growth and a tight job market, and what he called a "strong foreign policy" of putting pressure on North Korea.

Seiji Maehara, leader of the opposition Democrats, said real wages are falling under Mr. Abe and average workers aren't benefiting from the rise in corporate profit. "People's lives aren't getting better at all," he said. "They're trying to fool the people with a smokescreen."

Mr. Maehara said he wants his party's candidates to shift to Ms. Koike's camp because the opposition needs to unite to have a chance of toppling Mr. Abe.

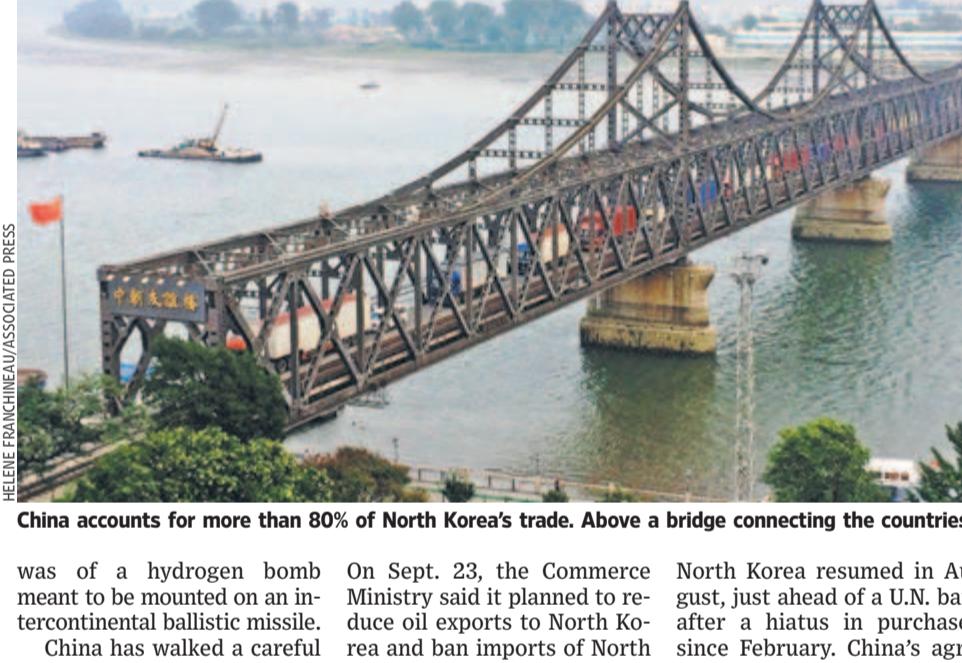
China to Close North Korea Firms

BY JOSH CHIN

BEIJING—North Korean-connected businesses in China must shut down to comply with new United Nations sanctions, China's government said.

Enterprises involving North Korean entities or individuals have 120 days to close, the website of China's Ministry of Commerce said. Chinese enterprises also must close businesses abroad that involve North Korean interests, according to the notice, issued Thursday with China's State Administration for Industry and Commerce.

China accounts for more than 80% of North Korea's trade, and North Korean businesses, from trading companies to restaurants, are found in many Chinese cities, especially near the border.



China accounts for more than 80% of North Korea's trade. Above a bridge connecting the countries.

was of a hydrogen bomb meant to be mounted on an intercontinental ballistic missile.

China has walked a careful line, saying it would comply with U.N. sanctions while resisting measures it worries might destabilize its neighbor.

On Sept. 23, the Commerce Ministry said it planned to reduce oil exports to North Korea and ban imports of North Korean textiles, in line with the latest sanctions.

Chinese customs data showed coal imports from

North Korea resumed in August, just ahead of a U.N. ban, after a hiatus in purchases since February. China's agricultural exports to North Korea have soared in recent months, according to customs data.

Malaysia Bans Travel To North Korea

BY YANTOULTRA NGUI

KUALA LUMPUR—Malaysia banned its citizens from traveling to North Korea, increasing the regime's economic and diplomatic isolation just two weeks after Prime Minister Najib Razak met with U.S. President Donald Trump at the White House.

This is the first travel ban for North Korea issued by Malaysia, a foreign ministry official said Thursday.

The ministry said the decision was taken in view of escalating tensions on the Korean Peninsula and developments arising from Pyongyang's missile tests. The ban will remain in effect until further notice.

The Trump administration, which identified Malaysia as a strategic national security ally in Asia, has been pushing countries to sever links to Pyongyang over its weapons program.

In recent weeks, Mexico, Spain and Kuwait have expelled North Korean diplomats, while U.S. Secretary of State

Rex Tillerson is scheduled to hold talks with Chinese officials on the issue this week.

Malaysia will review the travel ban once tensions on the Korean Peninsula ease, the ministry said in a statement.

There was no response from North Korea, through its state media.

Diplomatic ties between Malaysia and North Korea soured in February when local authorities launched an investigation into the death of Kim Jong Un's half brother at Kuala Lumpur International Airport.

The two countries had banned each other's citizens from leaving until they struck a deal that included the return of the body of Mr. Kim's half brother to Pyongyang.

North Korea this month conducted its sixth nuclear test, and in recent weeks has fired missiles over Japan. The regime's provocations have resulted in tightened United Nations sanctions and an escalating war of words with Mr. Trump.

WORLD WATCH

NORTH KOREA

Pyongyang Says U.S. Is 'Exploiting' Death

North Korea accused President Donald Trump of using the death of an American citizen previously detained in Pyongyang in a political campaign against the country and warned it would further harden its stance toward the U.S.

In a statement released by North Korea's state-controlled news agency, a foreign ministry spokesman said Mr. Trump was "again exploiting the death of Otto Warmbier," referring to the American college student who died in June shortly after returning home from North Korea with severe brain damage.

Pyongyang's statement came a day after Mr. Warmbier's parents appeared on TV accusing North Korea of torturing their son. They provided their first detailed account of their encounter with their son after he arrived home unconscious after having been detained for more than a year in North Korea.

Fred and Cindy Warmbier said their son had injuries that appeared to be a result of torture, a claim North Korea denies.

—Eun-Young Jeong

researchers at several Chinese institutions identified a genetic mutation they say gave the Zika virus the ability to disrupt brain development, leading to a congenital condition called microcephaly in which a baby's brain and head are abnormally small, according to a study published in the journal *Science*.

The mutation—a change in an amino acid—likely occurred in May 2013, a few months before a large Zika outbreak in French Polynesia, the authors found.

The finding helps explain

"how Zika virus evolved from an innocuous mosquito-borne virus into a congenital pathogen with global impact," the authors said.

—Betsy McKay

EUROZONE

Business, Household Sentiment Surges

Businesses and households across the eurozone were more upbeat about their prospects than at any time in more than a decade during September, an indication that they areundaunted by the prospect of reduced stimulus from the European Central Bank next year.

The European Commission said its Economic Sentiment Indicator, which aggregates business and consumer confidence, rose to 113.0 from 111.9 in August, to reach its highest level since June 2007. Economists had expected a much smaller rise.

—Paul Hannon

SCIENCE

Study Describes How Zika Virus Mutated

A multidisciplinary team of

People Flee From Bali Volcano's Threat

BY BEN OTTO

JAKARTA, Indonesia—More than 130,000 people have fled the area surrounding a volcano on the resort island of Bali that is showing signs of an imminent eruption, Indonesian officials said.

The country's transportation ministry on Thursday released contingency plans in case of disruptions to air travel as hundreds of daily tremors continue to shake the nearly 10,000-foot Mount Agung.

Bali's international airport—Indonesia's second-busiest and a regional hub—remains open, and authorities say residents and visitors are safe beyond the danger zone, 7.5 miles from the peak of Mount Agung. The volcano lies more than 30 miles from the airport and the island's main beachside resorts.

The transportation ministry designated 10 Indonesian airports on the islands of Java, Sulawesi, Borneo and others to take in planes bound for Bali in the event they need to be diverted due to volcanic ash in the air. Within Bali, 100 buses are ready to transport people to the island's western edge, where ferries run to nearby Java, the ministry said.

Cancellations remain a major concern since tourism constitutes about 11% of Indonesia's \$932 billion economy. The largely Hindu island of

Bali accounted for nearly five million foreign-tourist arrivals last year, compared with 12 million nationwide, according to government statistics.

Foreign-tourist arrivals in Bali this year are on a record pace, up almost 25% on year through August, at nearly four million. Chinese tourists make up more than a quarter of the total, followed by Australians at 18%. India, Japan, the U.K. and the U.S. round out the top six.

A manager at a five-star hotel in Nusa Dua, a venue for major international meetings, said tourists had canceled 200 room nights for next month.

Several countries have issued advisories warning that volcanic activity from Mount Agung could disrupt air travel.

Volcanic eruptions in 2015 shut airports in parts of Indonesia, stranding tens of thousands of passengers and costing local businesses tens of millions of dollars.

Officials in the archipelago of

Vanuatu, which like Indonesia

runs along the fault lines of the Pacific Ring of Fire, on Thursday ordered the evacuation of an island where a smoking volcano is near eruption. About 11,000 people are expected to leave the island of Ambae over the next week, officials said.

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

—Anita Rachman
and I Made Sentana contributed to this article.



People waited in Bali to be transported to a temporary shelter off the island on Thursday.

WORLD NEWS

Catalonia Vote Tests Police Force Loyalty

Officers have been asked to stop the referendum, but some intend to let it go ahead

BY JON SINDREU
AND JEANNETTE NEUMANN

MADRID—The Spanish government's efforts to stop Catalans from voting Sunday in a referendum on independence are testing the loyalties of one of the region's staunchest institutions: its police force.

Catalonia's 17,000-strong Mossos d'Esquadra will be on the front lines Sunday when pro-independence leaders plan to stage a referendum on whether the Northeast region should secede from Spain.

The government of Prime Minister Mariano Rajoy has declared the ballot illegal, saying it violates the country's constitution, and Spanish authorities have launched aggressive efforts to stop Catalans from voting, including arresting separatist leaders.

On Wednesday, a Spanish prosecutor ordered the national and local police forces to work together to maintain order and to prevent the referendum from taking place Sunday by confiscating material,

closing sites where ballots are being prepared and sealing polling stations.

But opposition to Madrid among Mossos leadership is raising the possibility that some officers will do little to stop the vote this weekend.

The tension between national authorities and Mossos is a microcosm of a bitter, centurieslong standoff between Madrid and Catalonia, which has erupted into the worst political crisis Spain has seen in decades. The clash threatens the delicate balancing act Spain has tried to strike between central authority and the centrifugal pull of its regions, many with distinct customs and deep local loyalties.

Since it was established in the 1980s, Mossos has been one of the most visible symbols of Catalonia's autonomy, answering directly to the Catalan Interior Ministry rather than to Madrid. Among the other 16 Spanish autonomous regions, the Basque Country is the only other to have a fully independent police force.

Mossos Chief Josep Lluís Trapero, who has personal ties with pro-independence leaders, has walked a fine line in response to authorities' orders. Mossos officers have cleared demonstrators who



A woman stands next to Mossos officers on Wednesday as she protests efforts to stop the vote.

hindered Spanish military police from raiding buildings in search of voting material, but have avoided confiscating material themselves.

Some Mossos officials and other people familiar with the matter say Mossos won't stop people from voting Sunday as long as there is a sizable number of voters inside polling stations, which those officials believe would give officers public-

order grounds not to intervene.

"Some of the measures asked by prosecutors can't be followed without creating a bigger conflict than the one they say they want to prevent," said Joaquim Forn, Catalonia's regional interior minister.

Spain's state prosecutors have responded by putting Mossos under the control of the Spanish Interior Ministry for matters related to the referen-

dum. Madrid has also sent in about 4,000 national police officers to help execute its orders, housing many of them on giant ferries docked in Barcelona.

After a security briefing Thursday with Mr. Forn and others, Spanish State Secretary for Security José Antonio Nieto asked for the referendum to be called off and said Madrid would "defend the law," but emphasized his "ab-

solute commitment" to "guaranteeing peaceful coexistence" on Sunday.

Some Mossos officers, however, have said they have no intention of doing Madrid's bidding when the real test comes this weekend. "If they force me to remove ballot boxes, I won't be able to," said Albert Donaire, a 30-year-old Catalan police officer who heads a 300-strong association called Mossos for Independence. "You can't put gags on people to stop them from voting."

The latest official poll showed the independence camp has lost some support over the past three years, but more recent surveys by local newspapers suggest they will win Sunday's referendum. However, those numbers are likely to be skewed by the fact that many of those opposed to unilateral independence have pledged to boycott the ballot.

Leaders of the secessionist movement promise to declare Catalonia independent in case of a vote in support of separation. If they do, Madrid could revoke Catalonia's autonomy, a move that would bring the Mossos under the central government's full control, further inflaming pro-independence sentiment, analysts said.

Wide Rifts Remain On Nafta

BY PAUL VIEIRA
AND SARA SCHAEFER MUÑOZ

OTTAWA—The third round of talks to renegotiate the North American Free Trade Agreement ended amid growing pessimism about the ability of the three countries to reach a consensus over the most contentious parts of the pact.

Opposition and international rights groups say Mr. Museveni is an autocrat determined to rule for life, who has increasingly curtailed freedom of speech and association.

Mr. Museveni's supporters say a 75-year cap is "arbitrary" and has no justification in the constitution.

The standoff now threatens to unsettle the stability of this East African nation that is the continent's top coffee exporter. Growth has slowed in recent years, averaging 4.5% over the past five years compared with more than 7% in the 1990s and 2000s, because of slowing agricultural output and dwindling exports, according to the World Bank.

Protracted instability could also affect international oil giants like France's Total SA and the U.K.'s Tullow Oil PLC, both of which since discovered large reserves of crude along Uganda's western border.

The U.S. Embassy in Kampala has warned that the crackdown stifles people's rights to free expression and urged the government to protect basic freedoms.

EU Warns Trade Talks With U.K. Could Be Months Away

BY LAURENCE NORMAN

BRUSSELS—The European Union's chief Brexit negotiator cautioned that it could still be months before enough progress is made in talks with the U.K. for the bloc to be ready to discuss a future trade relationship with Britain.

As the fourth round of Brexit talks wrapped up Thursday, both sides said progress had been made on two key issues: citizens rights and EU demands that the U.K. uphold spending pledges it has made as a member of the bloc.

However, Michel Barnier said there hadn't yet been enough progress on major divorce issues for negotiations to start on future relations.

"It'll take weeks or possibly even months until we can say there has been sufficient progress," he said at a joint news conference with British Brexit secretary David Davis.

Mr. Barnier said at the start of talks in June that he hoped to say by October that sufficient progress had been made to advance discussions. His comments Thursday serve as a note of caution after what was otherwise a week of progress.

In a major speech on Brexit on Sept. 22, British Prime Minister Theresa May called for a transition period of

about two years after Brexit, in which the U.K. would continue to pay into the EU budget in 2019 and 2020 in return for retaining access to EU markets. Britain is due to leave the bloc in March 2019.

Mr. Davis said his negotiating team had this week laid out details of how a transition period could work but that now wasn't the moment to get specific on any payments to the EU beyond that point.

Mr. Barnier said that for talks to progress, Britain must agree to stand by all of its past spending commitments, which EU officials have put at upward of €60 billion. Britain's 2019 and 2020 commitments are likely to total around €20 billion, roughly two years of budget payments.

As well as a financial settlement, the EU has also called for sufficient progress on the rights of EU citizens in the U.K. after Brexit and a feasible plan on how to avoid re-creating a hard border on the island of Ireland. Only then will it discuss the future EU-U.K. relationship.

Mr. Davis said there had been "decisive steps forward" after this week's talks. On citizens rights, he said there has been progress on issues such as future social-security payments to EU citizens.

By NICHOLAS BARIYO

KAMPALA, Uganda—Street protests, media bans and days of parliamentary brawls are roiling Uganda as President Yoweri Museveni seeks to abolish a constitutional age cap to extend his 31-year rule.

Parliament descended into pandemonium for the second consecutive day on Wednesday as opposition lawmakers

threw chairs and microphones stands at security guards trying to eject them. The speaker suspended one ruling-party legislator for entering the chamber armed with a pistol.

The state media regulator banned live broadcasts of the protests, stalling coverage of proceedings and street skirmishes in downtown Kampala.

At issue is Mr. Museveni's bid to amend Uganda's constitu-

tution to extend his tenure beyond 2021. The 73-year-old Mr. Museveni scrapped presidential term limits in 2005 but didn't overhaul a clause in the constitution that bars anyone above 75 from holding the top office.

The gambit will be watched closely by a series of other longtime African leaders looking to extend their tenures. Cameroon's Paul Biya, Zimbabwe's Robert Mugabe and

Rwanda's Paul Kagame have all abolished term limits, offering a check against democratic advancement across the continent.

"Over the years, Museveni has fused his party with government—anyone trying to challenge him faces insurmountable hurdles," said Nicholas Sengoba, an independent analyst in Kampala. "He will stick to his plan to maintain power no matter the cost."



Makere University students confronted police in Kampala during protests on Tuesday against the president's bid to extend his rule.

CARS

Continued from Page One

Information Technology said.

That rises to 12% in 2020.

The plan applies to car makers that produce or import 30,000 cars or more annually.

China's aggressive push for more electric cars in the world's biggest auto market is having a ripple effect globally, compelling auto makers to pursue an electric agenda despite consumer reservations, according to industry experts.

China's push, as well as recent scandals over auto makers falsifying fuel emissions data, have also spurred European regulators to consider tighter regulations.

"China has triggered the world-wide electric car festival," said Takaki Nakanishi, an automotive analyst who heads Nakanishi Research Institute in Tokyo. "The adoption of electrification regulations is speeding up globally."

In a partial victory for foreign car manufacturers, China agreed to delay implementation until 2019, instead of next year as originally envisioned in draft proposals. Among other objections, auto makers said they would be hard-pressed to build the needed manufacturing infrastructure by next year.

In another concession, the Ministry of Industry and Information Technology, which

oversees the auto industry, said even if targets aren't met the first year, auto makers won't be punished. Any negative credits in 2019 can be carried over to the following year, it said, which means that actual enforcement starts at the end of 2020.

However, even in its watered-down form, the quota system is a daunting prospect for car manufacturers who must now retool factories and rush electric vehicle concepts into production.

"Even though the 2018 quota has been scrapped, this is still not an easy hurdle for us," said Keitaro Nakamura, a China-based spokesman for Japan's Honda Motor Co.

Honda, which sold 1.25 million vehicles in China in 2016—none of which were electric cars or plug-in hybrids—plans to start selling made-in-China pure-electric vehicles in 2018.

China is notorious for air pollution in its major cities. The new quotas, the government said, are meant to further "alleviate energy and environmental pressures." China recently said it plans to eventually ban traditional gasoline and diesel vehicles, but hasn't set a timetable.

Foreign auto makers who build cars in China must do so through joint ventures with Chinese partners to avoid steep tariffs. Along with the deadline for implementation, foreign auto makers

were concerned that the mandates would essentially force them to give away proprietary technology to their Chinese partners.

Chinese officials have denied claims that the plan was aimed at appropriating foreign technology, but the plan's introduction comes amid heightened scrutiny of China's trade practices. In August, U.S. Trade Representative Robert Lighthizer launched an investigation into Chinese policies on intellectual property and technology transfer.

While foreign auto makers have been struggling to interpret Beijing's intentions in the months since the draft rules first appeared, Chinese auto makers, many of them state run, have long been privy to Beijing's plans, said Kenneth

Jarrett, president of the American Chamber of Commerce in Shanghai. "That has given them an unfair advantage in what should be a competitive market with a level playing field," he said.

The same rules apply to Chinese auto makers, but most of them, at the government's behest, already produce electric vehicles, and will easily likely meet the requirements, according to industry experts.

Anticipating the new rules, Ford Motor Co., the Renault-Nissan Alliance and Volkswagen AG have all set up new joint ventures with local car makers in recent months that will specialize in pure-electric cars.

—Yang Jie, Mike Colias and Christina Rogers contributed to this article.



China's rules have spurred joint ventures with foreign auto firms.



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U.S. NEWS

Disruption Helps Fuel GOP's Woes



CAPITAL JOURNAL

By Gerald F. Seib

In case they weren't already aware, Republican leaders have just been rudely reminded: We are living in a period of severe political disruption. The only real consolation for them is that they aren't alone in their suffering, either in the U.S. or internationally. Disruption is running rampant across Western democracies.

In fact, there haven't been many good days for the establishment of either American party in the past couple of years, but it would be hard to imagine one worse than the Republican establishment suffered on Tuesday.

First, the effort to fulfill the most basic of GOP campaign promises—to repeal and replace Obamacare—failed for the second time in

two months. Then one of the party's mainstream figures, Sen. Bob Corker of Tennessee, announced he wouldn't run for re-election next year.

Finally, on Tuesday, Alabama Sen. Luther Strange, the favored candidate of both Senate Majority Leader Mitch McConnell and President Donald Trump, lost in a Republican Senate primary race to a populist firebrand, Roy Moore, who has made clear his disdain for the party hierarchy.

In sum, Republicans couldn't pass a health bill even though they control both houses of Congress and the White House, and party leaders couldn't win a Senate seat for which they backed an incumbent, gave him a multi-million-dollar ad advantage and coaxed the president into helping out. And amid all that, a respected Republican legislator decided he didn't need to stick around for more.

What's the problem? Basically, Republicans today are a majority party but not a cohesive one. And to some extent, the party's leaders have themselves to blame.

The GOP spent much of the term of President Barack Obama focused more on stopping him than on agreeing on what they'd do if they took over. They also contributed to



President Donald Trump backed the unsuccessful GOP establishment candidate in Alabama because party leaders urged him to do so.

a deepening partisan divide, which has helped leave the political middle ground sterile.

Meanwhile, party leaders encouraged, and then tolerated, and then realized they couldn't stop, an incursion of tea-party activists who surged into the party and split it into a traditional pro-business wing, a social-conservative wing and an insurgent populist wing.

Finally, last year, the GOP found it couldn't stop Mr. Trump, a man who is only a nominal Republican and an avowed foe of the party establishment, from mounting a hostile takeover.

So now that Republicans are in power, they have neither a strong and durable internal consensus, nor the ability to pull in Democrats. And the ascendant wing of the party is no longer the mainstream conservative faction but the America-first, nationalist forces that Mr. Trump inspires. The president came down on the establishment side in Alabama only because party leaders urged him to—and in the end he left the impression that his heart wasn't in it.

Republicans have one big shot at success this year, in their new effort to pass a tax bill, for which the stakes

have gotten much higher.

There is a silver lining for Republicans: If Democrats were in charge, they'd encounter many of the same problems. The nation is deeply but narrowly divided politically, and the Democrats increasingly are torn between an insurgent left and an establishment unable to stop it.

Moreover, similar splits, splinters and discontents are being felt across Western democracies. British voters choose to exit from the European Union. French political parties were humiliated and defeated by a young up-

start, Emmanuel Macron.

And German Chancellor Angela Merkel won re-election—but saw the share of the vote by mainstream parties shrink, while support for an anti-immigrant party shot up.

Mr. Macron, in a conversation last week in New York, saw a common thread: In the U.S., as in France, he said, the political struggle has been “between the elite and people who can succeed with globalization, and the middle classes.” He added:

“The day your middle classes don’t get their part of prosperity, their part of economic progress, they stop believing in democracy.”

Republicans Vow Health Fight Isn't Over

BY KRISTINA PETERSON
AND STEPHANIE ARMOUR

WASHINGTON—Republicans have a new promise on health care: It's not over.

As the GOP trumpeted the framework of a new tax overhaul plan at the Capitol on Wednesday, lawmakers wrestled with their message to voters after promises to roll back the Affordable Care Act officially came up short Tuesday, when party leaders scrapped a final vote after months of failed attempts.

Now, Republicans are promising that repeal will still

happen before the current session of Congress ends in January 2019.

The GOP health-care push “is not going to stop. It's just that we're not going to focus solely on that,” Senate Majority Whip John Cornyn (R., Texas) said Wednesday.

President Donald Trump predicted a vote long before this session's end, saying Wednesday that he expected that Congress would vote again on a health-care bill in the first quarter of 2018. He also said he would press forward on his own and negotiate with Democrats on

health-care legislation.

In addition, Mr. Trump said he would issue an executive order, likely next week, and suggested it would target rules that make it hard for insurers to sell policies across state lines. Without laying out specifics, Mr. Trump said he planned an order “where people can go out across state lines, do lots of things, and buy their own health care.”

The president's powers appear to be limited. States can require insurers to obtain a license to operate, and they can set requirements for insurers.

GOP Sens. Lindsey Graham

of South Carolina and Bill Cassidy of Louisiana, authors of the bill that GOP leaders decided not to vote on this week, said they would continue working to build support for their plan to turn over more control and funding to states.

Some Republicans said they understood that voters would be skeptical that GOP lawmakers can pass health-care legislation later. “Do I think there is a chance of them being successful? I do. I'm not going to necessarily place a wager on it,” said Sen. Bob Corker (R., Tenn.).

Democrats said Republicans were pledging to continue working to dismantle the ACA rather than admitting failure.

“I understand that, for political purposes, the Republicans don't ever want to admit that ACA repeal is off the table,” said Senate Minority Leader Chuck Schumer (D., N.Y.). “They promised it to the American people for seven years but deluded them on what it really meant.”

Democrats have said they are ready to work with Republicans on fixing the ACA—just not repealing it.

Waiver Frees Up Storm Aid

BY NATALIE ANDREWS

WASHINGTON—Foreign-flagged ships will be allowed to deliver aid to storm-ravaged Puerto Rico after the Department of Homeland Security waived a law blocking non-U.S.-ships from transporting goods between U.S. ports.

On Thursday morning, the Trump administration and DHS announced that a waiver to the Jones Act, which was blocking foreign-flagged vessels from shipping relief supplies to Puerto Rico, had been issued.

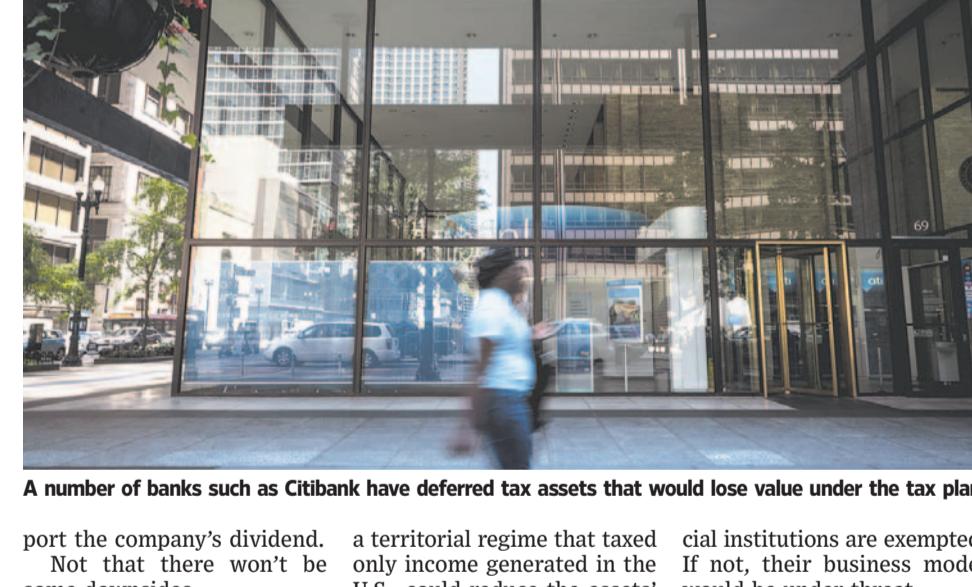
The reason was “in the interest of the nation's defense,” according to DHS spokesman David Lapan.

Hurricane Maria, a Category 4 storm, ravaged the island last week, destroying its electrical grid and leaving it desperately short of food, clean water and fuel.

The Jones Act waiver, which is good for 10 days, will allow foreign-flagged ships, to bring aid to Puerto Rico from U.S. ports and from foreign ports. Lawmakers from Puerto Rico and the U.S. sought the request because aid can be delivered at a lower cost from other nations.

“This waiver will ensure that over the next 10 days, all options are available to move and distribute goods to the people of Puerto Rico. It is intended to ensure we have enough fuel and commodities to support lifesaving efforts, respond to the storm, and restore critical services and critical infrastructure operations in the wake of these devastating storms,” said Acting DHS Secretary Elaine Duke in a statement.

Cost of delivery of goods isn't a determination for issuing a waiver, though national defense is, which was the determination for the waiver granted on Thursday.



CHRISTOPHER DUTS/BLOOMBERG NEWS

A number of banks such as Citibank have deferred tax assets that would lose value under the tax plan.

port the company's dividend.

Not that there won't be some downsides.

Among them: A number of banks have what are called deferred tax assets. These are created by losses, in many cases huge ones racked up during the financial crisis, and act as IOUs that can be used to offset future tax bills. Those will lose value.

Citigroup, for example, had \$46 billion of the assets at the end of the second quarter. A reduction in the corporate tax rate to 20%, plus a shift to

a territorial regime that taxed only income generated in the U.S., could reduce the assets' value by more than \$15 billion, according to figures the bank has provided. Citigroup would have to take that charge as a one-time hit to profits.

Another issue is a proposal to partially limit companies' ability to deduct net interest expense. The administration didn't define what partially limited meant.

That is important. Bank executives have said that they hope this will mean that finan-

cial institutions are exempted. If not, their business model would be under threat.

Financial firms borrow huge amounts of money to lend out and invest. In that sense, money is their raw material. If banks couldn't deduct the interest expense, which is akin to nonfinancial companies' cost of goods sold, that would create a huge tax hit.

For bank clients, limiting the deductibility of net interest expense could make debt issuance less attractive. That, in turn, could crimp the busi-

ness of helping companies raise and sell bonds and loans.

For the private-equity industry, which relies heavily on debt financing, that change could translate into firms paying lower prices for assets.

That corporate interest is deductible but dividend payments aren't has skewed how companies fund their operations, creating a bias toward debt. In the 1980s, it enabled the rise of leveraged buyouts in which financiers borrowed heavily to buy companies, then wrote off the interest payments.

More recently, it has underpinned stock buybacks. Apple Inc., for example, has borrowed nearly \$100 billion in recent years, much of it to repurchase shares. Just this week, the investment bank Greenhill & Co. said it would borrow \$300 million to buy back stock whose dividend payments had become a burden.

What is more, many American companies borrow in the U.S. to avoid having to repatriate overseas cash, which would be taxable.

Putting equity and debt on more equal footing—especially if coupled with changes that allowed companies to bring home overseas cash at no or lower taxes—would likely reduce debt-underwriting levels.

—Miriam Gottfried

contributed to this article.

U.S. WATCH

TREASURY

Mnuchin Makes Pledge on Plane Use

Treasury Secretary Steven Mnuchin said Thursday he would only use government aircraft to fly when it was necessary for national security or when confronted with difficult travel logistics. But Mr. Mnuchin stopped

short of committing to fly only on commercial aircraft during the rest of his tenure as Treasury secretary.

Mr. Mnuchin and other cabinet officials have faced criticism in recent weeks for their use of government and private jets to fly to official events and meetings around the country.

President Donald Trump on Wednesday said he was “not

happy” with Health and Human Services Secretary Tom Price, who has reportedly used agency funds to take numerous flights on private charter planes.

The HHS has defended Dr. Price's use of the planes as necessary to carry out his duties but declined to comment Wednesday on the president's remarks.

—Kate Davidson

IMMIGRATION

New Step Is Planned In Refugee Vetting

The Trump administration is planning to assess the ability of refugees to assimilate—in addition to their need for protection—when deciding whether to admit them, according to an annual report to Congress on refugees.

The report, which was reviewed by The Wall Street Journal, says the U.S. may consider “certain criteria that enhance a refugee's likelihood of successful assimilation and contribution in the United States,” in addition to “compelling protection needs.”

Historically, the U.S. has considered whether refugees demonstrate that they have experienced persecution or fear

persecution. The change in policy drew impetus from the White House, and in particular, Stephen Miller, a senior adviser to the president who has been instrumental in crafting the administration's policies on refugees and immigration. The policy also reflects President Donald Trump's view that immigrants should embrace American values.

—Felicia Schwartz

IN DEPTH

FIRE

Continued from Page One
safety concerns" and shouldn't be occupied. The company ignored the warning and moved employees into apartments anyway.

By the end of the ordeal, at least 10 people were dead, including a pregnant woman who perished trying to jump from her window into a swimming pool; her blood stained the concrete rim where her head hit. That toll makes it one of the oil industry's deadliest accidents since BP PLC's 2010 Gulf of Mexico spill, which killed 11.

Unlike Western energy companies, Aramco enjoyed the legal upper hand in the disaster's aftermath. The world's biggest oil producer, and one of its largest companies by revenue, Aramco answers to one individual, the Saudi king. In one of the world's last remaining absolute monarchies, courts are also ultimately accountable to the king, offering scant recourse to foreigners seeking damages.

No resident sued Aramco over the tragedy, which took place near its headquarters in the kingdom's Eastern Province. Most received little more than token compensation for their losses, said multiple victims, including two who played a role organizing survivors in their efforts to seek payment from the company. Some received several thousand dollars; others received no money at all.

The company has disclosed little publicly or to its own employees about the fire's causes or the response to the blaze.

Aramco's handling of the safety review of the building, the fire and its aftermath show how different it is from its publicly traded peers, which have long faced intense scrutiny from investors and courts. Those differences may soon come into sharp relief—the Saudi government is planning a 2018 initial public offering for Aramco that could be the biggest in history.

The Wall Street Journal assembled this account based on confidential Aramco documents and interviews with more than 30 Aramco employees, firefighters, emergency personnel and survivors of the fire.

Aramco said in a written statement that, despite there being no "ruling of liability or financial responsibility" against the company, it provided "medical care, immediate housing relocation, cars, mobile phones, financial assistance and specialist counseling" to victims of the fire. "The company also chose to provide relief and compensation to cover damages incurred, as appropriate."

"The safety of our employees, their dependents, and our contractors is of paramount importance," spokesman Fahad Toryf wrote. "Our leadership actively integrates safety into business strategies, processes and performance measures to build a strong safety culture across the enterprise."

Aramco said Saudi authorities were primarily responsible for the fire rescue and the subsequent investigation because Aramco leased, rather than owned, the compound.

In recent decades, the global oil industry has become safer, largely as a result of pressure from liability lawsuits, shareholder litigation, government fines and other damage claims that come in the aftermath of disasters. Danger, companies such as BP and Exxon Mobil Corp. have learned, is expensive. Safety is cheap, especially away from the oil fields.

The Deepwater Horizon disaster in the Gulf of Mexico cost BP more than \$60 billion in cleanup expenses, legal settlements and other payments, and spawned multiple investigations into what went wrong.

A publicly traded Aramco will have to disclose details about its oil reserves and its finances, as well as its safety record. Saudi officials working on the initial public offering said they worry the listing could expose the company to lawsuits in Western courts.

Aramco said its rate of lost-time injuries last year—incidents that result in injuries forcing an employee to miss work—was .05 per 200,000 hours worked. That compares to .029 for Exxon Mobil, and .05 for BP and for Royal Dutch Shell PLC.

From 2011 through last year, Aramco reported a total of 29 fatalities of employees, contractors and others, including the victims of the Radium fire. Exxon reported 27; BP, 14; and Shell, 34. Aramco hasn't always



Smoke billows from the Radium residential complex in Khobar, Saudi Arabia, used by the state oil giant Saudi Aramco.

SAUDI INTERIOR MINISTRY GENERAL DIRECTORATE OF CIVIL DEFENSE/ASSOCIATED PRESS

reported as much detail as its peers, making an apples-to-apples comparison difficult. Since 2011, Aramco has reported what it terms "operational-related deaths," a spokesman said, although it also included the Radium fatalities because the event was "traumatic."

The inspection that found fire-safety problems before the 2015 fire at the Radium compound was itself sparked by an earlier incident. In 2009, a fire swept through a camp for contractors on an Aramco gas project, killing several people.

A person familiar with the matter said the company decided to make sure all housing facilities it rents for Aramco employees would be up to the safety standards of both the company and Saudi Arabia.

In August 2014, Saudi Aramco's housing division asked company housing inspectors to evaluate the Radium compound in al Khobar. A company controlled by the Arifi family of Saudi Arabia was finishing construction on the complex, one of many projects spurred by the country's oil boom.

Saudi Aramco's safety unit sent in Thomas Meyers, an American who worked for years on building-code enforcement in Colorado before joining Aramco in 2012, according to internal documents.

Mr. Meyers has since left the company and declined to comment on the details of his inspection. According to an Aramco letter summarizing his findings and obtained by the Journal, he noted a long list of serious problems.

Each of Radium's eight six-story buildings had an open stairwell that amounted to "a chimney capable of conveying heat and combustion byproducts throughout the building," the inspection department's letter says. Mr. Meyers also found that buildings didn't have full sprinkler coverage, a violation of Aramco building codes.

Four of the eight buildings had just one exit, and they didn't open to a safe outdoor area. Exits were also blocked with "data communications equipment," according to the letter. The apartments had no smoke detectors. Electrical wiring was often not covered by outlet boxes and in some cases wires were spliced and connected using only electrical tape, the letter said.

Fawzy Al-Farhan, the acting superintendent in Mr. Meyers's division, sent the findings to acting housing-group manager Albadri Jannah with the recommendation the building not be used.

Saudi Aramco badly needed housing. After the oil market peaked in June 2014, the company poured billions of dollars into ramping production toward an all-time high. To handle engineering, accounting and other white-collar functions, the company was importing thousands of educated foreign workers.

Part of the Aramco recruitment pitch for prospective hires from such places as Canada, Pakistan, the U.K. and India was the promise of lush living situations at a low cost, recalls a finance professional hired in 2014.

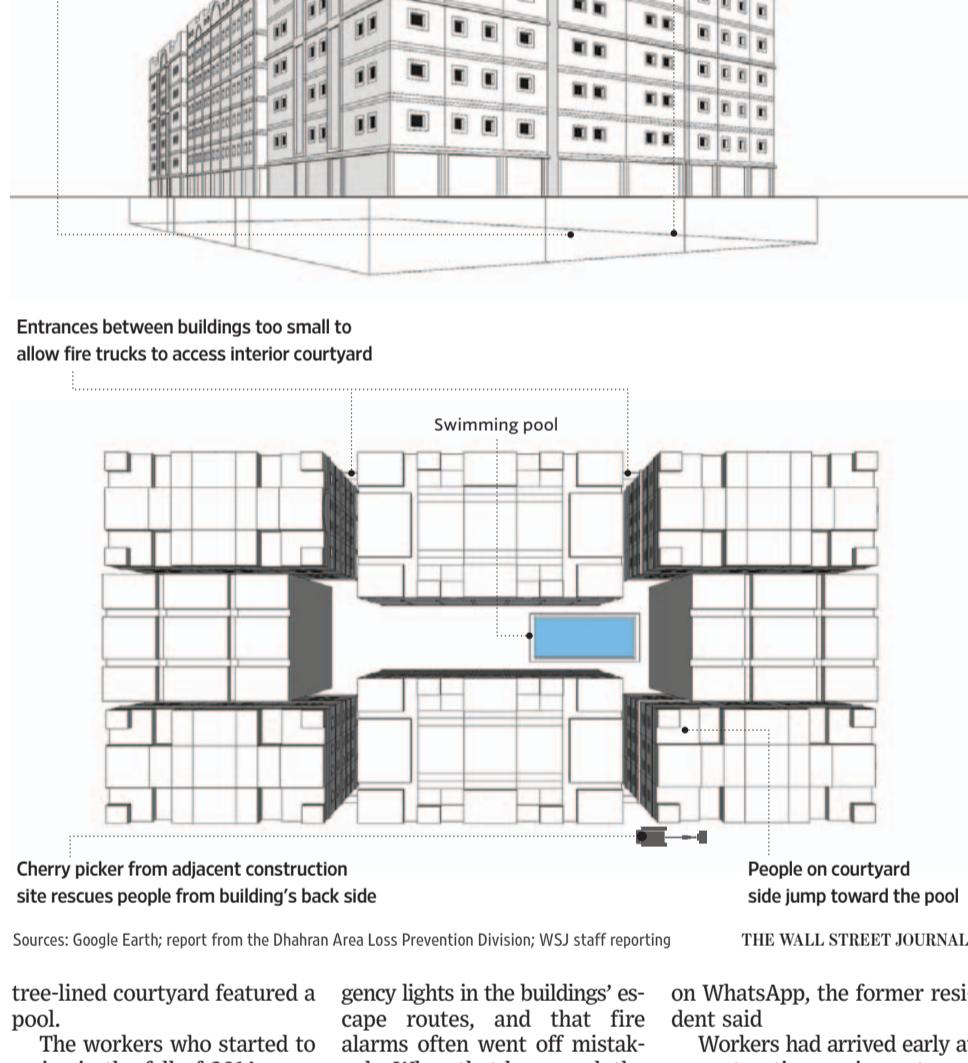
Radium, which looked like it would be at home in Phoenix or Albuquerque, seemed to fit the bill. There was underground parking and a gym. A palm-

Fire at the Compound

A large fire at a residential compound of Saudi Arabia's oil giant killed at least 10 people and injured more than 200.

APPROX 4:45 AM
Fire starts in underground garage

APPROX 5:10 AM
People in underground gym smell smoke



Sources: Google Earth; report from the Dhahran Area Loss Prevention Division; WSJ staff reporting

tree-lined courtyard featured a pool.

The workers who started to arrive in the fall of 2014 came from all over, some from other jobs elsewhere in the Middle East and others for their first stint in the region. Many had families.

The Razis were originally from Karachi, Pakistan, and spent much of their family life abroad. With a master's degree in geology and experience in software, Mr. Razi got a job in 2005 working at a United Arab

Emirates-based company analyzing oil-field data. Working in the Middle East meant a much higher income than he could make in Pakistan, and the chance to raise his children in well-appointed homes and give them private educations.

After a stint in Qatar, the family moved to Saudi Arabia, where Mr. Razi got a job working on resource-exploration systems at Saudi Aramco. The company assigned the family to the Radium complex.

A few months after they moved in, some of Mr. Razi's engineer friends discussed the lack of basic fire-safety measures, said two former residents. Some complained to housing managers at Saudi Aramco.

One resident emailed to complain there were no emer-

gency lights in the buildings' escape routes, and that fire alarms often went off mistakenly.

When that happened, the resident wrote, "I never see any initiated activity, evacuation or anyone coming to assist."

Aramco officials promised to fix the problems, according to a former resident.

Some, like a smell of sewage, were addressed, but safety issues weren't, former residents said.

In summer, many workers sent their families home to escape the desert heat. That is why the Radium complex was relatively uncrowded on the early morning of Aug. 30, 2015, when a faulty electric transformer began sparking.

At about 4:45 that morning, a young Filipino lifeguard living in the ground-floor bunkhouse for Radium staff walked out of the shower and smelled smoke.

The faulty transformer by then had leaked burning oil, which made its way across the floor of the parking garage, said a person involved in investigating the incident.

The lifeguard woke his colleagues. They ran into the courtyard and realized the smoke was spreading. The lifeguard blew his whistle for two long blasts, over and over again.

Few residents heard, though, and a busload full of Aramco engineers headed off for work. At about 5:10 a.m., two Pakistani workers exercising in the Radium gym upstairs from the parking lot also smelled smoke. They ran outside and realized, in horror, that nearly everyone else in the building was asleep.

Few could hear the whistles.

"We shouted 'Fire!' Then I messaged everyone in my group" on WhatsApp, the former resident said.

Workers had arrived early at a construction-equipment yard next door and when they saw the smoke they drove cherry picker-type lifts to the windows and started rescuing people from the building's back side.

Those stuck on the courtyard side were less fortunate. As the wait for firetrucks dragged on for close to an hour, people on the upper floors started to fling their mattresses out the windows and use them as crash pads. Others tied sheets together and rappelled down the walls.

One panicked family dropped their toddler from a balcony to a man in the courtyard, who caught the boy and handed him to medical responders. A Pakistani couple jumped from the building with a child in each of their arms, using their bodies to shield the children from the fall.

The father broke an arm and both legs and suffered a traumatic brain injury. His wife was also hurt. The children survived without serious injuries.

The first firefighters, members of the Saudi civil defense, arrived at about 6 a.m.

About 25 minutes later, friends of Mr. Razi, the Pakistani engineer, started doing a head count of their neighbors and realized that he and his family were still inside. One of the friends reached Ms. Razi on the phone. She told them the family was stuck in their fifth-floor apartment, beyond the reach of the cherry pickers.

The friend called again, and Ms. Razi said smoke was pouring into her apartment and Ahmed was unconscious. The friend asked her to wave from

her window so rescuers could pinpoint her location. The friend saw a hand from afar as he was led away by rescuers.

Mohammed Gabrelidar, a Sudanese petrophysicist, saw the chaos and realized he needed to get his three daughters out, said a person who was on the scene. Mr. Gabrelidar grabbed his 2-year-old and ran downstairs through the smoke. He raced back, but by then the smoke was too thick to get to his apartment, where his two other daughters, his wife and her mother waited. Only his wife would survive.

Over the next few hours, firefighters ran into the building, pulling out those they could. Some of the people out of the rescuers' reach, including Mr. Razi and one of his daughters, tried to walk through the smoke-filled hallways, said two former neighbors. But they were overcome, and Mr. Razi and the girl collapsed back into their apartment.

Several Aramco firetrucks arrived at around 10 a.m., as did oil-rig-service helicopters that flew from an Aramco field about 30 miles away.

Once firetrucks with water tanks arrived, firefighters were able to douse the fire. Ambulances took more than 80 people with burns, broken bones and lung damage from smoke inhalation to local hospitals.

When they got to the Razis' apartment, rescuers found Ms. Razi and two of her daughters huddled in a corner. One of the girls, Aizah, could barely breathe. Another daughter, and Mr. Razi, were already dead.

A couple of days later, survivors gathered at the Thuqba Cemetery, near the causeway to Bahrain, to bury Mr. Gabrelidar's daughters and mother-in-law. That was the last time that many of the survivors saw each other. For the next several months, they would end up negotiating separately for payouts from the company.

Those talks dragged on, several employees recall. Aramco agreed to pay for some lost items, but told some employees they weren't allowed to file claims with the company for lost cars. Some employees quit. Some who financed their cars couldn't, because they were told they couldn't leave Saudi Arabia with any outstanding debt. They had to pay for their scorched vehicles to be removed and junked, as well as the outstanding loan balances, a process that took months.

An Aramco spokesman said the company paid out all claims that were filed.

The construction company that built the complex complained that Aramco took too long to move its employees' belongings out after the fire, delaying the company's ability to refurbish and re-rent the complex. Aramco paid 20 million Saudi riyals, or about \$5.3 million, to the contractor to settle the dispute, according to a person familiar with the matter. Representatives for the company didn't respond to multiple requests to comment.

Survivors received small payments, in some cases about \$500, according to documents the Journal reviewed. Some who lost all of their families' belongings said they received about \$4,000.

Canadian engineer Tariq Minhas, who lost his wife, son and two daughters in the fire, was a devout Muslim. Aramco arranged for the dead to be buried in a holy cemetery in Medina, said two people close to the situation. The company gave Mr. Minhas about six months off work and paid for him and about 15 family members from the U.S., Pakistan and Canada to visit Mecca.

Mr. Minhas took comfort in accepting the accident as "destiny" rather than "blaming, rather than complaining," said a person familiar with his thinking. Mr. Minhas has said he is appreciative of how Aramco handled the situation.

Ms. Razi wrote a letter to Aramco's chief executive pleading for a job with the company so she and her surviving children could stay in Saudi Arabia and receive medical care. Instead she was sent back to Pakistan, where she has been working as a seamstress. She initially received about \$32,000 from Aramco, but the company recently agreed to pay her a considerably larger sum, according to a person familiar with Aramco's response.

Ms. Razi declined to discuss the fire in detail, saying, "It was God's will."

Summer Said in Dubai and Saeed Shah and Qasim Nauman in Islamabad contributed to this article.

BOOKS

'Now thy Forum roars no longer, / fallen every purple Caesar's dome— / Tho' thine ocean-roll of rhythm / sound forever of Imperial Rome' —Tennyson



HERO'S BURDEN A 19th-century French lithograph, inspired by imagery on a Greek vase, depicts Aeneas bearing his father on his back during the flight from Troy.

Of Arms and the Man

Virgil: The Aeneid
Translated by David Ferry
Chicago, 416 pages, \$35

BY WILLARD SPIEGELMAN

'HOMER MAKES US HEARERS, and Virgil leaves us readers." Thus, Alexander Pope, three centuries ago. He was right. With their oral formulas and their re-creation of a distant world partly historical and partly mythic, Homer's poems set a precedent for all later, written epics. The "Aeneid," Virgil's paean to Augustus and the Roman Empire, appeared after its author's death, in 19 B.C. It is the greatest testimony of one writer to another, echoing Homer on every page. It must be read and heard. And it speaks to us.

The "Aeneid" is also the first nationalistic epic, a story of origins and destinies. Aware of the emperor's political achievements and Roman feats of civil engineering, Virgil wanted to praise Augustus for his accomplishments. But his real subject was the past: the fall of Troy, the founding of Rome. He had a film director's eye for pageantry and plumage, and a novelist's sympathy for his characters.

Virgil's reputation as seer as well as propagandist held sway for centuries. To early Christians, he was a "naturally Christian soul." To Dante, he was *duca, segnore, maestro*, the pagan who knew almost everything. For 19th-century English schoolboys, reading him was a lesson in duty, grandeur and piety suitable for future world leaders. In 1944, T.S. Eliot called the "Aeneid" "the classic of all Europe," locating Virgil at the heart of European civilization.

Why? For one thing, Rome had become the "Eternal City." For another, Aeneas seems in many ways a modern man. Homer's heroes lack the sense of national destiny, of teleology, that fills Virgil's poem. Weighed down by psychological as well as cosmic forces, Aeneas has a deeper self-consciousness than Achilles. Like his author, he is aware of the cost of heroism and statehood. Sadness and regret are the inevitable price of empire building.

Do we need, in 2017, another version of the "Aeneid," after recent translations by Allen Mandelbaum (1971), Robert Fitzgerald (1983), and, in the new millen-

nium, Robert Fagles (2006) and Sarah Ruden (2008)? If it comes from the hand of David Ferry, one of America's few great working nonagenarian poets, the answer is a resounding yes.

But as the scholar Richard Bentley said to Pope after reading his magisterial "Iliad," "It is a pretty poem . . . but you must not call it Homer." So we shall call this work not Virgil's "Aeneid" but Mr. Ferry's, acknowledging that all translations are of their time, and each is an act of interpretation, a new take on a precursor text. Mr. Ferry's "Aeneid" is the logical culmination of an extended Virgilian project. His excellent translations of the "Eclogues" (1999) and "Georgics" (2005) appeared in bilingual editions that allowed readers to brush up on their Latin, if they had any, or at least glance from one page of the spread to the other to see what Latin poetry looks and sounds like.

Mr. Ferry's "Aeneid" lacks the *en face* original. But this volume has a greater problem than the absence of Latin: It forgoes all annotation. It contains neither minimal notes nor a glossary of characters—their identities, clues about how to pronounce their names—nor any information about Greco-Roman deities or Roman history. A first-time reader must rely entirely on the power of Mr. Ferry's poetry and the inherent grandeur of Virgil's story. That reader might make out phrases like the patronymic "Aeneas Anchisiades," or know that "the Mother, / The Berecynthian Goddess" means Cybele, but perhaps it is not necessary to do more than absorb the music and keep moving forward.

The late Robert Fagles praised Virgil's "unequalled blend of grandeur and accessibility." Mr. Ferry's poem has stateliness often encased in easy 21st-century diction. This helps make his Virgil our contemporary. His "Aeneid" is readable, even page-turning. Virgil's *impulit* becomes "bashes," and *vestem*, "shirt." During the fall of Troy, Panthus tells Aeneas "the Trojans are finished." Even grammar turns easygoing: "But who is that who from afar we see?" Words like "guesthouse" and "waggled" appear. Turnus accuses Drances of "talking away with your famous windbag blather." Tarchon rallies his troops: "What are you so afraid of, you so-called soldiers, / You no-good, hang-back, half-ass Etrus-

cans?" At the end Jupiter shuts Juno up once and for all: "I forbid you to try anymore. Enough is enough." And when Aeneas defeats Turnus he tells him: "Now get it together, the time has come."

Mr. Ferry's poetry moves seamlessly between the colloquial and the noble, nowhere more powerfully than in the second half of the poem, when the Trojans arrive in Italy and take what Fate has de-

hour will come, with pleasure to relate / Your sorrows past, as benefits of Fate." Ms. Ruden gets Virgil's condensation: "Sometime you may recall today with pleasure." Fagles uses a halting rhythm: "A joy it will be one day, perhaps, to remember even this." And Mr. Ferry injects something like bonhomie: "Perhaps there will come a time / When you will remember these troubles with a smile."

A great American poet renders the 'Aeneid' into an English that moves seamlessly between the colloquial and the noble. He makes Virgil our contemporary.

creed their destiny. Alliances, truces made and broken, the interference of the gods and, most of all, the "beauty of glory and death" fill out these six books, combining the politics of empire building, and the horn-tooting patriotism Augustus expected from Virgil, with domestic soap opera and a Hollywood-worthy blood-and-guts panorama of parades and warfare. Through rhythms and the music of words, Mr. Ferry endows even slaughter with mellifluousness.

It's impossible not to make comparisons among the recent translations, all of which have distinctive virtues. Sarah Ruden took upon herself the Herculean task of translating Virgil line-by-line, in iambic pentameter, the normative rhythm of English verse, as dactylic hexameter is of ancient epic. Fagles wrote in freer verse, with a usually six-beat line. Mr. Ferry favors a still looser, five-beat line, not always strictly iambic. Latin and Greek are compact languages, denser than English. Numbers are indicative: Whereas Ms. Ruden matches Virgil exactly, Fagles uses more lines and Mr. Ferry, the least concise of the three, adds hundreds of lines to Virgil's count of 9,896. But the main challenge for any translator is to remain true to Virgil without wrenching him into archaism or stiffness. In general, Mr. Ferry succeeds. He knows how to enlarge, elegantly. He also takes considerable liberties.

Consider one of Virgil's famous touchstones: *Forsan et haec olim meminisse iuvabit*. Aeneas is comforting his battered troops as they make their way across the Mediterranean. In 1697, John Dryden offered a stately heroic couplet: "An

Another Virgilian touchstone is Aeneas's complex response to seeing his own story represented on the rising walls of Carthage when he lands there in Book 1. Virgil sounds his famous note of sadness: *Sunt lacrimae rerum, et mentem mortalia tangunt* (roughly, "Here are the tears of things, and mortal concerns touch the mind"). Mr. Ferry amplifies the sadness: "These are the tears of things for what they were, / And what has become of them; the story of / The mortality of men strikes to the heart." Virgil uses seven words; to modernize and "Americanize" him, Mr. Ferry needs 27.

The agents of history seldom know the results of their actions. Even a hero can have doubts and ignorance. Aeneas famously leaves the Underworld—where his father shows him a foretaste of Roman greatness—via the gate of false dreams rather than that of true ones, because he cannot understand what for him is the future, but for the audience is the past. In Book 8, Vulcan forges for Aeneas a new set of armor, depicting characters and scenes from recent history, like Antony and Cleopatra, and their defeat by Augustus. Our hero lifts up his shield. The book ends: "These were the scenes on the shield which Vulcan made, / His mother's gift for Aeneas to wonder at, / Admiringly. Although he did not know / The meaning of what he saw, he took upon / His shoulders the fame and fate of his descendants."

Fate resonates throughout the poem, along with concepts like duty, piety, manliness and futility, all of which a modern audience can appreciate. Aeneas has been fated,

indeed forced, to reach Italy. He tells Dido when he leaves her, "*Italiam non sponte sequor*" ("I go not to Italy of my own free will"). When he contemplates killing Helen of Sparta for having caused the Trojan War, Venus (with a little help from Christopher Marlowe) stops him: "It is the gods who bring / This wealth and power down and burn the topless / Towers of Ilium." Later, Aeneas says the Trojans have arrived in Italy "only because the Fates have told us / That this is where we must come, to find our home."

This imperial enterprise sounds like "Manifest Destiny." Virgil reaffirms Homer's songs of carnage, warfare and brute machismo, giving them a modern slant, but his hero has his doubts and is often reluctant and unhappy. Before he kills Turnus in single combat, Aeneas hesitates, almost giving in to pity. When he sees the belt of Pallas, a young Arcadian ally, on his foe's armor, "the terrible savage rage / [Rises] up in him" and he plunges his sword in, claiming "It is Pallas / Who drives this home!" Virgil everywhere complicates the idea of personal responsibility.

Politically, there are greater complications. Juno finally accedes to fate, and the will of Jupiter, but she makes demands. She will allow the Trojans to take charge in Italy only if they give up their old culture and become absorbed as newcomers into the native population. Trojans no longer, they will be "submerged into / The one race and its language." This is why ancient Romans spoke Latin, not some equivalent of "Trojan." Issues of immigration and melting pots were as alive in the ancient world as they are today.

In his brief introduction, Mr. Ferry says he's in love with Virgil's voice. He channels it into many registers, none more appropriate than the lyric one, as in the death of the youthful Euryalus: "It was as when a scarlet / Flower, say, falls gracefully to the earth, / When the tooth of a plow has suddenly cut its stem, / Or as it is when a poppy flower falls, / Under the weight of a sudden summer rainstorm, / Bringing it down." The tears of things enhance their beauty.

Mr. Spiegelman is the author of several collections of personal and literary essays, including "Seven Pleasures" and "Senior Moments."

BOOKS

'Questions of taste, of feeling, of inheritance, need no settlement. Everyone carries his own inch-rule of taste, and amuses himself by applying it, triumphantly.' —Henry Adams

If You've Got It, Don't Flaunt It

Bunny Mellon

By Meryl Gordon

Grand Central, 516 pages, \$28

BY JUDITH MARTIN

IF NOT FOR the money angle, the biography of a knowledgeable and talented horticulturalist might have a limited audience. In "Bunny Mellon," Meryl Gordon labels her subject "a legend." But the worthy achievement of having revitalized the White House gardens during the Kennedy administration may not be seared into the public's memory.

The money part is extraordinary, however, and makes the book a gossipy read. When the billionaire philanthropist Paul Mellon was dying in the late 1990s, his wife's lawyer pointed out to him that the \$85 million he was planning to leave her "was not enough to underwrite the lifestyle that Bunny was used to." As Ms. Gordon shows, Mellon was sadly familiar with his wife's spending habits, so he threw in an additional \$25 million.

But she still had trouble maintaining what Ms. Gordon keeps describing as a standard of understated taste. Even before her Ponzi-scheming financial adviser as well as her beloved presidential candidate, John Edwards, got chunks of it in the early 2000s, she was selling property and paintings to keep up. She died in 2014, at the age of 103.

Nowadays one doesn't hear much about a hierarchy of taste, except in regard to food. The once-dictatorial fashion industry has turned its ladder upside down, looking to the streets for inspiration. But there used to be much talk, at least in certain sets, of "good taste" and therefore also of "bad taste," which people of good taste adored because it afforded them so much amusement.

The exercise of this good taste shouldn't be confused with stylishness. Far from setting trends, it posits a static standard: WASP shabby chic. As Bunny Mellon would often say, "Nothing should be noticed." So she would have the furniture distressed and the roof shingles painted to seem weathered. She did have one cheap and rickety chair, which she said was intended to put intimidated visitors at ease when they recognized something similar to their own possessions.

Such pronouncements come with an arbitrary code. Duck decoys in the library: good taste. Flamingo casts on the lawn: bad taste. Wax fruit for a centerpiece: bad taste. Ceramic vegetables for the serving pieces: good taste. You should not have trouble guessing which the Mellons had.

In the mid-20th century, Bunny Mellon was considered an arbiter of good taste, a mantle that still clings to the memory of her protégée, Jacqueline



GREEN THOUGHTS IN A GREEN SHADE Bunny Mellon photographed by Henri Cartier-Bresson in 1962, at work in her greenhouse at the Mellons' Oak Spring Farm Estate in Virginia. The trompe l'oeil murals on the cabinets in the garden building, seen in the foreground, were painted by Fernand Renard.

line Kennedy Onassis. As taste is a personal quality, a basic tenet is that it cannot be bought. Certainly Mellon believed that flaunting expensive stuff was vulgar. She wanted her possessions to look understated and used, to the point of seeming worn.

So then what—one may well ask—did she need all that money for?

Gardening. This was her chief interest, and she favored the natural look. Apple trees naturally drop spoiled fruit on the ground, so when one of the many gardeners on the family's estate in Virginia cleaned them up, Bunny Mellon ordered them put back where they had fallen.

Other gardeners were employed raking leaves and then returning the prettiest ones to the ground.

Dressing. Being too early for distressed jeans, which should have been right in keeping with her idea of tattered taste, Bunny Mellon had her gardening clothes designed by Balenciaga, who did all her wardrobe, including her underwear, and, when he retired, bequeathed her to Givenchy. When Jacqueline Kennedy countered campaign rumors that she spent \$30,000 a year on Parisian clothes by saying, "I couldn't spend that much unless I wore sable underwear," she must not have been paying close attention to her mentor, who spent the equivalent of a million dollars a year on clothes and untold sums on jewelry.

Entertaining. Although much is made of her love of privacy, Bunny Mellon jumped at opportunities to entertain royalty. When Prince Charles and the Princess of Wales came to lunch, she had an octagonal pavilion built to enlarge her dining room (torn down after they left) and, although it was November, had her garden replanted with out-of-season flowers to make it look like summer.

Then there was the price of having that discerning eye. If the scarf that went with a certain outfit was in one of her other houses, she would send the private airplane to pick it up. When a swimming pool was being completed on one of her properties, she changed her mind about the locations of the shallow and deep ends and had them reversed. When she served commercial potato chips, she had her staff throw out any broken ones.

It adds up.

There is money and there is real money, as no one understood better than Rachel Mellon (née Lambert), who had been nicknamed Bunny by a servant. She was born into the fortune that her grandfather made by popularizing Listerine and that her father enhanced by popularizing the word "halitosis," a hitherto obscure Latin term that then scared the nation into buying Listerine.

Her first husband was also rich, but although she remained fond of

him, she found it expedient to leave him for Paul Mellon, with whom she shared tepid feelings at best and whose other blatant attachments she grandly ignored. For the same reason, she encouraged Jacqueline Kennedy to marry another philandering billionaire, Aristotle Onassis.

Mellon favored a natural look. She had gardeners rake leaves and return the prettiest to the ground.

Ms. Gordon interviewed scores of relatives, friends, tradespeople and servants for this biography, and by their testimony Bunny Mellon—despite bursts of generosity and social consciousness—was not a nice person. It isn't that they tell nasty stories; rather, they admit to such sycophantic behavior as relishing her luxurious presents and then whining at being dropped without explanation (which happened to most of them) and begging in vain to be taken back into favor. The message from the butler: "Madame says she's not at home."

Even her children and grandchildren suffered from periodic snubbing. Her blatant favoritism to one young grandson over his brother ex-

tended to lavishing presents on one with nothing for the other.

Her son, who had once found himself relegated to a room over the garage in a newly built house, spoke bitterly about her at her funeral. Her daughter received intense maternal attention when she became vegetative after a street accident in Manhattan but had previously been subjected to a mammoth debutante celebration that she hated (the re-creation of a French village, complete with tents featuring Impressionist paintings), and she had been coerced into an aristocratic marriage although she was gay. Before the accident, mother and daughter had been periodically out of touch to the extent that the mother was surprised to find that for some time the daughter had had breast cancer.

Ms. Gordon accounts for all this rudeness and cruelty by making frequent use of the all-purpose excuse that Bunny Mellon "felt insecure." After all, her younger sister, Lily, had been considered "the pretty one." In 2012, at the age of 101, she tried to reassure herself that John Edwards, whose \$400 haircut and mistress she subsidized, had been interested in more than her money.

Which just goes to show . . . Or does it?

Ms. Martin is the author of the Miss Manners columns and books.

Angel-Headed Songbird

WHAT IS IT ALL but Luminous By Art Garfunkel Knopf, 241 pages, \$27.95

BY WILL FRIEDWALD

"WHAT IS IT ALL but Luminous," Art Garfunkel's short book of reflections on his life, is often self-consciously arty (no pun intended), but it is never as self-glorying as it might be. Mr. Garfunkel, for instance, never comes right out and states the obvious, that Simon & Garfunkel—the act that he has been half of, off and on, for more than 60 years—was one of the groups that defined the 1960s. Between Paul Simon's songwriting and Mr. Garfunkel's skill at weaving his tenor into vocal harmonies, they have eclipsed even their original inspiration, the Everly Brothers, as the most celebrated pop music duo of all time.

Mr. Garfunkel never comes across as defensive, in the sense that he doesn't feel the urge to directly tell us, "Well, you may know me as half of Simon & Garfunkel, but here's all the other stuff I've done." That "other stuff" would include at least nine mostly successful solo albums and roughly a dozen movie roles, starting with 1970's "Catch-22" and 1971's "Carnal Knowledge." But then, in this book Mr. Garfunkel doesn't do anything in a straightforward fashion. "What Is It All but Luminous" is subtitled "Notes From

An artful memoir-in-

notes that reads nothing

like the standard-issue

rock 'n' roll tell-all.

poetry, and innumerable lists—everything but conventional narrative. The overall approach brings to mind Gonzo in "The Muppet Movie": He announces that he's going to India to become a movie star, and when Fozzie asks why he doesn't just go to Hollywood, he responds dismissively, "Sure, if you want to do it the easy way!"

Mr. Garfunkel is possibly under the impression that everybody already knows his story: how two music-loving Jewish boys met in the sixth grade at Public School 164 in Flushing, Queens, in 1953; became hooked on the Everly Brothers and

other early rock groups; and eventually created their own hit single together, "Hey Schoolgirl" (released under the performer names "Tom and Jerry"). Art Garfunkel and Paul Simon then went their separate ways (not for the last time) but reunited in time to become one of the signature acts of the folk-rock movement, creating a string of iconic albums and No. 1 singles in the process.



SOLO Art Garfunkel in 1965.

As sketchy and indirect as Mr. Garfunkel's approach to his own story may be, the result is an entertaining volume that's more fun to read than a conventional memoir might have been. His verse is often

delightfully playful and surprisingly engaging. Talking about his second marriage, he writes:

I am Mr. Mickey Mouse and she's my Minnie Mouse.

Around the house she's Mighty Mouse.

O mounted spouse divine,

O scintillant Mouse be mine.

A great deal of the text is presented in a kind of free verse, somewhere in-between prose and poetry. There's no discernible chronology, although more early anecdotes are found at the beginning and more recent thoughts, like reflections on what it feels like to be a 75-year-old pop idol, come at the end. Mr. Garfunkel is not afraid to reveal his thoughts about significant events in his life, including the suicide of Laurie Bird, his partner during the 1970s. More cheerfully, he writes about what it was like for him to become a father relatively late in life. Then there are those lists: lists of books he's read (most are rather high-brow, but "Fifty Shades of Grey" also made the cut), lists of the songs on his iPod, lists of reasons why he's "in awe of my wife."

Mr. Garfunkel has nothing but praise, none of it sticky or sentimental, for his intermittent partner, Mr.

Simon. It's well known that they've had their disagreements over the decades, and even from this account it's clear that they were never meant to be a permanent partnership. But that doesn't take away from the music they created together. "To me it comes down to this," he says, quoting his acceptance speech from the Grammy ceremony in 2003, when the duo was given the lifetime achievement award: "One and one can coexist, or add up to two, or in our case, they can affect each other like electric energy." This book also contains a moving appreciation of another of Mr. Garfunkel's contemporaries, the singer-songwriter James Taylor: "James's accuracy of pitch is like a trader's honesty. To me, it has always been paramount in singing. There is an illuminating love of living things—all of them here on earth—that lies within the tenderness of his line readings."

In other words, "What Is It All but Luminous" is filled with more kind words than score-settling—another way in which it sets itself apart from the conventional rock 'n' roll memoir. Certainly there are few artists who can look back in contentment at a career that has spanned so many decades: What other singer (save Paul Simon) who landed his first hit in 1957 is still active today?

Mr. Friedwald's latest book, "The Great Jazz and Pop Vocal Albums," will be published next month.

BOOKS

'We must plant the sea and herd its animals.... That is what civilization is all about—farming and replacing hunting.' —Jacques Cousteau

What the Land Owes to the Sea

Fishing: How the Sea Fed Civilization

By Brian Fagan
Yale, 346 pages, \$30

BY RICHARD ADAMS CAREY

MANY DENIED that there was anything wrong, insisting that what appeared to be problematic was just part of a natural fluctuation, independent of any human agency. If regulations were imposed, they were trumped by rising demand and the powerful interests who profited thereby.

Any resemblance between the debate over recent centuries about our dwindling fisheries and the matter of global warming today is not so coincidental in Brian Fagan's "Fishing: How the Sea Fed Civilization." In fact, the climate, its fluctuations over the millennia and concomitant changes in sea level, have played an underappreciated role, Mr. Fagan says, in the blossoming of fisheries in certain places and times, their extinction in others.

But over the ages nothing has been so constant in these extinctions as human ingenuity and—wherever fishing rises from a subsistence to a commercial enterprise—the profit motive.

The subtitle of "Fishing" rather misleads: Mr. Fagan, an archaeological writer and emeritus professor at U.C. Santa Barbara, devotes nearly half this book to the way fishing was practiced for hundreds of thousands of years in subsistence cultures around the world, beginning with pre-Neanderthal hominids trapping catfish in shallow pools or shrinking rivers. He goes on to survey ancient fishing practices in the East and the West, the Old World and the New, and then the rise and fall of civilizations, the ascendancy of commerce, and such contemporary tools as lines 60 miles long bearing 30,000 baited hooks.

Along the way we find that fishing not only sustained ancient empires and modern nations to a degree we may not have grasped before—the pyramids of Giza, Mr. Fagan notes, could not have been built without hundreds of workers processing thousands of Nile fish each day, both fresh and dried, for laborers—but nurtured them as well.

The cooperative nature of fishing, wherever catches were rich and stable, fostered complex and hierarchical communities long before cities arose. The technologies of boat-building and seamanship seeded exploration. Shells, beads and dried or salted fish sustained long-distance trade networks, and even today, Mr. Fagan writes, fish are "the most traded commodity in the world." And of course preserved fish—nutritious, lightweight, long-lasting—were the primary fuel of



BOUNTY A woman in Shenzhen, China, spreads fish out to dry.

merchant fleets, navies and conquering armies.

No coincidence, then, that civilizations flourished along seacoasts or river systems, and yet we conceive of civilization as primarily an agricultural phenomenon, and we celebrate the farmer as its founder and culture hero. By contrast, fishermen, writes Mr. Fagan, "lived at the obscure margins of society, anonymous, hard-working, and laconic, and largely outside the dramas that interest historians."

An increasingly important overlap between farming and fishing, however, exists in the practice of aquaculture, which is nearly as old as farming, dating back to the Chinese domestication of Amur carp as early as 3500 B.C. The Romans elevated aquaculture to a high art, and indeed "only [farmed fish] could provide the yields needed to feed the growing population." Today Asia is in the forefront again. People there have annually produced more farmed fish than wild since 2008.

Otherwise fish remain our last wild food resource, our sole surviving forager's link to an undomesticated world. Mr. Fagan rightly finds it remarkable that through so many thousands of years the basic technology of fishing—hook, line, net—remained unchanged. These tools were sufficient to destroy several fisheries, most notably the great

North Atlantic herring fishery in the 18th century, and to seriously deplete Atlantic cod stocks. These depredations were aided, Mr. Fagan notes, by phenomena like the North Atlantic Oscillation, a century-scale variation in atmospheric pressure that caused the herring fishery to "literally appear and disappear."

Throughout history (and prehistory) the answer to an extinct fishery has been movement: of villages to new locations, or boats to different bodies of water. Of course cities are less portable, as rising sea levels will likely demonstrate. And the last century's industrialization of fishing, in which a host of new technol-

ally crystallizes into an epic story—one of opportunism, ingenuity, complaisance and denial spanning the breadth of human (even prehuman) experience.

Mr. Fagan holds that this era's global warming will be another contributing factor to what he foresees, within a few generations, as the wholesale demise of fishing. When this happens, he writes, "a significant link with our long history will have been severed."

Aside from the matter of whether then we will have eaten our way out of house and home, the end of fishing will mark the end of a primal unity of vocation and avocation. Despite the danger, low pay and frequent discomfort, fishers typically love their work. Mr. Fagan quotes William Ellis, a missionary in Tahiti, who in 1829 could not help noting that men there "set out on their fishing excursions with an exhilaration of spirit equal to that with which a European nobleman pursues the adventures of the chase."

They can enjoy it, at least, until the adventure is over, until the seven seas are one great desert. Then civilization will be on its own.

Mr. Carey's books include "Against the Tide: The Fate of the New England Fisherman" and "The Philosopher Fish: Sturgeon, Caviar, and the Geography of Desire."

Cooperation among fishermen fostered complex communities. Boat-building seeded exploration.

Shells, beads and fish sustained trade networks.

In the West, Christian dogma had defined all creatures as there for the convenience and utility of humanity, and the Catholic Church's frequent fast days, where the consumption of meat was proscribed, ensured a constant demand for fish. This made the myth that the sea was inexhaustible—or better yet, that intensive fishing improved and enhanced fish stocks—a more comfortable idea than finitude. Fishers knew better, but these marginalized folk were generally ignored. On rare occasions when restraints were imposed—in 1668 the Massachusetts Bay Colony, for example, banned cod fishing during the winter spawning months—they were sooner or later overridden.

oggies combined to make the practice all too efficient and its vessels global in range, has left the world with no new fisheries to exploit for a population expected to reach nine billion by 2050.

Mr. Fagan's book is sometimes repetitive and has little of the narrative drive of, say, Mark Kurlansky's "Cod" (1997) or William W. Warner's account of Chesapeake Bay watermen, "Beautiful Swimmers" (1976).

This is a different sort of book, more big-picture, more of a scholarly exercise, working dutifully through the catalog of times, places and ways in which fishers worked their magic and the world grew to what we know it to be today. In lucid, graceful prose, however, "Fishing" eventually

comes to life.

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Mr. Carey's books include "Against the Tide: The Fate of the New England Fisherman" and "The Philosopher Fish: Sturgeon, Caviar, and the Geography of Desire."

The Song of King Harald Fairhair

The Half-Drowned King

By Linnea Hartsuyker

Harper, 431 pages, \$27.99

BY TOM SHIPPEY

VIKINGS ARE BIG BUSINESS these days, with the History Channel TV series about to enter its fifth season, and Bernard Cornwell's "Last Kingdom" sequence continuing both in print and on screen. Most modern stories about them, however, concentrate on Vikings going about their business of raiding in the British Isles, Ireland and mainland Europe. Linnea Hartsuyker's novel "The Half-Drowned King" raises the question, what was happening back home in the Viking homelands? Especially in Norway?

She has a great deal of material to work with, for the Icelanders who wrote the sagas and preserved the legends were emigrants from Norway, and the stories of their ancestors were a major preoccupation. Snorri Sturluson (1179-1241) in particular—writer, poet, schemer, politician—wrote a sequence of 16 sagas celebrating the kings of Norway from prehistory almost to his own time. This collection, long familiar to English-speakers as "Heimskringla," is the world brilliantly re-created by Ms. Hartsuyker.

The title character is the ninth-century nobleman Ragnvald Eystein-

sson, who gets his nickname by surviving an attempted murder treacherously arranged by one of the petty princes of Norway: Ragnvald has a sort of a claim to a few acres of land, which makes him a threat. He is only a minor character in Snorri's long narration; the central character of the time for Snorri was King Harald Fairhair, who shows signs of taking over in Ms. Hartsuyker's story as well.

An American novelist puts flesh on the bones of the founding father of Viking-era Norway.

Why Fairhair? Was he blond like Daenerys Targaryen? Or was it a Viking joke? According to Icelandic legend, Harald's unification of Norway was triggered when, as king in the Vestfold in the south of Norway, he attempted to win a bride from another small kingdom. She turned him down, saying she would not waste her maidenhood on someone who ruled such a narrow realm.

Harald's counselors advised him to carry her off by force and teach her a lesson, but he refused, saying she was right. He swore not to cut his hair or shave his beard till he had made all Norway subject to him. Ten years later, when his proj-



RAIDER Head of a Viking, ca. 900.

ect was realized, and at last he got a haircut, his nickname was changed, admiringly, from "Tangle-hair" to "Fairhair."

He deserved the compliment, for Norway even after his time remained

famously uncontrollable. Not only was its population warlike, heathen and independent, the country itself is immensely long and broken by innumerable fjords, each with its patch of habitable land, almost inaccessible except by sea.

In particular, the story of Norway for six generations was the contest between the southern kings of the Vestfold, and the *jarls* (chiefs) who ruled in the north, and also controlled Norway's main source of wealth—the furs and feathers and walrus ivory extorted from the nomadic Sami people.

In Ms. Hartsuyker's story, Harald is still a teenager, gathering strength for his future takeover of the little kingdoms along the west coast of Norway.

Already, though, "tales had spread from Vestfold of his strength at arms. They said that he could best any man with any weapon, and with a sword he had fought off ten bloodied warriors." As for Ragnvald, her hero, he is caught between Harald and

Hakon Grjotgardsson, king of Ha-
logaland in the northwest. But Ragn-
vald's own story is focused first on
vengeance against Solvi of North
Maer, the "trickster dwarf" who tried
to drown him; then on retrieval of his
ancestral property; and, confusing the
issue (as so often in sagas), rescue of his
sister Svanhild, married to Solvi at first
unwillingly, but then loyally.

One might recall Signy of the
"Volusung Saga," who burns in their
own hall the husband who captured
her and killed her family, but then
walks into the flames to die with
him. Happy families in Viking times
were not like they are now.

Ms. Hartsuyker captures the sense
of saga times and saga heroes: vi-
olent but litigious, treacherous but
honorable, impetuous but crafty.
Ragnvald, Harald and Hakon all play
off one another, as do the striking
Svanhild, her stepmother Vigdis
and—only just coming into the pic-
ture—Gyda, whose proud refusal of
Harald created Norway.

There is much yet to come in
what the author promises will be a
trilogy: 10 shaggy years for Har-
ald, up to the battle of the long-
ships at Hafrsfjord. And then, per-
haps, the war of the half-brothers
and the coming of Eirik Bloodaxe.
Like "Game of Thrones," only more
unscrupulous.

Mr. Shippey writes regularly about
science fiction for the Journal.

OPINION

REVIEW & OUTLOOK

The Meaning of 'Xi Jinping Thought'

The 19th Congress of the Chinese Communist Party, set to open in Beijing on Oct. 18, is worth watching for two reasons. General Secretary Xi Jinping is bidding to become China's most powerful leader since Mao Zedong, and he may stake his legitimacy on the country's growing influence abroad. Both suggest an expansion of China's political oppression at home and assertiveness abroad.

Mr. Xi may defy Party tradition at this Congress, which falls halfway through his 10-year term in office, and seek to extend his tenure beyond 2022. The last two leaders, Jiang Zemin and Hu Jintao, allowed a successor from a rival political faction to join the Politburo Standing Committee at this stage to prepare a smooth succession. If this Congress fails to put forward a younger cadre or elevates an inexperienced candidate loyal to Mr. Xi, it will confirm that he has rejected the consensus leadership the Party established after the death of Mao.

Mr. Xi may also signal his pre-eminence by rewriting the Party charter. In recent weeks key publications have promoted the importance of "Xi Jinping Thought." Adding that phrase to the charter would put Mr. Xi on the level of Mao, whose thought is second only to Marxist ideology in the Party's guiding principles.

The Congress is also expected to emphasize Mr. Xi's efforts to restore China as a global power as part of his "China Dream" strategy. A new propaganda campaign is praising "Xi Jinping Diplomatic Thought." State television aired a six-part documentary called "Great Power Diplomacy" that showed Mr. Xi being given red carpet treatment in London and Mar-a-Lago, receiving foreign

leaders in Beijing, and being praised by foreign intellectuals for his deep thoughts. Foreign Minister Wang Yi says Mr. Xi's thought "transcends centuries of Western international relations theory."

Mr. Xi has consolidated his control over the armed forces in the past year, purging senior generals for corruption and promoting others. At this summer's Army Day parade, he reviewed the troops alone instead of with other senior leaders, as was the norm. At that event a general introduced him as *lingxiu*, a term for a supreme leader that has not been used since the Mao era. Last year he acquired a newly created title of commander-in-chief of the Joint Battle Command Center.

This consolidation of power means that China's immediate future will increasingly depend on the choices of one leader. This suggests that the Party's crackdown on political dissent, which has become ever harsher, is unlikely to ease. Hong Kong can also expect more aggressive control from Beijing.

The question for the world is what consolidated one-man authoritarian rule would mean for China's actions abroad. The Communist Party established norms of succession and the principle of consensus leadership to prevent a repeat of Mao's disastrous rule, which included attempts to undermine neighboring governments. That has paid off in rising prosperity as China focused on economic development and trade with the world.

Mr. Xi is changing that policy to assert Chinese dominance in the Asia-Pacific, and authoritarian rulers tend to stoke nationalism to create political legitimacy. The growing cult of Xi could shake the world order.

China's leader bids to consolidate his power at the Party Congress.

Tax Reform, If You Can Keep It

Rublicans finally unveiled the party's blueprint for tax reform on Wednesday, and Americans who want a faster-growing economy should be pleased. The GOP has offered an outline that will enhance U.S. competitiveness and simplify the code—if the final product isn't diluted by the class-warfare brigades and K Street lobbyists.

The nine-page framework offers the contours worked out by GOP leaders and tax writers in Congress and the Trump Administration, and the goal is to lower rates and streamline preferences. The danger is that the opening offer is near the lower limits of what is needed to lift the economy to a higher growth plane, and Republicans don't have room for concessions to this or that interest group.

The most important news is that the plan would make U.S. businesses more competitive around the globe. The corporate rate will fall to 20% from 35%, which is the highest in the developed world. This is not as low as President Trump's floated 15% or Ireland's 12.5% but would bring the U.S. below the industrialized-world's 22.5% average. This would improve U.S. corporate-tax competitiveness from a depressing 35th out of 35 nations in the Tax Foundation's annual index, which is below even France. (See nearby chart.)

The framework also moves to a territorial model that allows companies to pay taxes where income is earned, which is the global norm. The punishing U.S. system has left \$2.5 trillion parked overseas, and that money will be invited back at a discount with illiquid assets paying a lower rate than cash. The changes will be permanent, which is important as corporations invest with a long tail, and they will be immediate, which means investors won't have to wait to see the benefit of lower rates.

Small businesses with owners who "pass through" income to personal returns would see a top-rate reduction to 25% from 39.6%. This will require some finesse, as tax writers must develop guardrails that prevent lawyers or hedge-fund operators from dumping wages into pass-throughs and paying less than salary folks. Such businesses will pay a slightly higher top rate than corporations, but the latter are taxed twice: once on income, again on dividends or capital gains.

There are other pro-growth elements, such as full expensing for five years, which Congress will likely renew. The alternative-minimum tax is zeroed out, as is the death tax. The left will say that ending the government's undertaker fee is a payout for the children of Bill Gates, but anyone with real money knows to hide wealth in trusts or foundations. The death tax hits people who have amassed some money over a lifetime but not enough to form the Buffett Foundation.

The big disappointment is in individual-tax rates. The good news is the blueprint would fold seven brackets into three—12%, 25%, 35%—and double the standard deduction to \$12,000 for individuals and \$24,000 for married couples. The increased deduction reduces the need for carve-outs that muck up the code, and millions will be able to file on a postcard.

The Republican outline is a pro-growth boon, but rates can't rise further.

But the outline threatens an undefined additional rate on high earners to ensure the new code is "as least as progressive" as the current system, which sounds like a talking point from Nancy Pelosi. The top 1% paid almost 40% of all federal income taxes in 2014, according to the Tax Foundation, and these individuals are the most sensitive to tax rates in deploying their assets. Separating the personal rate from the small-business rate all but guarantees that the top rate will never return to the Reagan low of 28% that has since climbed to about 44% with the ObamaCare surtax on investment income.

All of this is a bow to the class warriors on the left and right, but the punt on rates won't spare Republicans from attacks. The left is already portraying the business-tax cuts and death-tax repeal as giveaways to the rich.

The plan also includes some antigrowth elements that are pure political sops. Case in point is an unspecified expansion in the child tax credit, which the outline says won't be refundable beyond the current \$1,000 but will be by the end of the sausage-making. Refundable credits are a cash transfer to people with no tax liability, and they discourage work. The framework also suggests increasing the income level at which the credit starts to phase out—in other words, offering the payout to more families who need lower rates and rising wages more than they need a subsidy.

Also buried in the details is a \$500 credit for nonchild dependents, which means caring for the elderly. This dispensation will also be expensive, yet anyone who looks after an aging parent or relative knows it's a token that won't defray the costs of even a month of care. This is a lamentable departure from the GOP goal of simplicity, and once enshrined it will live forever—and be quadrupled when Democrats return to power.

The GOP hopes to pay for the plan by reducing preferences and deductions, and the Members must hang tough on eliminating subsidies like the state and local tax deduction that underwrites high-tax states like California and New York. This will be a rough political fight with GOP Members from Democratic states, but killing the deduction saves \$1.25 trillion over 10 years that tax writers need to finance lower rates.

Republicans can also expect an assault from the Gucci-shoe lobbyists who tried to kill reform in the 1980s. The Realtors are miffed about the higher standard deduction, which means some Americans won't avail themselves of the mortgage-interest deduction. They want to deny the middle-class a tax cut in order to coerce them to use a deduction that lines Realtor pockets. Republicans should threaten to put a cap on the mortgage-interest deduction if the Realtors stay this greedy.

Overall, the GOP has produced a tax-reform outline that can revitalize a weak economic expansion, lead to more new business creation, enhance worker productivity and lift wages. The challenge now is to sell it better than health reform, resist the special pleaders and pass it by the end of the year.

America Is Number 35

International tax competitiveness rankings, overall and for the corporate tax alone, for 35 countries in 2016

	Overall Score	Overall Rank	Corporate Tax Rank
Estonia	100.0	1	1
Sweden	82.1	5	6
Korea	70.0	12	20
Ireland	70.0	14	3
U.K.	69.6	16	19
Canada	68.3	19	22
Germany	66.3	21	14
Japan	61.4	25	34
U.S.	53.7	31	35
France	43.2	35	32

Source: Tax Foundation

THE WALL STREET JOURNAL

Republicans Lose Again

By Karl Rove

It was a disastrous day for the entire Republican party—President Trump, congressional members, grass-roots activists and anyone who wants progress on the party's agenda. On Tuesday, for a second time this year, Senate Republicans failed to repeal and replace ObamaCare, announcing they wouldn't vote on the Graham-Cassidy bill after all. At least six GOP senators either opposed the legislation or expressed grave doubts about it.

Meanwhile in Alabama, the conservative crusader Roy Moore won a Republican runoff and is now the favorite for election to the U.S. Senate in December. When Jeff Sessions resigned the seat to join the Trump administration, the state attorney general, Luther Strange, was appointed as his temporary replacement. Mr. Trump endorsed Mr. Strange and appeared Friday at his rally in Huntsville. Yet Mr. Moore, a former chief justice of the state Supreme Court, won anyway—and by nine points.

These two events will have severe consequences. The Republican grass roots were already angry at the Senate's failure in July to pass an ObamaCare repeal bill that had cleared the House. This week's disappointment will only deepen their distress. GOP voters could end up expressing their displeasure indiscriminately, making no distinction between lawmakers who supported the repeal attempts and those who didn't.

Mr. Moore may win the special election in December, but that won't give Republicans a smoother path to eliminating ObamaCare. His campaign chairman has insisted Mr. Moore "wants to make sure that the federal government is getting out of the health-care business entirely." This suggests he could be like Kentucky's Sen. Rand Paul, who supports only purist proposals that have no chance of passing.

The Alabama runoff result is likely to spur new challenges by alt-right-backed populists to more-conventional Republican incumbents. Mr. Moore's looming victory probably played a role in the Tuesday announcement that Tennessee's respected Sen. Bob Corker, the chairman of the Foreign Relations Committee, will not run for re-election next year.

But other upstarts may not find it easy to duplicate Mr. Moore's success. The judge's victory has much to do with his status as a folk hero among Alabama's social conservatives. Mr. Moore was removed from the state Supreme Court in 2003 for refusing to obey an injunction from a federal judge. The order was to remove a monument to the Ten Commandments that Mr. Moore had installed, in violation of state law, on the grounds of the state Judicial Building.

He was elected chief justice again in 2012, but suspended from the bench in 2016 after directing county officials to ignore the U.S. Supreme Court's decision on gay marriage by refusing to issue same-sex marriage licenses. Mr. Moore claimed that his removal was the result of a "politically motivated effort by radical homosexual and transgender groups" undertaken because he opposed "their immoral agenda."

Other toxic statements by Mr. Moore—such as his suggestion the 9/11 attack on the Pentagon occurred because Americans had abandoned God's word—helped endear him to some of Alabama's social conservatives, who make up a substantial majority of the state's GOP primary voters.

The latest GOP failure should be sobering for President Trump and the leaders in Congress.

Mr. Moore's 25-year political career also gave him higher name identification than his opponent, at least at the contest's start. Mr. Strange was forced to spend significant sums introducing himself to voters. Both candidates were viewed equally favorably by the day of the runoff, but Mr. Moore's support was more intense. Mr. Strange was also hurt by his temporary appointment to the empty seat by then-Gov. Robert Bentley, who was under investigation and later forced out of office.

While copycat challengers may not have Mr. Moore's advantages, tough primary contests next year will certainly drain GOP funds and divert focus that might otherwise be used to defeat Democrats in the fall. They will also add to the growing sense of a Republican civil war, which complicates the coalition-building needed to pass the party's agenda.

Republicans must hope Tuesday's events are sobering to Mr. Trump and party leaders in Congress. Voters are understandably restive because they gave the GOP control of the White House and both legislative chambers but haven't seen much in the way of accomplishments.

Passing tax reform has now become an existential imperative. The electoral disaster that might visit Republicans if they can't get tax reform done ought to galvanize leaders at each end of Pennsylvania Avenue and reinforce a bit of old wisdom: that the perfect should not be allowed to be the enemy of the good.

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

Europe Needs an Uber for Defense

By Elisabeth Braw

The sharing economy has come to the military world. Just as drivers who don't always need a car can join car-sharing services so they can drive on demand, some of Europe's armed forces are learning they can share their transportation equipment. It's a success story that should be more widespread.

The European Air Transport Command (EATC) was founded seven years ago by Belgium, France, Germany and the Netherlands. Luxembourg joined in 2012; Italy and Spain in 2014. During these past seven years, the members' 220 transport aircraft have transported more than two million passengers and 730,000 tonnes of cargo, completing some 320,000 flying hours on nearly 54,000 missions. None of the participating countries could operate such a fleet on its own.

"The EATC is successful because it has a good business model," the German Air Force's Maj. Gen. Christian Badia, who commanded the EATC until this summer, told me. "In the military as well as in business, in order to be successful you have to have something you can sell."

What the EATC sells is access. Members lend their planes (and crews) to each other, paying one another not in money but in flying hours. Participation is voluntary; members have a right to refuse a particular request. The only requirement is that each member must ultimately contribute to the pool. "You buy something, you get something," Gen. Badia explains. Even Luxembourg brings assets—a personnel transport plane that the other countries like to use.

Unlike the much-discussed idea of a European army, the EATC is pragmatic answer to an existing need. Based out of the Dutch city of Eindhoven, the EATC isn't linked to the European Union. "Europe doesn't need an extra supranational structure for military sharing, and neither the EU nor NATO tells the EATC what to do," Gen. Badia points out.

It also raises the question: If the sharing economy works for transport aircraft, could it work for other equipment? Could there one day be a pool of frigates? Fighter jets? Tanks?

Europe's defence dilemma, after all, is duplication rather than underspending. EU members invested an estimated €213 billion (\$250.42 billion) in their armed forces in 2015, around 20% of it on equipment. The EATC's experience shows that through pooling and sharing, its members save an estimated 15% on operations and, more crucially, millions of euros on aircraft they don't have to buy.

Some pooling ideas are already being floated. France and Germany have, for example, proposed a European medical command and a joint logistics hub. Gen. Badia sees plenty of potential pools: transport helicopters, logistics support ships, road logistics.

Armed forces need all these capabilities but don't use them to full capacity throughout the year. The Baltic states could decide to pool their naval vessels, as each country only has a small fleet. The Nordic countries could launch their own air-transport pool. Members that own F-16 jets could share spare parts and ammunition.

"We need to reinvest in our security, as part of a collective step-by-step approach in which practical bottom-up initiatives by small groups of like-minded countries are actively encouraged," Jeanine Hennis-Plasschaert, the Netherlands' defense minister, wrote in an email.

Unsurprisingly, the military sharing economy is a bit more complex than its Silicon Valley sister. "In any military sector, pooling resources requires full harmonization of training methods and internal regulations, including professional qualifications," retired General Vincenzo Camporini, an Italian air force officer and former chief of defense, told me.

Judging from the EATC, whose members have very different military cultures and speak different languages, that's not insurmountable. The important thing is to start simple. A country may be hesitant to lend its fighter pilots and jets to a foreign military operation. But given that armed forces frequently deal with much more than military action, there's plenty of scope for sharing.

Ms. Braw is a nonresident senior fellow at the Atlantic Council.

OPINION

Why Tax U.S. Companies Twice?

By David A. Ricks

When President Trump came to my company's hometown of Indianapolis on Wednesday to lay out his tax-reform plan, it was welcome news. The proposal, developed by the White House and congressional Republicans, would cut the corporate-tax rate to 20%, put in place a territorial system and maintain tax credits for research and development. This would go a long way toward leveling the playing field for American workers and businesses competing against their foreign peers.

The current tax code places American companies at a disadvantage and saps the resources they need to create jobs and contribute to economic growth. Nowhere is this more



ANDREW BRONKES/GETTY IMAGES

protections, clear regulations, market-based reimbursements and significant public funding for both health care and medical research.

Yet when a biotech company discovers something big, it too often sells itself to a foreign buyer. Data from PharmaDeals show that between 2007 and the middle of 2016, foreign companies were the buyers in nearly two-thirds of American biopharma cash acquisitions valued at \$1 billion or more. One big reason is that Washington's tax policy allows foreign-based companies to shop at a discount relative to their U.S. peers.

American companies like mine are able to maintain tax bills roughly on par with our foreign competitors by keeping abroad large amounts of our overseas earnings. Whenever we bring capital back to the U.S.—whether to buy another company, build a manufacturing plant or run a clinical trial—that money is subject to the statutory corporate-tax rate of 35%, the highest in the developed

world. Foreign companies, on the other hand, can freely bring their overseas cash to the U.S. to make investments without paying any corporate tax to Washington.

This means every dollar of after-tax foreign profits Eli Lilly and Company buys only about 65 cents of investments. But our foreign peers can bring a dollar to the U.S. and get nearly a full dollar's worth of investment. To our foreign competitors, this "repatriation tax" is effectively a 35% discount.

And it isn't only a problem for pharma. The U.S. is the world's leader in turning all kinds of research into products and services that improve people's lives. But American tax policy encourages foreign companies to scoop up the fruits of this innovation. The current system penalizes American companies that want to invest their global earnings in the U.S., whether in research, product development, mergers and acquisitions, or anything

else. In this way the tax code has contributed to sluggish growth and stagnant middle-class wages.

Republican leaders have the right remedy: First, they plan to lower the U.S. corporate-tax rate to 20%, which is internationally competitive. Second, they want to adopt a modern "territorial" system that taxes income where it's produced—regardless of where the company has its headquarters—to eliminate the disadvantage American firms face today.

My company applauds these proposals, but they could be rendered moot if Congress also adopts well-meaning but poorly designed policies to protect the U.S. tax base. One such idea is a high tax on the "round tripping" of profits through low-tax havens. This rule would essentially add a second tax to most of the overseas earnings of American companies—a tax their global peers wouldn't pay. It would make the biopharma industry an even larger target for foreign acquisition. It would do nothing to alleviate the pressure on U.S. companies to resort to "inversions," that is, mergers with competitors abroad that allow them to qualify as foreign companies for tax purposes. The net result would be a tremendous loss of value and opportunity for American companies and workers, as well as revenue for the federal government.

Tax reform can speed innovation and economic growth, as the White House and congressional Republicans aim to do, but only if it truly levels the playing field for American companies competing in a global market.

Mr. Ricks is chairman and CEO of Eli Lilly & Co.

On Behalf Of Equifax, I'm Sorry

By Paulino do Rego Barros Jr.

On behalf of Equifax, I want to express my sincere and total apology to every consumer affected by our recent data breach. People across the country and around the world, including our friends and family members, put their trust in our company. We didn't live up to expectations.

We were hacked. That's the simple fact. But we compounded the problem with insufficient support for consumers. Our website didn't function as it should have, and our call center couldn't manage the volume of calls we received. Answers to important consumer questions were too often delayed, incomplete or both. We know it's our job to earn back your trust.

A new free service will let consumers lock or unlock access to their credit data any time they like.

We will act quickly and forcefully to correct our mistakes, while simultaneously developing a new approach to protecting consumer data. In the near term, our responsibility is to provide timely, reassuring support to every affected consumer. Our longer-term plan is to give consumers the power to protect and control access to their personal credit data.

I was appointed Equifax's interim chief executive officer on Tuesday. I won't pretend to have figured out all the answers in two days. But I have been listening carefully to consumers and critics. I have heard the frustration and fear. I know we have to do a better job of helping you.

Although we have made mistakes, we have successfully managed a tremendous volume of calls and clicks. And we're getting better each day. But it's not enough. I've told our team we have to do whatever it takes to upgrade the website and improve the call centers.

We have started work on our website, and I see significant signs of progress. I won't accept anything less than a superior process for consumers. We will make this site right or we will build another one from scratch. You have my word.

The same goes for the call centers. There is no excuse for delayed calls or agents who can't answer questions. We will add agents and expand training until calls are answered promptly and knowledgeably. I will personally review a daily report on their operations.

We will also extend the services we are offering consumers. We have heard your concern that the window to sign up for free credit freezes with Equifax is too brief, so we are extending the deadline to the end of January. Likewise, we are extending the sign-up period for TrustedID Premier, the complimentary package we are offering all U.S. consumers, through the end of January.

We hope these immediate actions will go a long way toward addressing the concerns we are hearing from consumers. We know they won't solve the larger problem. We have to see this breach as a turning point—not just for Equifax, but for everyone interested in protecting personal data. Consumers need the power to control access to personal data.

Critics will say we are late to the party. But we have been studying and developing a potential solution for some time, as have others. Now it is time to act.

So here is our commitment: By Jan. 31, Equifax will offer a new service allowing all consumers the option of controlling access to their personal credit data. The service we are developing will let consumers easily lock and unlock access to their Equifax credit files. You will be able to do this at will. It will be reliable, safe and simple. Most significantly, the service will be offered free, for life.

With the extension of the complimentary TrustedID package and free credit freezes into the new year, combined with the introduction of this new service by the end of January, we will be able to offer consumers both short- and long-term support for their personal data security.

There is no magic cure for data breaches. As we all know, every organization is at risk. When consumers have access to our new service, however, the cybercrime business will become a lot more difficult, and we are committed to doing what we can to help millions of consumers rest easier.

Mr. Rego Barros is interim CEO of Equifax.

The GOP plan would end the 35% 'repatriation tax' that makes it harder to compete—and create jobs.

glaring than in the biopharmaceutical industry. Nearly 60% of the most valuable biopharma research and development occurs in the U.S., according to a 2015 study in the *Journal of the American Medical Association*. At the same time, more than half the world's large pharma companies are based here.

Biopharma research and development is concentrated in the U.S. because of this country's entrepreneurial spirit, strong intellectual-property

The Strain in Spain Could Cause a World of Pain

By Tunku Varadarajan

If the civic vices of contemporary Catalonia are self-delusion and hysteria, the great historical failing of Castile—Spain's traditional heartland—is its political rigidity. When these flaws come together in almighty conflict, as in the current fierce push for Catalan independence, one has the perfect recipe for a calamity—the unraveling of Spain, which could damage the European Union more greatly than Brexit will.

On Oct. 1 the government of Catalonia, one of 17 autonomous regions in Spain, will hold a referendum on independence. The referendum is best described as a form of political hijack. Spanish law prohibits the referendum, and the Spanish Constitutional Court has ruled so explicitly. Spain's Constitution speaks of "the indissoluble unity of the Spanish nation," and no matter how cleverly—or stubbornly—the Catalan separatists spin it, that document doesn't allow for any exercise of "self-determination" of the kind the regional government is attempting.

Nor is such a referendum permitted by international law, which confines its grudging grant of a right to self-determination to those colonized people who live under morally abhorrent regimes. Catalans fit that description only in the most fevered separatist imagination. They voted overwhelmingly for the democratic Spanish Constitution that was put in place in 1978 after the death of Gen. Francisco Franco three years earlier. It wasn't foisted upon them, but was supported by 90% of the Catalan people. That constitution, and numerous subsequent laws adding to it, give Catalonia more autonomy than practically any other national subregion in the democratic world. Its closest competitor in the autonomy stakes is Spain's own Basque region.

There is no democratic deficit, no stifling of the Voice of the People, no inhibition of cultural or economic aspirations, and no political curbs of any kind. Counting European, national, regional and municipal elections, Catalan citizens of Spain have voted six times in the past five years. Catalonia is, by some calcula-

tions, the most prosperous part of Spain, yet even as the separatists recite that fact almost catechistically, they fail to acknowledge the price all Spain pays for the national defense and diplomacy that keep Catalonia secure.

They also fail to credit the labor from the rest of Spain that once powered its manufacturing and today enables its vibrant tourism and

Catalonia's secession referendum could lead to further conflict, on the street and in the EU.

services industries. They don't acknowledge that Catalonia has received more than its fair share of national capital and investment in the past 75 years, in part as a political sop to a restive region. The separatists also don't mention that they would have to assume around 20% of Spain's national debt were they ever to secede, and surmount a Spanish veto to be readmitted to the EU.

And yet Catalonia's separatist regional government is going ahead

with its second referendum in three years as a form of political insurrection. The first, in 2014, had been ruled unlawful by the courts, but was held anyway as a nonbinding "participation process." The separatists tout the fact that 80% of those who voted then did so to secede. They are silent about the turnout: Only 2.3 million of Catalonia's 7.5 million people voted, and the vast majority of opponents boycotted the exercise.

The latest referendum is a more blatant political fraud: Under a law passed in the regional parliament, a simple majority—irrespective of turnout—will suffice to authorize the regional government to declare independence. For some perspective: You need two-thirds of the Catalan Parliament to elect directors of the region's public television. The laws to enable the referendum and independence were, by contrast, passed with a simple majority.

Those who oppose Catalan independence aren't going to show up to vote on Sunday. The Spanish state will be out in force to discourage participation. Only the die-hard secessionists will vote, so a "majority" for independence is almost guaranteed. What happens next is anyone's guess, but we can be sure that Ma-

drid won't let Catalonia secede. There will almost certainly be violence, given the presence in the secessionist ranks of an adamant hard-left cohort. If matters get out of hand—and the separatists have every political incentive to let them—the EU will confront the closest thing it has ever had to a civil war in a member state.

Will there really be a second Spanish Civil War? Catalonia's separatists have been scrupulously non-violent—to date—even as the Spanish state has shown admirable restraint in the face of ever-mounting provocation. That peaceful approach could change if the hard core feels cornered. Yet with international pressure coming to bear on the Catalans—especially from Brussels, which cannot possibly tolerate a further fracturing of a fragile union—there will have to be compromise, brokered by the EU.

Madrid will need to be less rigid in its approach to yet another widening of regional autonomy. And Catalonia will have to accept that it cannot forever live in Wonderland.

Mr. Varadarajan, a fellow in journalism at Stanford University's Hoover Institution, is a former Madrid bureau chief for the Times of London.

The U.S. Makes Ambassadors of Visitors

By Michael Polt
And Kim Davis

As the Trump administration revises America's visa system to prevent abuse—such as instances in which companies bring foreigners into the U.S. to replace native workers at lower pay—one category stands out as deserving of protection: J-1 visas, for "exchange visitors."

This broad designation covers trainees, interns, exchange students, visiting scholars, au pairs, camp counselors and the like. J-1 visas are always time-limited. They often carry a requirement that the visitor return to his home country for a fixed period, typically two years, before coming to the U.S. again. Over the past five years, an

average of 325,000 such visas were issued annually.

People on J-1 visas are prohibited from holding permanent jobs in America. Rather, the visas provide an opportunity for cross-cultural education and training. The idea is that when visitors return home, they

Foreigners on J-1 visas take American values home with them when they go back.

bring with them the American values they were exposed to during their stay. Many J-1 visas go to young people who develop an appreciation for life and culture in the U.S. They become America's de facto ambassadors and advocates abroad.

A good example is the Baltic-American Freedom Foundation, on whose board we both serve. The foundation was created in 2010 to strengthen America's ties with Estonia, Latvia and Lithuania. We have provided nearly 300 young professionals with J-1 internships in the U.S. at private businesses, nonprofits and think tanks. Alumni report an increased understanding of the U.S. economy and political system. Many maintain personal and professional relationships with Americans. One of our former J-1 interns was elected last year to a seat in the Lithuanian Parliament.

The McCain Institute for International Leadership, where one of us works, uses J-1 visas to bring mid-career professionals from around the world to the U.S. for a one-year program. The institute, part of Ari-

zona State University, provides placements for the visitors and trains them in ethics, values, leadership and communications. The visa-holders have worked everywhere from Intel to the Miami Herald to the Kansas City, Mo., mayor's office. They return home as stronger leaders with a greater respect for the U.S.

Success stories from the program abound: Urmo Kübar, an Estonian, is now an adviser on civil society to his country's president. Soraya Aziz Souleymane returned home to the Democratic Republic of the Congo and established a nonprofit that works with mining companies to strengthen their social-responsibility programs. Carlos Mayorga, a Colombian, has trained thousands of young people in the principles of entrepreneurship. Other alumni are working to advance freedom, transparency, human rights, women's empowerment, refugee protections, international security, anticorruption and good governance.

All of them are spreading American ideals in their home countries. The U.S. can't buy this kind of goodwill. But letting foreign visitors spend time in America helps that support develop on its own. As the White House reworks the visa system, it would do well to recognize that exchange visitors on J-1s are no example of abuse: They are an investment in advancing America's interests abroad.

Mr. Polt, a senior director at the McCain Institute for International Leadership, was U.S. ambassador to Serbia and Montenegro (2004-07) and Estonia (2009-12). Mr. Davis is chairman of the board at the Baltic-American Freedom Foundation.

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THE WALL STREET JOURNAL.

LIFE & ARTS

FILM REVIEW

The 'American Made' Drug Trade

Tom Cruise stars as the pilot who shuttled contraband for both the CIA and the Medellín Cartel

BY JOHN ANDERSON

AS THE PARENTS of any unruly child are well aware, boredom is a dangerous thing, and as per director Doug Liman's hyperactive "American Made," Barry Seal is an unruly child. And bored. One of the youngest pilots ever to work for TWA, he'll manufacture turbulence during an overnight flight just to terrify his passengers. He smuggles Cuban cigars across U.S. borders for the cheap thrills (and the money). When the '70s-era CIA comes calling with an even bigger prank—taking reconnaissance pictures of communist outposts in Central America—Barry strolls right on board, eventually becoming a frequent flier of money, drugs and, sadly for him, not enough lawyers.

The real-life Barry Seal—who will become the Medellín Cartel's chief U.S. conduit of Colombian cocaine—is played by a very game Tom Cruise as a smiling rascal who, deep down, really believes that his native charm is the only net he'll need while walking a high wire over a lion cage. As such, Seal is the Tom Cruise character incarnate—we know it, and the actor knows it: At one point, he dons his sunglasses with exactly the same roguish flair he used as Joel Goodson in "Risky Business," a quarter century ago. Joel Goodson aside, Barry Seal may be the most Tom Cruise role Tom Cruise has ever had.

But he also does a rather tricky thing, playing a likable criminal who's really a bad actor. Barry lies to everybody, badly, but especially his wife, Lucy (Sarah Wright), who is kind of, sort of, in the dark about her husband's exploits—though she comes to like the Air-bus-size deposits of cash that start filling her home (from which she has to move abruptly several times). Seal moves from taking pictures for his CIA handler, Schafer (a terrific Domhnall Gleeson), to moving drugs, to moving arms—Soviet-made AK-47s in-

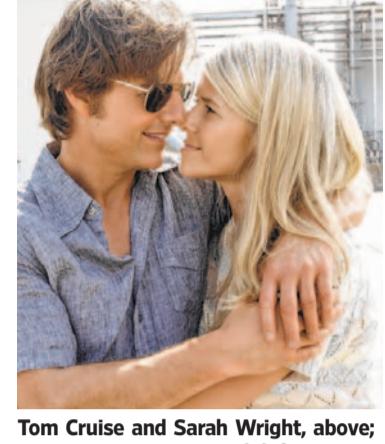


tended for the PLO that were intercepted by the Israelis and sold to the CIA for distribution to the Contras, who are far less interested in fighting than they are in coke from the cartel, which in turn would really like to get those guns. Throughout it all, Barry is "the gringo who delivers."

"American Made" is one of the many children of "Goodfellas," a

true-crime story turned first-person narrative told by a charismatic ne'er-do-well surrounded by dubious characters and tantalizing subplots. None of these offspring, including "American Made," have matched the chilling grandeur of Martin Scorsese's 1990 masterpiece, with its multifaceted characters and visual fluidity. Mr. Liman's film, shot by the Uruguayan

cinematographer César Charlone ("The Constant Gardener") feels very constrained, too reliant on close-ups; when the picture opens up—when Barry makes his first wobbly takeoff from the inept runway built by his Medellín overseers, Jorge Ochoa (Alejandro Edda), Carlos Ledher (Freddy Yate Escobar) and Pablo Escobar (Mauricio Mejía)—it's like a breath of



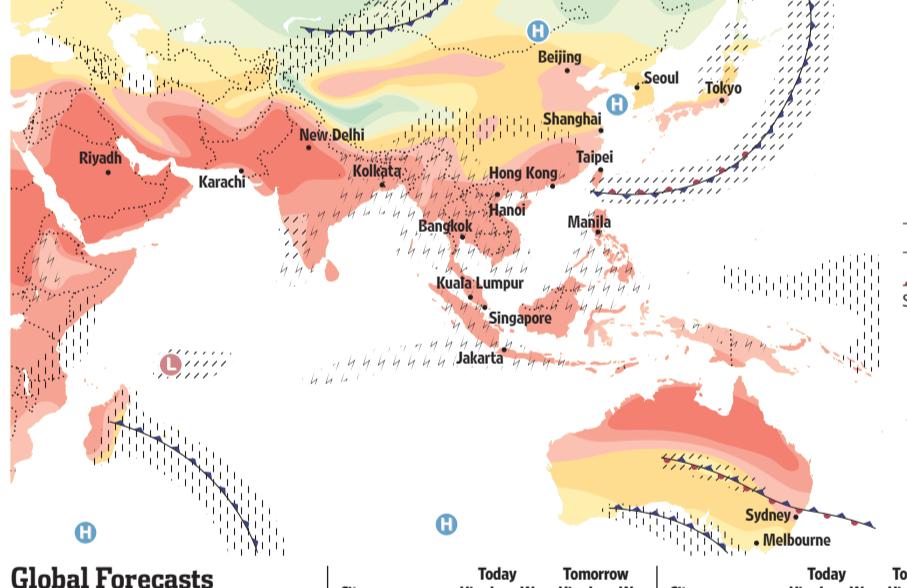
Tom Cruise and Sarah Wright, above;
Mr. Cruise as Barry Seal, left

fresh, coca-scented air.

The story is told mostly, but not entirely, by Seal himself, often addressing the camera directly—he keeps a video diary, for obvious reasons. If "American Made" were limited to what Seal knew personally, some of the dangling threads in Gary Spinelli's script could be written off. As it is, they hint at stories we'd like to know better. When Barry and Lucy get relocated by Schafer to a small town in Arkansas, into which they start funneling their ill-gotten gains, the sheriff's wife (Lola Kirke, too briefly seen) gets suspicious. Does she feel her status threatened by the arriviste Seals? Is it just envy of the gorgeous Lucy? It's not pursued. Neither is Lucy, really, despite being a potential resource of sex-based political science: When she thinks Barry's being a dope, quitting TWA, disappearing for days at a time, she's ready to throw him out; when he arrives back home with a satchel full of cash, a kind of warm glow seems to envelope her. A smile breaks on her lovely face. No, she's not the most fully realized character. On the other hand, she certainly helps us understand Barry.

Mr. Anderson writes on TV for the Journal. Joe Morgenstern is away.

Weather



Global Forecasts

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

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	20	12	t	16	11	pc
Anchorage	10	2	c	9	3	pc
Athens	22	17	t	22	18	t
Atlanta	30	20	s	27	15	pc
Bahrain	39	24	s	41	24	s
Baltimore	23	11	s	21	9	pc
Bangkok	33	25	t	32	25	t
Beijing	26	12	s	27	17	pc
Berlin	20	10	pc	20	12	pc
Bogota	19	9	r	18	9	r
Boise	26	11	pc	17	6	pc
Boston	18	10	s	15	8	pc
Brussels	23	12	t	17	11	pc
Buenos Aires	18	12	c	21	13	pc
Cairo	31	21	pc	32	23	s
Calgary	23	8	s	16	4	r
Caracas	32	26	pc	31	25	pc
Charlotte	27	15	pc	27	12	s
Chicago	22	11	s	20	11	s
Dallas	27	18	c	30	17	s
Denver	19	8	c	22	8	pc
Detroit	21	9	sh	19	8	s
Dubai	37	27	s	38	29	s
Dublin	15	6	sh	15	13	pc
Edinburgh	16	7	r	14	9	pc
Frankfurt	22	13	pc	19	9	t

AccuWeather.com

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

Legend: -15, -10, -5, 0, 5, 10, 15, 20, 25, 30, 35

Legend: Warm (blue), Cold (red), Stationary (green), Showers (yellow), Rain (orange), T-storms (purple), Snow (pink), Flurries (light blue), Ice (grey)

Legend: H (High pressure), L (Low pressure), S (Surface low pressure area), D (Dissipating low pressure area)

Legend: Shaded areas indicate precipitation levels: 1/8", 1/4", 1/2", 1", 2", 4", 8", 16", 32", 64", 128", 256", 512", 1024", 2048", 4096", 8192", 16384", 32768", 65536", 131072", 262144", 524288", 1048576", 2097152", 4194304", 8388608", 16777216", 33554432", 67108864", 134217728", 268435456", 536870912", 107374184", 214748368", 429496736", 858993472", 1717986944", 3435973888", 6871947776", 1374389552", 2748779104", 5497558208", 10995116416", 21990232832", 43980465664", 87960931328", 175921862656", 351843725312", 703687450624", 140737490128", 281474980256", 562949960512", 1125899921024", 2251799842048", 4503599684096", 9007199368192", 18014398736384", 36028797472768", 72057594945536", 144115189891072", 288230379782144", 576460759564288", 115292151912576", 230584303825152", 461168607650304", 922337215300608", 1844674430601216", 3689348861202432", 7378697722404864", 14757395444809728", 29514790889619456", 59029581779238912", 118059163558477824", 236118327116955648", 472236654233911296", 944473308467822592", 1888946616935645184", 3777893233871290368", 7555786467742580736", 15111572935485161472", 30223145870970322944", 60446291741940645888", 12089258348388129176", 24178516696776258352", 48357033393552516704", 96714066787105033408", 193428133574210066816", 386856267148420133632", 773712534296840267264", 1547425068593680534528", 3094850137187361069056", 6189700274374722138112", 1237940054874944427624", 2475880109749888855248", 4951760219498777710496", 9903520438997555420992", 19807040877995110841984", 39614081755987721683968", 79228163511975443367936", 158456327023958866735872", 316912654047917733471744", 633825308095835466943488", 126765061619167093388696", 253530123238334186777392", 507060246476668373554784", 1014120492933366747109568", 2028240985866733494219136", 4056481971733466988438272", 8112963943466933976876544", 1622592788693486795353288", 3245185577386973590706576", 6490371154773947181413152", 1298074230954789436282632", 2596148461909578872565264", 5192296923819157745130528", 1038459384763835549026056", 2076918769527671098052112", 4153837539055342196104224", 8307675078105684392208448", 16615350156211368784416896", 33230700312422737568833792", 66461400624845475137667584", 13292280124969095027533576", 26584560249938190055067152", 53169120499876380110134304", 10633824099775276022026856", 21267648199550552044053712", 42535296399101104088107424", 85070592798202208176214848", 170141185586404416352429696", 340282371172808832704859392", 680564742345617665409718784", 136112948489123533081943576", 272225896978247066163887152", 544451793956494132327774304", 1088903587913488264655547088", 2177807175826976529311094176", 4355614351653953058622188352", 8711228703307906117244376704", 17422457406615812234487533408", 34844914813231624468975066816", 69689829626463248937950133632", 139379659252926497875902667264", 278759318505852995751805334528", 557518637011705991503610669056", 1115037274023411983073201338112", 2230074548046823966146402676224", 4460149096093647932292805352448", 8920298192187295864585610704896", 17840596384374591729171221409792", 35681192768749183458342442819584", 71362385537498366916684885639168", 142724771074987334833417771278336", 285449542149974669666835542556672", 57089908429994933933367108511344", 114179816859898668666742017022688", 228359633719797337333484034045376", 456719267439594674666968068090752", 913438534879189349333936136181504", 1826877069589378698667872682363008", 3653754139178757397335745364726016", 7307508278357514794671490729452032", 14615016566750285589342891458904064", 29230033133500571178685782917808128", 58460066267001142357371565835616256", 116920132540022844714831311671232512", 23

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Yen vs. Dollar 112.6850 ▼ 0.12%

Hang Seng 27421.60 ▼ 0.80%

Gold 1283.50 ▼ 0.05%

WTI crude 51.52 ▼ 1.19%

10-Year JGB yield 0.072%

10-Year Treasury yield 2.326%

Yuan Falls Again on Policy Shift

Currency has declined 3.1% in three weeks since Beijing ended supportive measures

BY SAUMYA VAISHAMPAYAN

The Chinese yuan continued to drop against the U.S. dollar Thursday, extending a reversal in fortune this month that shows how vulnerable the currency remains to policy changes from Beijing.

The yuan fell 0.5% against the dollar Thursday, bringing its declines over the past three weeks to 3.1%—nearly half of the gains the Chinese currency had previously made versus the dollar this year.

Despite a solid start to the month, the yuan has dropped 1.1% against the dollar in September, putting it on course for its first monthly fall since



The yuan hit a 17-month high against the U.S. dollar on Sept. 8. Special-force officers at a rally for the coming party congress.

April. One dollar bought 6.67 yuan in late-afternoon Asian trading Thursday.

The yuan's downturn has come at a sensitive time for the Chinese authorities. The Communist Party is gearing up

for a twice-a-decade congress in October that will help mold China's power structure in coming years. Many investors had expected the yuan to give up some of its gains this autumn, but only after that

event was over.

Two key factors lie behind the yuan's decline since it hit a 17-month high against the dollar on Sept. 8.

Soon after the yuan hit that high, the People's Bank of China ended measures it had earlier put in place to support the yuan, including a two-year-old rule that made it more expensive for traders to bet against the currency. That move was taken by analysts and investors as a sign that Chinese authorities were growing uncomfortable with the currency's ascent against the dollar. A stronger yuan makes China's exports less competitive globally.

"It was quite an obvious turnaround in PBOC policy," said Ken Cheung, senior Asian foreign-exchange strategist at Mizuho Bank in Hong Kong.

Around the same time, the U.S. dollar started rebounding

in global currency markets. The ICE Dollar Index, which measures the U.S. currency against six others, has risen 2.2% since Sept. 8.

The dollar's recovery gained steam after Federal Reserve officials indicated they still expect to raise interest rates one more time this year and three times in 2018, despite recent weak inflation readings. The Republican Party's plan for overhauling the U.S. tax code, released Wednesday, has added to the dollar's advance.

Despite its September waning, the yuan remains up 4.2% against the dollar this year; at its peak on Sept. 8, that gain was 7.5%. The yuan's value against a basket of its trading partners' currencies has also pulled back from an eight-month high hit Sept. 8.

"It's very obvious that the Please see DROP page B2

Amazon Effect Upends Retailers

BY RIVA GOLD AND SAABIRA CHAUDHURI

Amazon.com Inc.'s expanding reach is prompting investors to dump shares of retailers far from the U.S.

The Seattle-based company is hastening a global move to online shopping that is plunging many overextended retailers into crisis, forcing some to eliminate physical stores, cut prices or file for bankruptcy.

While the Amazon effect has been most pronounced in the U.S., investor concern overseas has been rising.

"Virtually every retailer needs to assume Amazon is coming for them," said Eddie Perkin, chief equity investment officer at Eaton Vance Investment Managers. "What companies and investors thought were immune categories have turned out not to be immune." Mr. Perkin has been avoiding shares of many brick-and-mortar retailers even as their prices have fallen.

The Stoxx Europe 600 retail sector has shed 3.7% so far in 2017, even as the wider European benchmark has gained 6.9%. Retail was Europe's least popular sector among fund managers surveyed by Bank of America Merrill Lynch in September.

Europe had been partly sheltered from Amazon's impact until recently. In 2015, the Stoxx Europe 600 retail sector had gained 8%, even as the U.S. SPDR S&P Retail ETF fell 9.9%.

U.S. retailers expanded aggressively for years and have recently been forced to reverse course, closing stores at a record pace, whereas European and Australian retailers don't have the same space glut. According to Credit Suisse, U.S. retailers have roughly seven times more retail space than ones in the U.K.

American brands are also more dependent on selling products through department stores than European ones, meaning they have been harder hit by struggles at big chains such as Macy's Inc.

Shoppers globally are increasingly accustomed to buying online, meaning retailers the world over are feeling pressure over their prices, delivery and range of products.

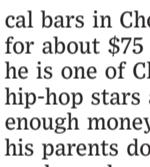
Amazon's international sales increased 16% in the first half of 2017 from a year earlier. The online giant—which has been opening fulfillment Please see AMAZON page B2

◆ Heard on the Street: Amazon pays price to lift voice..... B8

CHINA CIRCUIT

By Li Yuan

Online Rap Show Is Unlikely Sensation



Until a few months ago, Zhou Yan, a 30-year-old rapper, performed at local bars in Chongqing city for about \$75 a night. Now he is one of China's biggest hip-hop stars and makes enough money that he says his parents don't need to work any longer.

Mr. Zhou, who goes by the stage name GAI, is a phenom from China's most popular entertainment program in 2017: "The Rap of China," a 12-episode hip-hop reality series that shows the power of online entertainment and its younger audience.

The show, created and shown by online video site iQiyi, attracted 2.7 billion views during its run from late June to early September. Short videos pulled from the content were watched eight billion times on social-media platform Weibo, according to iQiyi. Mr. Zhou and a clutch of other audience favorites now rap in advertisements for big brands that include McDonald's, e-commerce giant JD.com and mobile-payment app Alipay.

The breakout success of "The Rap of China" demonstrates how internet companies are starting to dictate

Please see YUAN page B4



Bollman Hat CEO Don Rongione. The company is finding that manufacturing in America is slower and more expensive than in China.

MATT ROURKE/ASSOCIATED PRESS

Kangol Hats: A Costly Return Home

By MICHELLE MA

Kangol hats are best known for covering the heads of celebrities like Samuel L. Jackson, Gwen Stefani and LL Cool J. But last year, they generated buzz for landing a new hot spot: an American factory.

Bollman Hat Co., the British brand's American maker, used a Kickstarter campaign to help move production from Guangzhou, China, to Adamstown, Pa., about 60 miles from Philadelphia. The 149-year-old hat maker, which already made some styles in the U.S., hired 20 workers and

now makes about a quarter of its Kangol hats in its hometown. At a time when American manufacturers are under pressure to "reshore" their overseas operations to the U.S. and labor costs are on the rise in China, Bollman predicted its move would win plaudits for creating jobs without hurting its bottom line.

"We make decisions with our heads and our hearts," said Chief Executive Don Rongione. The son of a Philadelphia overcoat cutter, Mr. Rongione said his father taught him "the importance of buying and wearing things

made in this country."

But the company has struggled to turn a profit on its knitted Kangol hats made in Adamstown. Producing a hat in Adamstown costs 1.28 times more than in China, including international shipping. That is in part because U.S. workers are paid \$15.50 an hour on average, six times what their Chinese peers earned.

Finding American workers as fast and skilled as their Chinese counterparts has also proved challenging. U.S. employees are slower at certain tasks, such as joining the seams at the back of the caps.

"Linkers" in Adamstown complete such work on 200 to 250 hats a day, compared with 350 to 400 by Chinese linkers.

"It takes time for you to do a very good, quality hat," said Veronica DeLeon, a 42-year-old Kangol machine operator who started as a linker.

To address the skills gap, Bollman has invested in training. Using some of the \$78,450 it received in two grants from Pennsylvania for the initiative, the hat maker brought in four experts to teach new hires how to use the Kangol machines, including two people

Please see KANGOL page B2

Hugh Hefner, Founder of Playboy Magazine, Dies at 91

By LUKAS I. ALPERT

Hugh Hefner, the founder of Playboy magazine who revolutionized publishing and helped usher in the sexual revolution with a vision of beauty, sophistication and the libertine lifestyle that reflected the desires of the postwar generation, died Wednesday at the age of 91.

It all began on a card table in Mr. Hefner's living room on the south side of Chicago, where in late 1953 he laid out the pages for the first issue of a magazine that would ultimately become one of the most recognizable brands of the 20th century.

The son of strait-laced Midwestern Protestants who rarely exhibited public signs of affection, Mr. Hefner, who was known to most simply as Hef, felt his parents' generation's view of sexuality was out of step with that of men return-

ing from World War II. The groundbreaking Kinsey Reports on human sexual behavior in 1948 and 1953 convinced him that Americans were far more sexual than prevailing social mores would lead one to believe and that the men's magazines of the time lacked the edginess and sophistication they wanted.

His concept was to present the image of a worldly and well-read man, surrounded by beautiful women, expensive cars and the latest high-tech gadgets. He initially wanted to call the magazine Stag Party but at the last minute changed the title to Playboy.

"Affairs of state will be out of our province. We don't expect to solve any world problems or prove any great moral truths. If we are able to give the American male a few extra laughs and a little diversion for the anxieties of the Atomic age, we'll feel we've justified our existence," he wrote in the introduction to the first issue.

In October 2015, the maga-

zine took a radical turn when it announced it would no longer publish images of fully nude women, distancing itself from a major element of its legacy.

Company officials said the change was partly a recognition that these photos were no longer unique in an era of

widely available online pornography. Sales plummeted, however, and the company changed course in early 2017, once again publishing nude photographs.

Working during the day as a circulation manager for Children's Activities magazine, Mr. Hefner cobbled to-

gether \$8,000 from relatives and a bank loan to launch Playboy. He built the first issue around a full-color photo he purchased from a calendar manufacturer for \$500 of a nude Marilyn Monroe before she was famous. The cover sported no publication date, because he wasn't sure if or when he would be able to publish another.

But when it hit stands in December 1953, it was a sensation, selling out all 50,000 copies.

By 1971, Playboy was selling seven million copies a month, the company went public and the magazine's bunny-eared logo had become one of the most recognized corporate brands in the world.

Few players in the world of adult entertainment would come close to achieving Playboy's mix of high culture and glossy sexuality.

"I didn't just start a magazine. I started a magazine that changed everything," he told

Please see HEFNER page B2



Mr. Hefner, seen in 1959, came to embody his magazine's ethos.

GREENSLADE/GLOBE PHOTOS/ZUMA PRESS

INSIDE



CEO TO LEAVE CEREAL GIANT KELLOGG'S

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H&M'S PROFIT SLIDES AMID PRICE-CUTTING

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ELISE AMENDOLA/ASSOCIATED PRESS (TOP)

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HEFNER

Continued from the prior page
Esquire in 2013.

Mr. Hefner met with his fair share of critics. Feminists lashed out at him for objectifying women. Religious conservatives accused him of coarsening culture and appealing to people's baser instincts purely for profit.

He was always willing to spar with his harshest detractors and was a frequent guest on television talk shows for decades. His erudite defense of a more sexually free world predated the sexual revolution of the 1960s by several years and in 1962, he published a nearly 300-page manifesto called "The Playboy Philosophy" that laid out in fine detail what he saw as the sexual hypocrisy of American society.

At the start, Mr. Hefner relied on photos of well-known starlets and glamour queens like Jayne Mansfield and Bettie Page. But he quickly shifted to using amateur or unknown models, dubbed Playmates, believing that the girl-next-door image tapped more readily into ordinary people's inherent sexuality. Over the years, many major celebrities graced the magazine's pages—from Madonna to Drew Barrymore to Cindy Crawford. Others, like Pamela Anderson and Jenny McCarthy, were launched to stardom after appearing as Playmates.

Mr. Hefner also paid top dollar for top-rate works of fiction and journalism, attracting

iconic writers such as John Updike, Margaret Atwood, Kurt Vonnegut and Ian Fleming, among many others. Beginning in 1962, Playboy began featuring monthly interviews with leading cultural and historic figures, including Malcolm X, Martin Luther King Jr. and Jimmy Carter. The quality of the work led readers to often quip, sometimes jokingly and sometimes not, that they bought the magazine for the articles—not, it was implied, for the photos.

"In a time of repression and conformity, Playboy presented a revolutionary perception of life that was both sophisticated and playful. The editorial point of view—that life was more than a vale of tears, that play and pleasure were important parts of being alive—was reflected in the words and pictures of every issue," he would write years later in the introduction to a book celebrating the magazine's 50th anniversary.

Born Hugh Marston Hefner on April 9, 1926, in Chicago, Mr. Hefner said he grew up in a strict household with revered parents.

As a child, he threw himself into drawing comics and later admitted he didn't lose his virginity until he was 22. But when he created the magazine he took it upon himself to be a living, breathing example of the lifestyle he was trying to promote, eventually wrapping himself in silk pajamas and smoking jacket and carrying a pipe at all times, to become the ultimate marketing tool for Playboy.

DROP

Continued from the prior page
authorities are trying to slow down that appreciation," said Andy Ji, Asian currency and rates strategist at Commonwealth Bank of Australia in Singapore. "The dollar strength is just the icing on the cake. It's perfect timing

for them."

Since the Chinese yuan doesn't trade freely like the yen or euro, policy direction from Beijing has a large impact on its value. The central bank publishes a reference rate for the yuan each morning, also known as the fix, based in part on the yuan's value at the close of the previous trading day. The yuan is allowed to trade in a band

around that rate.

In late May, the central bank gave itself more control over the yuan by adding what it calls a "countercyclical" factor into the fix.

Still, the yuan's latest gyrations show how difficult it is for the central bank to wrangle investors' expectations for the currency. In recent days, domestic traders have started driving the yuan weaker once

trading begins in the onshore market. The authorities, in turn, have sought to slow that move by guiding the yuan to stronger-than-expected levels against the dollar in the next day's fix.

"That's the problem with managing" the yuan, said Mr. Ji. "So much is dependent on what policy makers are trying to achieve, and there's so much second-guessing."



Three Kangol hat styles, modeled in London in 1969. It has been a struggle to turn a profit on knitted Kangol hats made in Pennsylvania.

KANGOL

Continued from the prior page
from England who had worked with the original equipment.

The custom-made machines are particularly difficult to master. Ms. DeLeon said she spent about three months learning how to operate the equipment. But she added: "I love the challenge."

Productivity and efficiency have improved over time, but Bollman continues to have a hard time finding candidates.

Two linking positions remain open. "You don't find people with these skills in the marketplace," Mr. Rongione said.

Harry Moser, president of the Reshoring Initiative, an organization that promotes bringing manufacturing jobs

back to the U.S., says Bollman's hiring challenges are specific to company, and wouldn't necessarily be faced by other firms moving operations to America. Last year, reshoring and foreign direct investment led to a net gain of 27,000 manufacturing jobs, according to data compiled by the Reshoring Initiative.

Companies that have shifted to American factories, however, say they have encountered hurdles, particularly around hiring and high production costs.

Todd Shelton, an East Rutherford, N.J.-based clothing manufacturer, brought production of his eponymous brand's classic all-American styles to the U.S. from China in 2006.

In 2012, he decided to move all manufacturing in-house.

Recently, when looking for an entry-level sewing operator, he wasn't able to find a viable candidate. After a three-month search, he eventually redistributed the work among existing employees.

The lack of skilled workers interested in manufacturing is "a massive concern" for Mr. Shelton. Manufacturing workers "can't just zone out on Facebook" but are committed to a task all day. "It's a difficult job," he said.

Higher labor costs, meanwhile, have pushed some labels to increase their use of technology. When making products in the U.S., "you're going to have to invest in automation," said Michael Araten, chief executive of K'Nex Brands L.P. The toy maker began to transition pro-

duction to a Hatfield, Pa., factory in 2011, after manufacturing overseas for over a decade. It now makes about 90% of its toys in the U.S. But automation isn't as easy for apparel makers, whose processes are more difficult to replicate using automated technology, Mr. Araten added.

Mr. Rongione said the company met with robotics consultants but couldn't find suitable hat-making equipment.

Despite the challenges, Mr. Rongione says the company is filling orders it hasn't been able to in the past, thanks to a greater control over inventory and domestic production that is closer to customers. Lead times for hats from China had been 110 days, whereas Adamstown can turn a hat around in hours or days," he said.

AMAZON

Continued from the prior page
centers and launching its own fashion brands in Europe—made up one-third of all retail sales growth in the U.K. and Germany last year, according to Morgan Stanley.

"Looking at capital expenditures and distribution centers Amazon is putting down—that's a real signal of intent," said Jeroen Huysinga, portfolio manager at J.P. Morgan Asset Management. The fund manager has been selectively adding exposure to retail stocks, including Associated British Foods PLC, picking companies it believes can adapt.

International real-estate investment trusts tracking shopping-mall operators have been hit hard in the past 12 months as brick-and-mortar stores

come under pressure. France's Klépierre SA and the U.K.'s Intu Properties have fallen 21% and 22%, respectively. Shares of Scentre Group, the owner of Westfield shopping centers across Australia and New Zealand, have fallen 19%.

"I think we're going to see an impact over the next three to five years in Australia that we haven't seen in the past," said Ramiz Chelat, portfolio manager at Vontobel Asset Management, who has shifted out of a number of traditional retailers globally and into companies like Amazon and Alibaba Group Holding Ltd.

Amazon's impact has been felt among retailers who sell laptops and other small consumer electronics, forcing firms like the U.K.'s Dixons Carphone PLC to equip its staff with tablets to show its in-store prices are cheaper than

those found online.

A Dixons spokeswoman said price is just one factor, with great service and shopping environments that let staff demonstrate products equally important.

Shares in Dixons are off 48% this year.

3.7%

The drop in the Stoxx Europe 600 retail sector so far this year

PLC, in part because the market reaction to the "Amazon effect" might be overblown.

But many are bracing for seismic shifts ahead.

Amazon has been widening its fashion range, last year adding 350 apparel and accessory brands in Europe. About 83% of shoppers in the U.K. and 85% in Germany bought clothes on Amazon in the past year, according to a UBS survey published in February.

Amazon is also hastening a move by grocers to invest in click-and-collect and one-hour home delivery as the company pushes into groceries.

Amazon's impact can be felt "pretty much anywhere on the planet," said Mark Phelps, an equities chief at AllianceBernstein Global. "If you are a retailer and Amazon comes into your area of operation, you will lose sales," he said.

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BUSINESS NEWS

Kellogg CEO Retires After 7-Year Stint

John Bryant's tenure is marked by efforts to overcome sluggish cereal sales in U.S.

By ANNIE GASPARRO

Kellogg Co. Chief Executive John Bryant will step down next week after nearly seven years of leading the cereal and snack giant in a tumultuous time for the food industry.

Steven Cahillane, chief executive of health-and-wellness company Nature's Bounty and a former Coca-Cola Co. executive, will join Kellogg to succeed Mr. Bryant, the company said Thursday.

Kellogg, the maker of Frosted Flakes, Pop-Tarts and Pringles, has been battling sluggish sales as Americans stray from big brands and processed foods, in favor of fresher, more-niche alternatives. Other big food makers suffering from the shift have announced new chiefs in the past year, including **Mondelez**



Nature's Bounty chief Steven Cahillane, left, is joining Kellogg to succeed Mr. Bryant, right.

International Inc., Hershey Co. and General Mills Inc.

Mr. Bryant, 51 years old, will remain chairman of Kellogg's board until March 15, at which time Mr. Cahillane, 52,

will add that role. Mr. Bryant said his successor has "an exceptional track record" and will "continue the transformation" of Kellogg.

Mr. Bryant said in a state-

ment Thursday that he chose to retire. It is unclear when the discussions for succession began. Kellogg declined to comment.

The company's core busi-

ness, cereal in the U.S., has weighed on its overall performance for years. Last month, Kellogg said its quarterly sales fell 2.5% to \$3.19 billion, including a 2% drop in North America. Sales fell 3.8% on a comparable basis, which excludes such factors as currency fluctuations.

Mr. Bryant, who was born in Australia, joined Kellogg in 1998 and had stints in global strategic planning, as finance chief and as chief operating officer, before becoming CEO in 2011.

At the time, Mr. Bryant inherited a swath of lagging cereal brands like Special K and Rice Krispies, which were becoming outdated as consumers sought fresher and more natural products in the grocery aisles. High-protein, low-carbohydrate diets shunned cereal, while more convenient and trendy protein bars and egg sandwiches gained popularity.

Mr. Bryant aimed to turn around Kellogg following the sudden departure of his pre-

decessor and fellow Australian David Mackay. About a year into Mr. Bryant's tenure, Kellogg acquired Pringles chips, signaling a strategic shift to become more of a snacking company with a greater focus on global markets.

The acquisition has served the company well but its main cereal business has continued to suffer. In an effort to boost sales, Kellogg is renovating its brands to include simpler, more-natural ingredients. It has said products like frozen Eggo waffles, which no longer contain artificial colors, have improved sales.

Meanwhile, Kellogg has followed its peers in the U.S. food industry in drastically cutting costs through layoffs at its corporate headquarters and by closing factories in response to lower demand for its food.

Over the past year, **Kellogg**'s stock has fallen 19%, similar to its peers, though it remains up about 24% for Mr. Bryant's tenure.

Toyota Sets Up New Venture for Electric Vehicles

By ADRIENNE ROBERTS

Toyota Motor Corp. said Thursday it is setting up a venture with **Mazda Motor Corp.** and automotive supplier **Denso Corp.** to develop electric-vehicle technology, part of a strategic shift by the car maker into fully electrified engine-powered cars and trucks.

The new company, called EV Common Architecture Spirit Co., is the latest tie-up between Toyota and Mazda,

stakes.

The Japanese auto maker said that while electric vehicles "have yet to find widespread market acceptance," auto makers need to respond to "widely varying demand for vehicles around the world," which requires major capital investments and time.

Toyota has long focused on gas-electric hybrids and futuristic fuel cell-powered cars in its efforts to boost fuel efficiency, but recently said it would seek to commercialize all-electric vehicles. The auto maker said Tuesday it would start production of its first American-made electric-gas hybrid engines at its Buffalo, W.Va., engine factory.

Last year, Toyota President Akio Toyoda signaled the company was shifting from its previously lukewarm stance on fully electric vehicles by personally taking the helm of an executive team to speed development of EVs.

The 40-person company—consisting mostly of engineers—will be based in the Japanese city of Nagoya, not far from the headquarters of Toyota and Denso, an affiliate in which Toyota owns 25% outright and closer to one-third through Toyota group companies.

The company said Thursday that it initiated a period of "aggressive markdowns" over the summer after entering the third quarter with too much stock. H&M said that while the move helped shift inventory and clear the way for its new autumn range, sales slowed somewhat toward the end of September.

In Stockholm, H&M's shares fell 5.1%.

The downbeat results underscore the diverging for-

tunes of H&M and its main rival, Zara owner **Inditex SA**, which reported upbeat earnings this month, as well as the cost of the Swedish company's sluggishness to embrace online shopping.

H&M has lagged behind competitors in the move to online sales and although its digitization process is now in full swing, an increase in online sales didn't fully compensate for reduced traffic at stores in several markets.

"The fashion retail sector is growing and is in a period of extensive and rapid change as a result of ongoing digitization," Chief Executive Karl-Johan Persson said. "The competitive landscape is being redrawn, new players are coming in and customers' behavior and expectations are changing, with an ever greater share of sales taking place online."

For the third quarter, H&M said net profit fell to 3.84 billion Swedish kronor (\$472 million). Sales, excluding value added tax, rose 4.5%, to 51.23 billion kronor. Gross margin fell to 51.4% from 54%. Profit missed analyst estimates.

H&M, Zara and **Associated British Foods PLC**-owned **Pri-mark** are all fighting against one another as well as a number of small online-only brands that pay little to advertise on Facebook and Instagram and sell directly to shoppers.

Amazon.com Inc. has also been investing in its own fashion offering, putting further pressure on the industry's profit margins.

In response, H&M has moved to diversify away from its core mass-market H&M brand into more premium apparel. Last month, it opened the first store for its new

brand **Arket** on London's bustling Regent Street.

Still, H&M says its online sales are increasing at a rapid pace as it opens in new markets and invests in click and collect—buying online and picking up at a store—next-day delivery and returns-to-store services. It has also worked to improve its supply chain and shorten lead times.

Online sales now account for as much as 25% to 30% of total sales in some markets, and the company estimates online sales will increase by at least 25% a year.

The company's growth plans also involve opening more physical stores, although the number has been reduced.

The company plans to add a net 385 stores this year, compared with 400 stores it forecast in its second-quarter earnings report.

Etihad Names CEO To Chart New Path

By NICOLAS PARASIE

DUBAI—Abu Dhabi's **Etihad Aviation Group** on Thursday named a new chief executive to navigate a strategic shift following hefty financial losses from investments in other airlines.

Tony Douglas is joining Etihad from the U.K.'s Ministry of Defense, where he was responsible for buying and supporting equipment for the country's armed forces. He has held several roles in the aviation industry, including as chief executive of Heathrow Airport, and spent part of his career in Abu Dhabi, notably as the head of the emirate's airports operator.

He succeeds the group's longtime chief executive James Hogan, who left the company earlier this year.

Over the past decade, Mr. Hogan spearheaded Etihad's transformation from a fledgling carrier into a global airline, backed by the emirate's oil wealth, mostly by buying stakes in smaller airlines across the globe, investing heavily in their revamp and then adding them to Etihad's global network.

That strategy helped boost the number of passengers flying through Etihad's Abu Dhabi hub, but it has unraveled in recent years as Etihad poured hundreds of millions of

dollars into loss-making ventures including Italy's **Alitalia SpA** and Germany's **Air Berlin** PLC.

Etihad Airways, which is part of the Etihad Aviation Group, earlier this year reported a \$1.87 billion net loss for 2016 as it took charges on investments, including Air Berlin and Alitalia.

Both European carriers have filed for bankruptcy.

Etihad, meanwhile, is reviewing its strategy, stepping back from repeatedly providing financial support to the troubled carriers.

Etihad said Mr. Douglas brings a keen understanding of the group's challenges and opportunities in a rapidly changing industry and will "expand and implement a range of strategic initiatives" to help the airline grow amid stronger competition.

Regionally, Etihad competes with Dubai's **Emirates Airline** and **Qatar Airways**.

The three Gulf airlines in recent years have reshaped the global aviation industry, attracting passengers from legacy U.S., European and Asian carriers by offering lavish amenities and often lower fares on their growing fleet of new planes, funneling long-haul traffic through their swanky hubs at home.

Mr. Douglas will join Etihad in January 2018.

Engineer Appointed As Chairman, CEO

Chevron Corp. said it named Michael Wirth, an engineer and longtime operator of a vast network of refining and pipeline assets, as its next chief executive.

Mr. Wirth, 56 years old, will become chairman and chief executive on Feb. 1, succeeding John Watson, who led Chevron through a time of high oil prices and escalating costs as well as a slump in the past three years.

The Wall Street Journal last month first reported the imminent change. Chevron began the succession process earlier this year when it appointed Mr. Wirth vice chairman.

—Bradley Olson

BAXTER INTERNATIONAL Hurricane Disrupts Saline Shipments

Drug and hospital-product manufacturer **Baxter Interna-**

tional Inc. says it has lost "multiple production days" in hurricane-racked Puerto Rico that will delay its ability to restore shipments of two products that were already in short supply on the U.S. mainland.

The products—dextrose and sodium chloride, also known as saline—are intravenous fluids given to hospital patients.

The company disclosed the delays in a Sept. 22 letter to U.S. hospitals and other customers, saying Baxter was still assessing hurricane-related damage to its facilities.

U.S. hospitals already have been grappling with shortages of the drugs because of manufacturing problems and other issues unrelated to the hurricanes.

In May, Baxter said the Justice Department's antitrust division was investigating shortages of IV solutions including saline, as well as manufacturing, selling and pricing of the products. Baxter said at the time it was cooperating with the probe.

—Peter Loftus and Jonathan D. Rockoff

Leasing Business To Be Shut Down

Uber Technologies Inc. is shutting down its U.S. auto-leasing business, months after it discovered it was losing 18 times more money per vehicle than previously thought.

The ride-hailing company's decision to close down the business, known as Xchange Leasing, will affect some 500 jobs, representing roughly 3% of Uber's 15,000-employee staff.

The move marks the company's first mass layoff in its eight-year history.

—Greg Bensinger



A paramedic pushed a patient on a stretcher at a San Juan hospital this week. Baxter faces storm troubles in Puerto Rico.

ALVIN BAEZ/REUTERS

TECHNOLOGY

WSJ.com/Tech



Amazon executive David Limp displayed new versions of the company's Alexa-enabled smart speakers in Seattle on Wednesday.

PERSONAL TECHNOLOGY | By Geoffrey A. Fowler

AI to Echo Around the House



You might know Echo as an **Amazon** Inc. talking speaker that answers to the name "Alexa." This fall, it is also becoming an alarm clock, a TV remote, a speakerphone, a smart-home hub, a kitchen intercom—even an interactive buzzer for family game night.

At its Seattle headquarters Wednesday, Amazon let 10,000 Echos bloom, introducing a half-dozen new products to persuade families to put Alexa in a lot more places throughout the home (and even beyond it).

For Amazon, the mission isn't just to win over Echo holdouts with new uses for its talking artificial intelligence, but also convince the millions of people who already bought in that one Echo isn't enough. It's the most aggressive effort I've seen from any tech giant to colonize the home, the biggest part of our lives not already dominated by smartphones. Amazon is signaling that its Alexa strategy goes beyond letting you reorder Cheerios and toilet paper, toward hooking you into more of its own services.

It's also using its early lead in the smart-speaker space to ratchet up competi-

tion against Apple and Google going into the high spending season that starts in September and cools back down after Christmas.

The Alexa onslaught begins in the bedroom with the \$130 Echo Spot, a spherical alarm clock that displays information, streams video and lets you command Alexa from beneath the covers. Then there's the \$35 Echo Connect, which turns an existing phone line into a much smarter speakerphone. (Say, "Alexa, call Stanley," and she'll dial for you from your existing home number.)

A new version of Amazon's Fire TV streaming box packs in the latest Wi-Fi and picture enhancements (4K and HDR) with a remote for \$70. For \$10 more, it comes bundled with a small Echo Dot speaker that lets it take commands from Alexa. You can already reach Alexa via the remote, but perhaps Amazon thought pressing a button was too much effort. (Can an Echo recliner be far off?)

The Fire TV's price is particularly noteworthy compared with Apple's newly released Apple TV 4K, which matches most features—but starts at \$180.

Amazon also split its original Echo speaker into two

versions. The flagship Echo, now \$100, is bit more squat and—in a brief test—seems to sound better than its predecessor. The \$150 Echo Plus, which resembles the original, incorporates gear you'd need to control a smart home. It ships with a white Philips Hue bulb (ordinarily \$15) to get you started. Both new speakers ship in October, ahead of Apple's \$350 HomePod Siri-powered speaker, due in December.

But that wasn't all: Alexa's coming to BMW cars next year. And Amazon made colorful light-up Echo Buttons (yes, buttons) that connect wirelessly with an Echo speaker to let you play buzz-in style games—two for \$20. "Can I have 'Amazon Everywhere' for \$200, Alex?"

The launch event felt as though Amazon execs held a massive brainstorm about every place they could stick Alexa, then greenlit every idea. David Limp, Amazon's senior vice president of devices, assured me he'd actually said no to a lot.

Yet a spray-and-pray approach also reflects the unique challenges Amazon faces in its push into the home. Many of these devices introduce microphones, cameras and screens into intimate

places like the bedroom. The products could fail if they get the details wrong. The otherwise adorable-looking Echo Spot, for example, doesn't have a mode that lets it perpetually show the time. (At least, it doesn't yet.) Instead, it displays news and "tips" from Amazon. Who wants an Amazon billboard by their bed? There's also a camera built in for video chats—but do you have to remember to "mute" your Spot every night before bed?

And the usefulness of Alexa in the home ultimately depends on people upgrading all sorts of appliances, locks and lights with "smart home" internet connectivity. Until now, that's appealed mostly to geeks willing to put up with complexity, annoying installation and the risk of hacking.

Alexa works with 1,100 devices, according to Amazon, and the Echo Plus is designed to ease people into the smart-home world. Mr. Limp told me Amazon put a lot of effort into simplifying the set-up experience. Ask Alexa "discover my devices," and she'll do the rest. She's not just a member of the family—she's also a personal shopper, a DJ, a video store clerk...and, now, a handyman.

Japan Display's New Product Draws Interest From Apple

By TAKASHI MOCHIZUKI AND YOKO KUBOTA

Apple Inc. has expressed interest in buying advanced liquid-crystal displays from **Japan Display** Inc. for some iPhones next year, people knowledgeable about the matter said, a sign the technology has life despite competition from a newer type of display.

Japan Display said last month that the advanced displays, which it calls Full Active, would account for more than 70% of its business in panels for smartphones and other smart devices in its fiscal year ending March 2019. Japan Display has said in a regulatory filing that Apple accounted for about 54% of its revenue in the year ended March 2017.

Asked at a Tuesday news conference about customers for the Full Active displays, Kazutaka Nagaoka, chief of Japan Display's mobile unit, said clients so far were mostly Chinese handset makers including **Xiaomi** Inc., which he said used the panel for its Mi Mix 2 phone. He declined to discuss potential clients from other regions.

People at companies that work with Japan Display said interest about Full Active LCDs has also come from Apple. That is why the display maker is predicting rapid uptake for Full Active, they said. Apple declined to comment.

It is too early to say what kind of iPhones Apple might unveil next year and what displays they would use. The company typically plans years in advance for future iPhone models, but doesn't commit to designs until around March the year a new phone launches, according to people familiar with the development process. Components and features can continue to change as the manufacturing process ramps up.

Analysts expect Apple and other smartphone makers to shift gradually to newer organic light-emitting diode, or OLED, screens, in part because it is easier to make curved or angled screens using OLED and because the newer technology may offer displays with more contrast.

However, cost and supply issues are likely to slow any transition, analysts say.

Japan Display argues that its improved LCD screens can match or exceed some of OLED's current advantages at

lower cost. In Full Active, the bezel or border space around each edge of the screen has been trimmed to 0.5 millimeters, the company says, compared with as much as several millimeters on older LCDs. Mi-natake Kashio, director of Tokyo-based consultancy Fomalhaut Techno Solutions, said current OLED smartphone panels have a bezel of about one millimeter.

Japan Display is also working on a version of Full Active that it says would match the OLED technology in allowing for curved screens.

Apple's iPhone 8 series, introduced this month, uses liquid-crystal displays, while its new iPhone X uses an OLED screen. Some technology reviewers and buyers have criticized iPhone 8 as being too similar to older models.

Mr. Kashio said components of the iPhone X's OLED display cost about \$110 a unit, about twice the price for a liquid-crystal display.

Clients for the advanced displays have mostly been Chinese companies.

The iPhone X's OLED display is made by a division of Samsung Electronics Co.—an uneasy situation for Apple because Samsung is a rival in the consumer-device market.

Japan Display says it plans to start mass-producing OLED screens in the year beginning April 2019. Meanwhile, it is counting on Apple and other smartphone makers to buy its liquid-crystal displays.

Apple can be a boon for suppliers because it makes more than 200 million iPhones a year, but when it changes components, shares of its suppliers can take a hit.

Imagination Technologies Group PLC supplied Apple with technology to process graphics in iPhones, but shares of the British chip designer fell more than 70% in intraday trading in April when it said Apple would stop using Imagination within 15 months to two years. Imagination agreed last week to be bought by a China-backed investment firm.

—Tripp Mickle contributed to this article.



Apple accounted for 54% of Japan Display's annual revenue.

Ad Tech Firm Phunware Sues Uber

BY ALEXANDRA BRUELL

Fetch hired to support Uber's digital ad efforts. Phunware's complaint alleges that Uber failed to pay Fetch for five invoices that were needed to then pay Phunware. Phunware is suing Uber for what it says is the unpaid balance of \$3.09 million plus interest.

In a statement Uber said, "Phunware was one of the networks contracted by Fetch that we believe engaged in online ad fraud. After an internal investigation uncovered this fraud, we halted payment to any Fetch networks we believed to be involved including Phunware. We look forward to presenting this evidence in court."

According to the suit, the deal between Fetch, acting as

against Fetch that it had withheld about \$7 million in payments to Fetch "since learning of the extent of the fraud."

Fetch Chief Executive James Connelly denied the allegations, which he claimed were "purposefully inflammatory" to distract from Uber's failure to pay more than 50 small business suppliers.

Phunware's complaint was filed this week in state Superior Court in San Francisco and adds to the growing tensions between marketers and their agencies and technology vendors as they confront concerns about widespread fraud in digital advertising.

Phunware describes itself as a software company for mobile applications, media and data.

Uber's agency, and Phunware specified that the agreement would be governed by standards set by the Interactive Advertising Bureau, an industry trade group.

IAB standards state that "for sums not cleared" to the agency, the media company hired by the agency can hold the advertiser "solely liable" for payment.

That means that if Uber fails to give Fetch the money needed to pay Phunware, then Phunware can hold Uber responsible for payment, according to the complaint.

Phunware describes itself as a software company for mobile applications, media and data.

tense year as the Communist Party prepares to announce a new leadership in October.

Authorities have upped already high censorship, policing all media for signs of dissent and purging prime time of entertainment and talk shows. In recent weeks, a long-running talk show on Phoenix TV, a celebrity letter-reading TV show and sci-fi-themed online talk show all got the ax.

iQiyi—which is owned by China's dominant search engine, Baidu Inc.—and competitors Tencent Holdings Ltd.'s Tencent Video and Alibaba Group Holding Ltd.'s Youku Tudou are learning to navigate those risks.

The creator of "The Rap of China," Chen Wei, spent 15 years at state-owned provincial broadcaster Zhejiang Television, where he produced top singing competitions such as "The Voice of China."

He joined iQiyi two years ago and says he wanted to produce a show for iQiyi's young user base. About 83% of iQiyi's mobile users in Au-

gust were younger than 35, according to iResearch.

Fox's hip-hop musical drama TV series, "Empire," was an inspiration, Mr. Chen says.

Advertisers were initially skeptical, but as the show gained traction, McDonald's, smartphone maker Xiaomi Corp. and others joined as sponsors. The first season broke even, bringing in about 250 million yuan (\$38 million), a person familiar with the situation says. Mr. Chen expects the second season to be highly profitable.

Besides sponsorship, the show also makes money from iQiyi membership subscriptions, e-commerce, games, and licensed products of clothing and accessories that rappers wear on the show. One of those is a gold chain with a big "R!CH" sign.

"Hip-hop has huge commercial potential," Mr. Chen says. "Music is just an excuse."

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.

YUAN

Continued from page B1
entertainment and pop-culture trends once defined by television. In doing so, the online upstarts are learning to thread the needle between an authoritarian government that wants to control what its people read, watch and think, and a huge young online population eager to express their identity, often through consumerism.

Traditional TV still dominates in China. But as in the U.S., that is changing. The number of registered cable-TV users fell by 2.5 million in the first half of 2017 to 250 million, the first drop in decades, according to the broadcasting regulator.

Meanwhile, the internet regulator says online video services added 20 million users for a total of 565 million.

Those who stopped paying for TV services and instead watch online tend to be younger, making them a natural target for consumer brands. Annual ad spending



Rapper Zhou Yan, known by the stage name GAI, during a show.

on TV is projected to remain flat at roughly \$17 billion between 2016 and 2021, while spending on online video is forecast to triple to catch up and eventually surpass TV, according to research firm eMarketer.

Internet research firm iResearch calls this huge young group that grew up with the internet and with more financial means than

their parents the "nouveau middle class."

An iResearch report says, "This is a group full of desires and hormones. They've got only one goal: live a better, higher-quality life."

It is that demographic that "The Rap of China"—and its sponsors—are after.

The show is centered on rap contests and to viewers appears more authentic than

many of the TV talent shows of recent years. Mr. Zhou, for example, rapped in the local Chongqing dialect, instead of the standard Mandarin used by government *diktat* on TV.

The show has allowed the rappers "to be themselves, be real, be straightforward with each other and with the judges, and that resonates with the young generation," says Shen Linhui, general manager of music label Modernsky. "They're also consumergistic and apolitical, which is typical of this era."

Five of Modernsky's hip-hop singers participated in the show, including Wang Hao, known as PG One, who shared the champion title with Mr. Zhou at the end of the season.

The success of "The Rap of China" is all the more unusual because hip-hop remains largely outside the mainstream in China. Known for its social activism, political awareness and explicit lyrics in many other societies, hip-hop is hardly an ideal pop phenomenon in China in 2017, a politically

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Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.

FINANCE & MARKETS

Fidelity Makes Bet on Stock App

Stockpile aimed at getting teens, young adults to invest in fractional shares

BY AKANE OTANI

A Fidelity-backed venture capital fund is betting on a startup that aims to persuade children and young adults to buy pieces of big-name stocks at their local retail chain.

Stockpile Inc. said that it raised \$30 million in so-called Series B funding—its latest round of fundraising—led by **Fidelity International** Ltd.'s proprietary investment arm, **Eight Roads Ventures**. Palo Alto, Calif.-based Stockpile enables investors who may not be able to afford to buy stocks that trade for hundreds of dollars a share to own fractional shares in more than 1,000 companies and funds.

It is the latest show of support for Stockpile, which in 2015 drew in \$15 million of funding with the help of investors including "That '70s Show" alumnus Ashton Kutcher.

The company made its debut in retailers including **Kmart** and **Office Depot** Inc. in the fall of 2015, selling gift cards that allowed recipients to buy fractions of big-name stocks such as **Apple** Inc., **Coca-Cola** Co. and **Berkshire Hathaway** Inc. After registering the gift card with Stockpile, the recipient becomes an investor—albeit, possibly, a very small one.

A gift card worth \$50, for instance, could get an investor about two-thirds of a share of Microsoft Corp., which closed Wednesday at \$73.85, less than one-third of a share of



Max Shriver, 10, has used Stockpile to buy fractional shares of Microsoft and Tesla, among other firms.

Facebook Inc., worth \$167.68, or about 5% of a share of Amazon.com Inc., worth \$950.87.

Fractional shares, which investors can also purchase through Stockpile's mobile app and website, may not be the stuff Wall Street giants clamor over. But for some young upstarts, owning a sliver of a stock is a thrill in and of itself.

Max Shriver, a 10-year-old from Westchester County, New York, said he created a Stockpile account last year after receiving fractional shares purchased online from Stockpile in return

Christmas.

Max said he is invested in Microsoft, Tesla Inc. and Walt Disney Co., among other firms, although his favorite publicly traded company at the moment, he said, is probably Take-Two Interactive Software Inc.—the distributor of video-games including "NBA 2K18," "Sid Meier's Civilization VI" and "BioShock." After expressing an interest in stock investing, Max started receiving fractional shares purchased online from Stockpile in return

for helping his parents out with chores around the house.

"I think investing in the stock market will help kids later in life," Max said, adding that he thinks more people should begin investing earlier on in life. "Sometimes when adults start investing, they don't even know what to do."

Stockpile, which is registered as a broker-dealer, credits its unconventional approach with its customer base, two-thirds of whom it says are under the age of 35.

"It goes to show you that millennials and other young people want to invest," Stockpile's founder and Chief Executive Avi Lele said. "They just historically haven't been able to at a young age because you need money and knowledge, both of which are in short supply when you're young."

Venture-capital firms Mayfield, Arbor Ventures, Hanna Ventures and Wang Ventures also participated in Stockpile's latest round of funding, according to Stockpile.

Morgan Stanley Doesn't Fear Robo Advisers

By LIZ HOFFMAN

Morgan Stanley Chief Executive James Gorman doesn't think the robots are coming for his firm just yet.

Far from a world where Wall Street firms lay off huge portions of their staffs and replace them with supersmart computers, Mr. Gorman, speaking at a Wall Street Journal event Wednesday, said humans will still have a large role at the firm far into the future.

"Where judgment, trust, emotion play a big role...it's hard to imagine humans not being at the core of that," he said. "People talk about 'digital' like it just arrived. It makes no sense to me at all."

Morgan Stanley, with its large investment bank and wealth-management business,



CEO James Gorman said humans remain vital to Morgan Stanley.

has been cool on the idea that robo advisers, which use algorithms to give investment advice and manage people's money, will upend the brokerage business that generates about half of Morgan Stanley's

revenue.

Mr. Gorman is betting that most of the firm's 3.5 million clients will still want to talk to a live adviser, especially for questions on complex topics like estate planning and taxes.

While technology can facilitate that relationship—through video chats, digital access and electronic trade processing—it won't replace it, he says.

Still, Morgan Stanley is piloting a robo adviser, which will be rolled out later this year, as a low-cost option for clients with smaller, simpler portfolios. About 2% of the firm's wealth assets, about \$40 billion, are in accounts smaller than \$100,000, Mr. Gorman said.

Digital offerings "will not destroy large financial advisory firms," he said. "The more sophisticated the [client] the more they will need a human being in their relationships." He said Morgan Stanley will keep a large number of financial advisers because "our clients want them."

Mr. Gorman, who has run

Morgan Stanley since 2010, said the Federal Reserve should raise rates, warning "there's too much easy money" as a result of the central bank keeping interest rates low, he said.

But he said he doesn't worry too much about bubbles. "People keep telling me the market closed at an all-time high and I say 'so what?'" he said.

"If you're in a growing economy at the same [price-to-earnings] multiples, shouldn't the market close at an all-time high every day?"

When asked about the sharp rise in bitcoin prices, he didn't call it a bubble or a fraud like other bankers and fund managers have recently. "It's obviously highly speculative, but it's not something that's inherently bad," he said.

Carlyle Explores TCW Stake Sale

Carlyle Group LP is in talks to sell a stake in bond manager **TCW Group** Inc. to bidders including Japan's **Nippon**

By Sarah Krouse,
Justin Baer
and Miriam Gottfried

Life Insurance Co. and **Mitsubishi UFJ Financial Group** Inc., according to people familiar with the matter.

The private-equity firm, which bought 60% of TCW from French bank Société Générale SA in 2013, has been exploring the sale of at least part of its stake for months.

MUFG emerged as a potential buyer of the \$200 billion asset manager after discussions with Nippon were already under way, the people said. Other American and European firms subsequently expressed interest, they said, though it is unclear how serious those talks are.

A deal might not materialize, the people cautioned.

The two Japanese firms are among several Asian financial giants to explore investments in the U.S. asset-management industry, known for its relatively thick profit margins and consistent revenue.

While most investment firms are under pressure to lower fees, fixed-income managers such as Los Angeles-based TCW have so far fared better than their stock-picking counterparts in stemming the flow of client money into exchange-traded funds and other

"passive" investments.

Carlyle this year ratcheted up efforts to exit from all or part of the investment, people familiar with the matter said.

TCW executives own 40% of the company—and therefore have a say in any deal Carlyle may pursue. Those executives have made it clear to Carlyle that they would reject any proposed deal that encroaches on their autonomy—all but

ruling out an acquisition by an asset manager eager to integrate the firm into its existing business. The managers have also resisted a potential initial public offering.

If there is a deal, TCW executives could become the largest shareholder.

Should there be a deal, TCW executives could become the company's largest shareholder, the people said.

Managers at TCW view Nippon, one of Japan's largest insurers, as a long-term investor that would likely give them more control over the firm's future than other possible buyers, the people said.

Nippon also is a known quantity to the Los Angeles bond manager; its Nissay Asset Management sells TCW funds to its clients.

Tokyo-based bank MUFG has tried to expand overseas in recent years, and the firm's leaders have said a larger asset-management unit is part of its global aspirations.

Founded in 1971, TCW overcame the losses of star managers Howard Marks and Jeffrey Gundlach, each of whom set off on their own, and today remains one of the bond market's most respected investors.

After the firm fired Mr. Gundlach in 2009, it acquired another Southern California bond manager, Metropolitan West Asset Management. The MetWest team's bond funds have grown recently, thanks in part to the client money that gushed out of Pacific Investment Management Co., after Bill Gross's 2014 departure.

MetWest alumni now hold many of the key posts at TCW. They include Chief Executive David Lippman and fixed-income investment chief Tad Rivelle, who manages more than \$160 billion of TCW's \$197 billion in assets.

The firm's flagship MetWest Total Return Bond Fund in November dethroned Pimco Total Return as the largest actively managed bond fund.

The MetWest fund's returns have sagged recently, hampered by a bearish call on corporate bonds. Steady investor demand has supported those bonds all year. Earlier this year, MetWest Total Return lost the title as the biggest active bond fund to another Pimco fund.

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FUND NAME NAV %RETURN- YTD LB DATE CR NAV YTD 2-YR

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866

Fax No: 65-6835-8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

CAM-GF Limited OT OT MUS 09/27 USD 1.9 1.6 6.9

FUND NAME GF AT LB DATE CR NAV %RETURN- YTD

AS EQ HKG 09/27 USD 155.27 35.5 25.5 17.1

AS EQ HKG 09/27 USD 19.48 34.8 24.7 16.8

AS EQ HKG 09/27 AUD 15.96 32.7 25.1 17.0

AS EQ HKG 09/27 CAD 15.65 35.1 25.0 17.0

AS EQ HKG 09/27 HKD 13.31 35.1 25.4 NS

AS EQ HKG 09/27 NZD 16.46 36.5 27.4 18.3

AS EQ HKG 09/27 SGD 12.84 23.2 21.2 NS

AS EQ HKG 09/27 CNY 13.38 39.2 29.9 NS

AS EQ HKG 09/27 HKD 10.72 11.4 7.6 NS

AS EQ HKG 09/27 USD 10.81 10.6 6.8 NS

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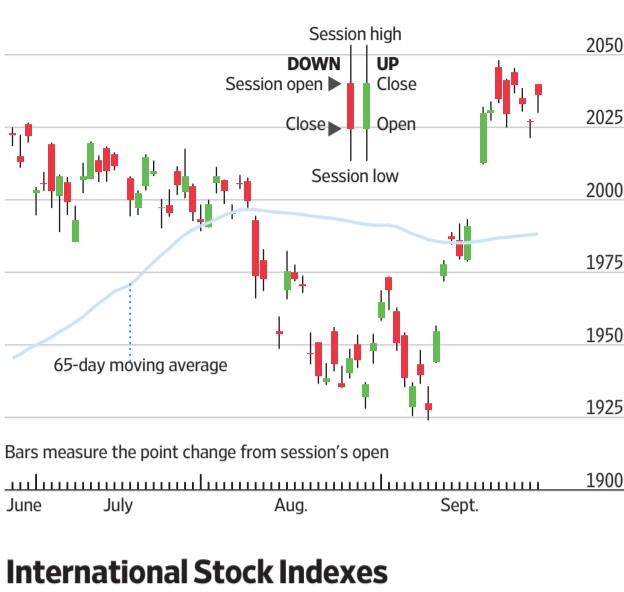
WP Multi-Asset Fund C A HKD AS OT HKG 09/27 USD 19.95 19.1 15.9 19.5

MARKETS DIGEST

Nikkei 225 Index

20363.11 ▲ 96.06, or 0.47%

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



Bars measure the point change from session's open

June July Aug. Sept.

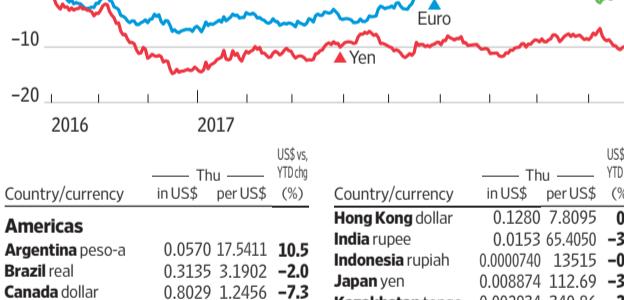
International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Close	Net Chg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2895.45	5.15	▲ 0.18	2386.93	2910.53	2910.53	14.45	
	MSCI EAFE	1962.35	8.84	▲ 0.45	1471.88	1964.35	1964.35	14.3	
	MSCI EM USD	1072.08	-6.49	-0.60	691.21	1078.06	1078.06	35.0	
Americas	DJ Americas	605.46	-0.36	-0.06	503.44	606.15	606.15	12.0	
Brazil	Sao Paulo Bovespa	73319.96	-476.75	-0.65	56828.56	76419.58	76419.58	21.7	
Canada	S&P/TSX Comp	15624.71	15.05	▲ 0.10	14468.03	15943.09	15943.09	2.2	
Mexico	IPC All-Share	50075.23	-93.90	-0.19	43998.98	51772.37	51772.37	9.7	
Chile	Santiago IPSA	4026.88	3.90	▲ 0.10	3120.87	4035.40	4035.40	24.9	
U.S.	DJIA	22376.21	35.50	▲ 0.16	17883.56	22419.51	22419.51	13.2	
	Nasdaq Composite	6441.10	-12.16	-0.19	5034.41	6477.77	6477.77	19.7	
	S&P 500	2507.48	0.44	▲ 0.02	2083.79	2511.75	2511.75	12.0	
	CBOE Volatility	9.93	0.06	▲ 0.61	8.84	●	23.01	-29.3	
EMEA	Stoxx Europe 600	386.36	0.74	▲ 0.19	328.80	396.45	396.45	6.9	
	Stoxx Europe 50	3157.39	1.01	▲ 0.03	2720.66	3279.71	3279.71	4.9	
France	CAC 40	5293.77	11.81	▲ 0.22	4342.64	5442.10	5442.10	8.9	
Germany	DAX	12704.65	47.24	▲ 0.37	10174.92	12951.54	12951.54	10.7	
Greece	ATG	754.76	18.12	▲ 2.46	560.34	859.78	859.78	17.3	
Israel	Tel Aviv	1421.04	2.19	▲ 0.15	1346.71	1490.23	1490.23	-3.4	
Italy	FTSE MIB	22587.67	-34.52	-0.15	15923.11	22668.97	22668.97	17.4	
Netherlands	AEX	533.39	2.30	▲ 0.43	436.28	537.84	537.84	10.4	
Russia	RTS Index	1125.56	-1.38	-0.12	956.36	1196.99	1196.99	-2.3	
Spain	IBEX 35	10328.50	-40.40	-0.39	8512.40	11184.40	11184.40	10.4	
Switzerland	Swiss Market	9112.16	13.58	▲ 0.15	7585.56	9198.45	9198.45	10.9	
South Africa	Johannesburg All Share	54994.35	-219.72	-0.40	48935.90	56896.89	56896.89	8.6	
Turkey	BIST 100	102651.10	1432.80	▲ 1.42	71792.96	110530.75	110530.75	31.4	
U.K.	FTSE 100	7322.82	9.31	▲ 0.13	6676.56	7598.99	7598.99	2.5	
Asia-Pacific	S&P/ASX 200	5670.40	6.10	▲ 0.11	5156.60	5956.50	5956.50	0.1	
Australia	Shanghai Composite	3339.64	-5.63	-0.17	2998.48	3385.39	3385.39	7.6	
Hong Kong	Hang Seng	27421.60	-220.83	-0.80	21574.76	28159.77	28159.77	24.6	
India	S&P BSE Sensex	31282.48	122.67	▲ 0.39	25765.14	32575.17	32575.17	17.5	
Indonesia	Jakarta Composite	5841.05	-21.98	-0.37	5027.70	5915.36	5915.36	10.3	
Japan	Nikkei Stock Avg	20363.11	96.06	▲ 0.47	16251.54	20397.58	20397.58	6.5	
Malaysia	Kuala Lumpur Composite	1758.06	-6.18	-0.35	1616.64	1792.35	1792.35	7.1	
New Zealand	S&P/NZX 50	7913.62	-0.16	-0.00	6664.21	7913.78	7913.78	15.0	
Philippines	PSEI	8156.04	-65.88	-0.80	6563.67	8294.14	8294.14	19.2	
Singapore	Straits Times	3227.14	-9.01	-0.28	2787.27	3354.71	3354.71	12.0	
South Korea	Kospi	2373.14	0.57	▲ 0.02	1958.38	2451.53	2451.53	17.1	
Taiwan	Weighted	10296.45	-30.23	-0.29	8931.03	10631.57	10631.57	11.3	
Thailand	SET	1666.36	-3.91	-0.23	1406.18	1672.59	1672.59	8.0	

Currencies

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

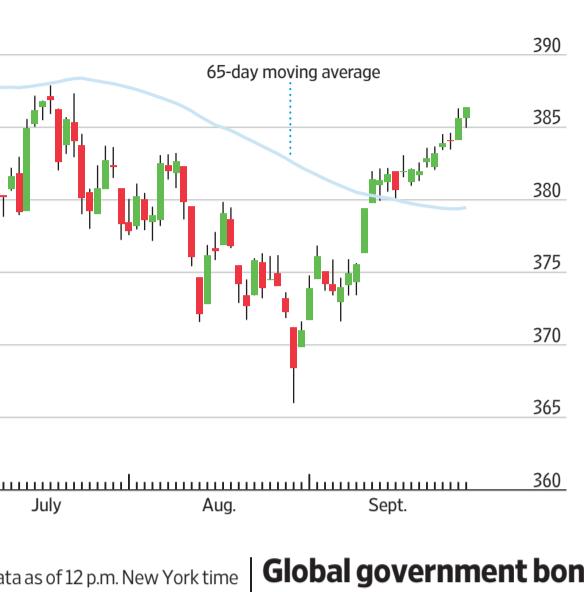


2016 2017

STOXX 600 Index

386.36 ▲ 0.74, or 0.19%

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



June July Aug. Sept.

S&P 500 Index

2507.48 ▲ 0.44, or 0.02%

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



June July Aug. Sept.

Data as of 12 p.m. New York time

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

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

2525

2500

2475

2450

2425

2375

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

Country/Coupon	Maturity, in years	Yield	Latest	Spread Over Treasury, in basis points	Previous	Month Ago	Year ago	Previous	Yield	Month ago	Year ago
2.750	Australia 2	1.987	52.1	48.1	53.6	82.9	1.959	1.869	1.587		
2.750	10	2.871	53.8	48.6	51.7	38.1	2.798	2.674	2.195		
3.000	Belgium 2	-0.543	-201.0	-202.7	-190.6	-140.1	-0.549	-0.573	-0.643		
0.000	France 2	-0.488	-195.5	-197.6	-183.9	-138.5	-0.498	-0.505	-0.627		
1.000	10	0.773	-156.0	-154.7	-145.8	-141.1	0.764	0.700	0.161		
0.000	Germany 2	-0.690	-215.6	-217.8	-207.3	-144.9	-0.700	-0.740	-0.691		
0.500	10	0.487	-184.6	-184.2	-177.7	-171.5	0.470	0.380	0.143		
0.050	Italy 2	-0.114	-158.0	-156.2	-135.7	-87.0	-0.084	-0.023	-0.112		
2.200	10	2.123	-21.0	-15.6	-6.7	-38.6	2.155	2.090	1		

FINANCE & MARKETS

Online Insurer Jumps in Debut

BY CHUIN-WEI YAP
AND JOANNE CHIU

Shares of China's first online-only insurer rose strongly in its market debut in Hong Kong, with ZhongAn Online P&C Insurance Co. providing a boost to what has been a muted year for initial public offerings there.

Attracting investors was the appeal of a company at the booming confluence of business and technology.

Its shares rose 9.2% above its offer price Thursday to close at 65.20 Hong Kong dollars (US\$8.35) amid an otherwise lackluster trading day for Hong Kong stocks. The Hang Seng Index finished down 0.8%.

ZhongAn is Asia's largest-ever financial-technology offering and one of Hong Kong's biggest IPOs this year. The company planned to raise \$1.5 billion and have an initial market value of \$11 billion.

The deal saw big investor demand, with the Hong Kong public-offer portion receiving orders 393 times the 10 million shares that were to ini-



ZhongAn executives mark the company's listing in Hong Kong.

tially be sold. That underscores the trendy appeal of ZhongAn's low-cost products and roster of powerful backers.

Chinese billionaires Jack Ma and Pony Ma, who respectively lead tech companies Alibaba Group Holding Ltd. and Tencent Holdings Ltd., are co-founders.

ZhongAn offers insurance, mostly via mobile platforms to

a young and affluent demographic, for incidents such as flight delays, cracked smartphone screens and drone crashes.

Overall, China's insurance sector is projected to expand significantly in coming years because relatively few people have policies.

ZhongAn's products have proved a hit with the world's largest digital-payments mar-

ket. The company's gross written premiums, a measure of insurance revenue, were four times 2014's level last year. However, the unprofitable firm has warned of "significant net losses" for 2017 because of heavy growth-related costs.

Some analysts say ZhongAn poses a risky bet for investors. The company's market cap is more than quadruple its book value, said Chi-man Wong, head of research at China Galaxy International Securities.

Meanwhile, some warn of the potential for significant cannibalization should ZhongAn's key distributors enter into competing businesses. The company's biggest shareholders include Alibaba affiliate Ant Financial Services Group, a large fintech company widely perceived as being able to provide the platform and customer reach to fuel ZhongAn's growth.

As investors flocked to ZhongAn shares Thursday, traditional insurers saw stock declines.

China Life Insurance Co. and China Pacific Insurance Group Co. fell 1.7% and 2.5%,

respectively. Ping An Insurance Group Co., which holds a stake in ZhongAn and whose chairman also co-founded ZhongAn, shed 2.6%.

"ZhongAn's technology-driven growth potential should not be compared with that of traditional insurance companies," ZhongAn Chief Financial Officer Francis Tang said in a statement to The Wall Street Journal.

The online insurer's launch eclipsed other recent financial offerings. Guotai Junan Securities Ltd., one of China's largest such firms, closed little changed in April and has risen only modestly since.

Postal Savings Bank of China Co., the country's sixth-largest lender by assets, also didn't pop in its debut and is now trading down slightly below its IPO price.

ZhongAn's debut augurs well for other imminent technology listings in Hong Kong, which has fallen behind New York and Shanghai in money raised by IPOs in 2017 after several years at the top.

—John Wu contributed to this article.

Financials Lift Index In Tokyo

BY RIVA GOLD
AND MICHAEL WURSTHORN

China stocks slipped as investors anticipated a break from trading, while an overnight rise in U.S. bond yields lifted financial shares in Tokyo.

Hong Kong's stock exchange will be open three days next week, but

THURSDAY'S MARKETS main land markets will be closed all week for the National Day holiday, cutting into trading volume in Hong Kong, analysts say.

"People are hesitating to buy shares in the market given holidays next week," said Ivan Ip, a stock strategist at UOB Group in Hong Kong.

Hong Kong's Hang Seng index fell 0.8%, pulled lower by losses in property stocks, while the Shanghai Composite declined by 2%. The Nikkei Stock Average rallied 0.5%.

The gain came as the yen weakened against the dollar, making exporters more competitive. Investors bought shares of financial companies, which rose following an overnight increase in yields on U.S. government debt. Resona Holdings rose 2.6%.

Europe's Stoxx 600 index gained 0.2%, while U.S. market benchmarks seesawed between gains and losses.

Near midday in New York, the Dow Jones Industrial Average was up 35 points, or 0.2%, to 22376, while the S&P 500 rose less than 0.1%. The Nasdaq Composite slipped 0.2%.

Several chemicals firms notched gains of more than 1%. Eastman Chemical was one of the leaders, rising 2.7%.

In health care, AbbVie rose about 6% after it resolved an intellectual-property lawsuit with Amgen regarding AbbVie's arthritis drug Humira. Amgen rose 0.8%.

From Hollywood to Hong Kong: 'Bad Moms' Studio Plans IPO

BY WAYNE MA
AND JULIE STEINBERG

HONG KONG—**STX Entertainment**, a young Hollywood studio behind the "Bad Moms" movie and the coming "The Foreigner," is planning to raise around \$500 million in an initial public offering that could value the company at \$3.5 billion, according to a person familiar with the matter.

The three-year-old company, which isn't profitable, intends to list its shares on the Hong Kong stock exchange during the first quarter of 2018, the person said.

If the offering succeeds,

Burbank, Calif.-based STX would be the first independent Hollywood studio to list its shares in Asia. Most major film studios are parts of larger publicly listed conglomerates, including Viacom Inc.'s Paramount Pictures or Comcast Corp.'s Universal Pictures.

STX had indicated it might try to go public in Hong Kong, but details about the timing of its listing, the amount it might try to raise and how much the company could be worth weren't previously known.

Founded in 2014 by producer Robert Simonds and Bill McGlashan, a top executive at U.S. private-equity firm TPG,

STX has focused mainly on midsize movies and expanded into television, virtual reality, digital video, music and live entertainment. It is preparing to release "The Foreigner," an action thriller starring Jackie Chan and Pierce Brosnan, in coming weeks.

The company chose Hong Kong as its listing venue because it is hoping to secure a better valuation for its shares, and wants to be closer to Chinese investors and audiences, said the person familiar with the plans. STX intends to use the IPO's proceeds to expand its business, the person added.

STX forged early partner-

ships with Chinese investors, receiving an undisclosed investment in 2014 from Hony Capital, a Chinese private-equity firm. Huayi Bros. Media Corp., China's leading film studio, committed several hundred-million dollars to help fi-

nance STX's movies for three years starting in 2015.

In 2016, Chinese internet giant Tencent Holdings Ltd. and a unit of the Hong Kong-based telecom and media company PCCW Ltd. bought stakes in STX for undisclosed sums.



STX ENTERTAINMENT/EVERETT COLLECTION

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MARKETS

Italy's Political Risk Lures Some Investors

Worry over debt levels and coming vote keeps yields elevated, attracting wagers

By MIKE BIRD

With France and Germany's high-stakes elections out of the way, investors are gearing up for perhaps Europe's most important vote—Italy's.

For some money managers, the threat of a populist upset in the eurozone's most debt-laden and slowest-growing major economy is a greater risk than any other election in this poll-packed year.

But that risk, in part, means that Italian government debt offers higher returns than its peers, presenting an attractive bet for some investors.

Italy's parliamentary elections must be conducted no later than May 2018, and some senior Italian lawmakers see them happening just before then.

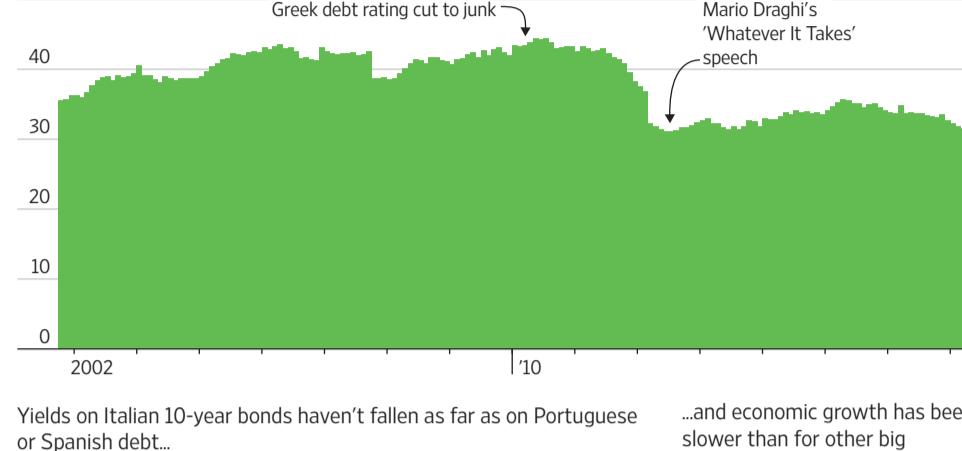
"Italian politics is a byword for uncertainty, and that's particularly true if you look at the parties involved this time and their policies," said Charlie Diebel, head of developed market rates at Aviva Investors, an asset-management firm. "The potential havoc it can wreak has always made it the biggest of the three elections."

In recent years global investors have shied away from Italy. Nonresidents currently own around 32% of Italy's outstanding government bonds, down from 44% in the summer of 2010, before the worst of Europe's sovereign-debt crisis unfolded. That compares with 48% for Germany and 52% for France.

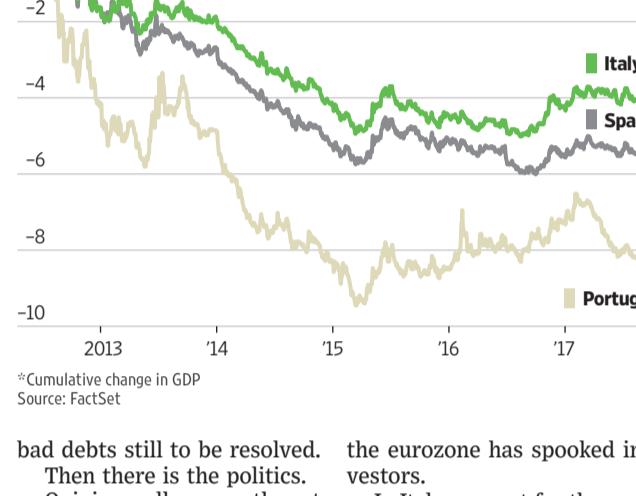
Investors see many problems. Italy's public debt level is now nearly 135% of its gross domestic product, compared with a regional average of just below 90%. Local banks still haven't really opened their wallets, with a mountain of

Behind the Curve

Foreign investors still hold a smaller share of Italian government debt than before Europe's sovereign-debt crisis.



Yields on Italian 10-year bonds haven't fallen as far as on Portuguese or Spanish debt...



*Cumulative change in GDP

Source: FactSet

bad debts still to be resolved. Then there is the politics.

Opinion polls currently put the populist 5 Star Movement, which has proposed a referendum on Italy's euro membership as a last resort if Rome can't win fiscal concessions from the rest of the European Union, roughly tying with the governing center-left Democratic Party. The idea that populist movements in countries such as Italy, France or the Netherlands can gain power and take their countries out of

the eurozone has spooked investors.

In Italy, support for the euro is already low. A poll released by the European Commission on support for the currency union in May found 58% of Italians favored the common currency, the lowest proportion of any eurozone nation.

But none of this has stopped some investors from dipping back into Italian government bonds, as they hunt for yield amid a collapse in re-

turns on everything from the safest German bonds to European junk debt.

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When the moon
hits the sky like
a big glass of
wine, that's a
pizza pairing
WS



OFF DUTY



The superior
subcompact?
Dan Neil on the
2018 Toyota
C-HR
W3

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, September 29 - October 1, 2017 | **W1**

Get Down Tonight

This winter, the dowdy, downy puffer goes glam enough to take on the town. Practicality and warmth, meet chic



READY FOR ITS CLOSE-UP

Jacket, \$5,930,
Dress, \$1,200, and
Necklace, \$555,
Miu Miu, 212-641-2980;
Earrings, \$60,000,
Fred Leighton,
212-288-1872;
Blanket, \$8,000,
pologeorgis.com;
Unattributed Chair,
\$3,500, *High Style Deco*, 212-647-0035.
Fashion Editor:
Rebecca Malinsky

BY ALEV AKTAR

THE HUMBLE DOWN coat has gone haute. Goosed by the demand for warmth and comfort from women unwilling to suffer for fashion, designers have reinvented the cold-weather staple with the same glamorous intent they use for a silky blouse or drop-dead evening gown. There's been a shift away from cloth and fur coats, as evidenced by the fall collections: These new femme-fatale puffers have been lavished with luxurious touches, from fluffy fur collars to arty prints, that make them as sophisticated as any Chanel jacket.

For years women have resigned themselves to wearing the drab commuter coat with its stodgy silhouette and unflattering channel stitching—a sort of

insulated tube with arms. The move away from that generic puffer, universally prized for its lightweight warmth yet pitied for its deeply unsexy style, is welcome. "Puffer coats used to be all about function and less about fashion, but brands like Balenciaga, Vetements, Public School, and Moncler have changed that," said Tracy Margolies, chief merchant at Saks Fifth Avenue. "They are offering us versions that are more designed, well-tailored and novel when rendered in the colors and fabrics of the season."

Indeed, the pleasingly plump new puffers have shed that serial conformity and shapelessness that made anyone wearing one resemble a vertical sleeping bag. Many of the newest iterations are seamed to accentuate the body, providing a womanly shapeliness in place of utilitarian boxiness. These coats stand out in the crowd instead of blending into it.

Take Sacai's dressy parka, a texture-rich mashup of nubby wool and neat nylon trim—stylish for day but glam enough for a night out. "The idea was to hybridize a ski jacket and elegant tweed jacket into one that could be worn while you ski and also in the city," said Tokyo-based Sacai designer Chitose Abe in an email.

In a similar vein, Thom Browne's sunny yellow puffer vest features haberdashery details: double-breasted buttons and a natty notched collar with contrast trim. "I wanted to work in the same way I do when making a traditional tailored piece of clothing," said Mr. Browne, who also designs the Moncler Gamme Bleu premium down line for men.

Miu Miu founder Miuccia Prada, meanwhile, festooned her sporty ski coats with lavish fox-fur collars, a look other designers are echoing with both faux and

Please turn to page W2

OFF DUTY

THE CHIC PUFFER COMETH



BOW DOWN Jacket, \$5,000, *Chanel*, 212-355-5050; Dress, \$595, *nili lotan.com*; Earrings, \$80,000, *Stephen Russell*, 212-570-6900

Continued from page W1

real pelts. "These updated styles with fur elements add novelty," said Mario Grauso, president of the tony Canadian department store chain Holt Renfrew. If you're willing to pay more for outerwear that isn't a cookie-cutter basic, you might relish such flourishes. Mr. Grauso said his customers also gravitate to unexpected color options and fabrics.

Want more than a cookie-cutter basic? You might relish such flourishes.

Affordably priced brands from Zara to Theory are playing with proportions and finishes to prettify their puffers. Designers of the new coats are also trying to make them more flattering to steer clear of any Stay Puft Marshmallow Man connotations. "Not looking bulky is definitely a consideration," according to Jac Cameron, co-founder and creative director of AYR, a New York-based line.

For AYR's hip-length polyfill puffer cut from a soft, yet sturdy Japanese navy satin, for example, Ms. Cameron added a funnel collar that "draws the eye up," to put less emphasis on the body. (It's an attractive option, too, for women prone to neck shivers.) A slimmer sleeve, she said, contributes to the overall impression of sleekness.

Of course, down coats were invented to satisfy necessity, not vanity. The fluffy plumage beneath a waterfowl's feathers boasts the best warmth-to-weight ratio of any fill, making it ideal for subzero climes.

One of the first known puffers was developed by Eddie Bauer in 1936, after he nearly died of hypothermia on a fishing trip. The intrepid manufacturer went on to outfit the first Americans to summit Mount Everest in 1963. (Eddie Bauer's original jacket can be seen in the unflashy flesh in "Expedition:

Satin Wrapper
"Hip-length puffers are trending slightly better than longer versions," said Saks Fifth Avenue's Tracy Margolies. *Jil Sander Coat*, \$4,190, *Totokaelo New York*, 206-623-3582

Boss Tweed
Instead of the predictable parka silhouette, Sacai designer Chitose Abe adapted a blouson shape for her sophisticated wool tweed and alpaca puffer. *Sacai Coat*, \$3,120, *Dover Street Market*, 646-837-7750

Navy Zeal
Sure, it's cropped but this polyfilled puffer provides insulation and warmth. "Pair it with a pencil skirt and knee-high boots," says AYR's Jac Cameron. *Snowdrift Jacket*, \$395, *ayr.com*

Bohemian Toile
Belgian designer Dries Van Noten collaged arty prints—a landscape toile and bold geometrics—for this notched-collar puffer. *Dries Van Noten Coat*, \$2,450, *bergdorffgoodman.com*

Little Pink Riding Hood
This sweet rosy puffer from Moncler, the Italian brand known for its down-filled jackets, will assuredly keep you toasty in any deep freeze. *Nerium Jacket*, \$1,810, *Moncler*, 646-350-3620

Trimly Tailored
This dapper, double-breasted puffer vest comes from designer Thom Browne, who reinvented another tailored look—the tuxedo—as a puffer, complete with tails. *Coat*, \$4,200, *Thom Browne*, 212-633-1197

Fashion from the Extreme," an exhibit at the Museum at FIT that runs through Jan. 6. Designer Demna Gvasalia's supersize cherry red down jacket from his 2016 Balenciaga debut is also on display.)

The puffer didn't leave the mountain for midtown until American designer Norma Kamali created her sleeping bag coat in 1973. Suddenly,

stylishly swaddled women were out in force in full, padded coverage.

By the aughts, the winter workhorse had gone so mainstream it became mundane. Innovation arrived in the form of cropped, lightweight "down sweaters," packed with a less-is-more down known as "high-loft." Soon, Uniqlo's Ultra Light Down jackets—gorgeously hued and under \$80—were roosting everywhere. Canada Goose's Hy-Bridge Lite styles weigh under a pound; Patagonia's Micro Puff

Hoody is an alternative to down with its PlumaFill synthetic insulation. "Lightweight down outerwear has evolved into an everyday item," says Lee Turlington, chief product officer at Canada Goose.

While this kind of puffer, no longer

as stylish as it once seemed, may suffice for those in warm regions, longer ones are needed for chillier climes.

For some 20 years, Jane Freiman Schanberg, a home-design blogger in

New Paltz, N.Y., wore fur coats, but she hasn't retrieved them from storage since converting to puffers back in 2010. Patagonia's Fiona is "my favorite coat of all time," said Ms.

Schanberg. Yet she is thrilled with

the idea of glamorous puffers, since the "older ones made you look like the Michelin Man."

As for her furs? "Obsolete," she said. "Bury me in my fur coat. It's not good for anything else."



EXCEPTIONS TO THE UNCOOL RULE Left: Altuzarra Coat, \$3,295, *Saks Fifth Avenue*, 212-753-4000. Above: Sacai Coat, \$3,120, *Dover Street Market*, 646-837-7750; Earrings, \$90,000, *Stephen Russell*, 212-570-6900

PARKA VIOLATIONS

Not everyone loves the feather-filled coat, which can be ugly and unwieldy at the most inopportune times. Five women recount the moments when their puffers let them down

IN THE ANNALS

of unflattering outerwear,

Dr. Karen Sobel's

black ankle-length down

coat ranks pretty high.

In fact, the offending

item is so drab that her

72-year-old mother

forcibly retired it. "She

must have asked 50

times, 'Can we go coat

shopping?'" said Dr.

Sobel, an anesthesiolo-

gist who lives in Had-

donfield, N.J. "I said,

"No, I'm good."

This summer, a

smart gray North Face

puffer was delivered.

"My mother said, 'You

have no option, you

are not returning this.'

Chicagoan **Sarah**

Ward couldn't wait to

ditch her olive-drab

puffer. "It was so ugly,

I was embarrassed by

myself," said the

founder and executive

director of SkyART, the

city's free visual arts

program for kids. "It's

a dog-walking coat."

After weathering

the 2015 polar vortex,

she donated it to charity.

"I made a con-

scious decision to get

rid of it so I'd never

wear it again."

Robin Kurzer has a

complex relationship

with her toasty maxi

coat. "I've been

trapped in it before,"

said the Madison,

Wis.-based copywriter,

blaming its tricky 44"

zipper. "It's like being

eaten by a pillow."

Only a compactor

could have helped styl-

ist **Elysze Held**, who

recalls wrestling with

her down coat at a Di-

ane von Furstenberg

show a few years ago.

She rolled it into a

shiny ball and kept try-

ing to stuff it some-

where to the chagrin of

her seatmates, said

Ms. Held, who lives in

New York and South

Florida. "I didn't take

one show photo."

There's always room

in Manhattanite **Sasha**

Charnin Morrison's

closet for another glam

puffer. The CBS

Watch! magazine style

director owns eight,

including a silver North

Face parka and an

H&M velvet cocoon.

She's on the waiting

list for a ninth: Norma

Kamali's camo-print

sleeping bag coat. Her

last one swiped an ent-

ire table of plates,

glasses and cutlery to

the floor in a upstate

restaurant, circa 1990.

"I was concerned the

pancake syrup had

stained the perfect

matte finish," said the

puffer fanatic.—A.A.

OFF DUTY



DRESSED TO THE NINES The petite 2018 Toyota C-HR XLE Premium is an aggressively designed giant among cute-utes in the subcompact showdown.

RUMBLE SEAT DAN NEIL



2018 Toyota C-HR: Time to Think Little Picture

WHEN IT COMES to crossovers, one pill makes you larger and the other makes you small.

This short pants is the new Toyota C-HR, which qualifies as a subcompact crossover. Its overall length is about a foot less than its famous sibling, the RAV4, and it's a half-foot lower at the roof, on very nearly the same wheelbase (103.9 inches). The C-HR's primary target is Honda's best-selling HR-V, which is an absolute stone-cold value, as the Toyota people know well.

Toyota says that "C-HR" stands for Coupe High-Rider, which henceforth will be my porn name.

Based on the company's universal small-car guts (the Toyota New Global Architecture) and assembled in Arifiye, Turkey, the CH-R joins a Hobbit knife-fight already in progress, among wee trucklets Mazda CX-3, Honda HR-V, Nissan Juke, Chevy Trax, Kia Sportage and Subaru XV Crosstrek. So much adorable blood on the floor.

The C-HR is not the fastest, most useful or strongest in this swelling fleet. To call it peppy is to damn it with fair praise. The C-HR's particular charm is charm itself—the tartness, the cheek,

the amplitude of attitude flickering across its small surface.

You want to see a car vanish before your eyes? Park a Trax next to a C-HR. Poof goes the Chevy.

According to Toyota, the C-HR's design inspiration was the phrase "distinctive diamond." Uh-huh. "The iconic gemstone evokes universal notions of luxury, attractiveness, sophistication, and strength." Talk to me, Harry Winston.

In any event, Toyota went to ridiculous lengths (and costs, I bet) to wring this subtly faceted shape out of a mass-production environment. Observe the fineness of the body-panel stampings, the barely-there light lines that chase themselves across the fuselage. This styling requires all the body panels, each with deep curving drafts and finicky lines, to be in perfect registration, even the gas-cap hatch.

It's sometimes said that good design costs nothing. Yeah, no. Look at those bulging two-piece taillight assemblies. How much does a railcar of those cost, I wonder? What's notable to me is that the C-HR's elaborate tooling didn't push up the retail price in the U.S. The C-HR starts at

\$22,500 in XLE trim or \$24,350 in well-furnished XLE Premium. This is hell of a lot of car-craft for that price. Perhaps that's why they are built in Turkey.

There are other costs. The extra-fast roofline constricts rearward visibility, so a backup camera with LCD display in the rearview mirror is standard equipment. Cargo capacity is surprisingly dinky: 19 cubic feet behind the second row-seats.

The roofline also collides with the upsweeping beltline at the top of the rear doors, where the door handles are cleverly concealed. All in all it's a dramatic way to obliterate rear-side visibility. Meanwhile, looking out from the rear seats is like peeking out a storm drain. This is just another way this car lives on Rue Sans Famille.

If the C-HR has limited sight-lines, it's bristling with other faculties. Toyota's Safety Sense P package includes a pre-collision system with pedestrian detection, forward collision warning and automatic emergency braking; rear backup camera; lane-departure alert and lane-keeping assistance; automatic high beams; and all-speed dynamic radar cruise control. Toyota claims

the C-HR is the only minnow in the pond to the latter system.

Under the exhibitionist body work resides a mild-mannered Toyota widget: a naturally aspirated 2.0-liter four with supersmart valve-ware (144 hp and 139 pound-feet) winding up a CVT transmission and front-wheel

What's notable is that the C-HR's elaborate tooling didn't push up the car's U.S. retail price.

drive. With 0-60 mph acceleration of around 9 seconds, the C-HR has no problem keeping up with city traffic, as long as that city isn't Los Angeles.

The C-HR blithely plagiarizes the Nissan Juke (2011), whose pioneering weirdness and indifference to utility helped spawn all these small fry in the first place. But whereas the feisty Juke rewards driver engagement, the C-HR is fairly withholding. The e-assisted, speed-variable steering is serviceable but numb as a

well-digger's bum. The independent suspension is firm rather than taut, favoring ride quality over sporty handling. The 18-inch alloy wheels brandished at the four corners are there mostly for reasons of awesomeness.

And it remains a mystery to me how to love a car with a continuously variable transmission. Toyota says their system has evolved to increase responsiveness and reduce noise and engine droning. Yes, but. The fuel-saving algorithms built into the engine control would very much prefer my acceleration curves were shallower. The logic not-so-subtly intervenes to soften throttle response, which only tends to draw out the now-quieter drone. Oy.

The ruby-red test car, in XLE Premium trim, was shrewdly appointed for the demographic: a 7-inch touch screen hosts audio functions including wireless music streaming from devices to appeal to connected millennials.

Lots of ports and plugs. Projector-beam headlamps blaze from the squinty front light assemblies. These have Auto on/off. Dual-zone climate control, remote-keyless entry, the aforementioned 18-inch wheels round out the niceties.

Alas, if you want the snappy white roof like the one on our ruby-red tester—it kind of perfects the design, graphically—you will have to scratch up another \$500 for the "R-Code" package. Money well robbed, in my view.

Part of this job is judging the vox pop, and the polling on the C-HR has been wildly positive. All kinds of people and a wide range of ages. And I'm standing there, like, really? It doesn't look like it's having an allergic reaction to you?

I'm, yes, allowing for cognitive and behavioral biases—the shock of the new; people's general unwillingness to walk up and say, "Hey feller, wanted to tell you, that is one stupid-looking car! Have a nice night."

Still, the C-HR kept ringing up second looks. Interesting.

When is less more? When it's adorable.



2018 TOYOTA C-HR XLE PREMIUM

Base price \$24,350
Price as tested \$26,794

Powertrain Front-transverse mounted, naturally aspirated 2.0-liter DOHC inline four with variable-valve timing; continuously variable transmission with simulated six-speed sequential-shift mode; front-wheel drive.

Power/torque 144 hp at 6,100 rpm/139 lb-ft at 3,900 rpm

Length/height/width/wheel-base 171.2/61.6/

70.7/103.9 inches

Curb weight 3,300 pounds

EPA fuel economy 27/31/29 mpg, city/highway/combined

Cargo capacity 19 cubic feet (behind 2nd row)

OFF DUTY



Plank Goodness

One part wing chair, one part Donald Judd sculpture, Sue Skeen's settle bench in oak, ash or Douglas fir stylishly updates a classic old-English form with the addition of puzzle-like arms and rounded feet. Sue Skeen Plank Settle Bench by the New Craftsmen, from \$7,240, thenewcraftsmen.com



Frond Ambition

Inspired by the branching patterns of ferns and palms, Irish designer Ciara O'Neill crafted a pendant light of textured book cloth and corrugated polypropylene—strong, heat-resistant and fully recyclable—that has a distinctly Scandinavian mien. Frond Pendant Light, from \$380, Ciara O'Neill, 44-77-5609-2568

Coffee Mates

Whether you drip or filter, this heavyweight coffee mill in solid copper or brass will let you hand-prep your coffee beans in style. Cyprus-born, Britain-based designer Michael Anastasiades streamlined the nearly foot-tall totemic form by developing it with an internal ratio cylinder, not a handle; the fourth-generation workshop of Carl Auböck in Vienna produced it to exacting standards. Coffee Grinder, about \$2,000, sigmarlondon.com



The Top 10 Brit List

The standout pieces from the 2017 London Design Festival

BY SARAH MEDFORD

THE BRITISH capital provided an uncharacteristically sunny backdrop for last week's 15th annual London Design Festival, the citywide event highlighting handsome innovations and fresh-to-market ideas. Stealing the foreground this year was an unusually strong cast of global creators who infiltrated the U.K. talent show in myriad, un-

missable ways. Shanghai-based Stellar Works dyed its bent-wood chairs with indigo; Almira Sadar put Slovenian crochet needles to work on extra-nubbly baskets and throws; and Provençal Cecile Daladier scarred the surfaces of her flower pots with dried herbs—harvested just outside her studio door—to create ghostly, otherworldly works of art. In all, the offerings felt more like joyous passion projects than commercial endeavors. Here, our nods for best in show.



Salt Right

South African designer Christopher Jenner's sculptural salt cellar has a softly curving crystal bowl and a pukka-wood top that opens with the pull of a finger to reveal a spade-shaped silver spoon—and plenty of room for the white stuff. Christopher Jenner Salt Cellar by E&Co Ltd, \$600, [Elkington & Co.](http://ElkingtonCo.com), 44-114-286-0504



Tile for the Camera

This playful, Instagrammable take on traditional geometric cement tile is scored on its aquamarine surface with a classic cube pattern, then hand-glazed to black out random facets of the design—resulting in a crazy-quilt effect. Creatively position the squares to bring it out. Huguet Mallorca Rialto Cement Tile from Remedios Collection, about \$160 per square yard, info@huguetmallorca.com

Napper's Delight

Checking the boxes for both "stylish" and "comfortable," Space Copenhagen's roomy oak lounge chair has an airy, not bulky, presence thanks to its spindle back and slender, patinated-brass arm rails. The well-positioned neck cushion makes it a sleeper hit, too. Space Copenhagen Gleda Chair, \$4,169, benchmarkfurniture.com



Sweeping Statement

British woodworker Geoffrey Fisher makes manly-looking brushes from coppiced English ash (trees that are cut back to encourage forest growth). Hand-carved and fetchingly bristled in polyester, the brushes whisk away dust, pet hair and other small annoyances. Hand Brush, \$45, [Geoffrey Fisher](http://GeoffreyFisher.com), 888-266-1737

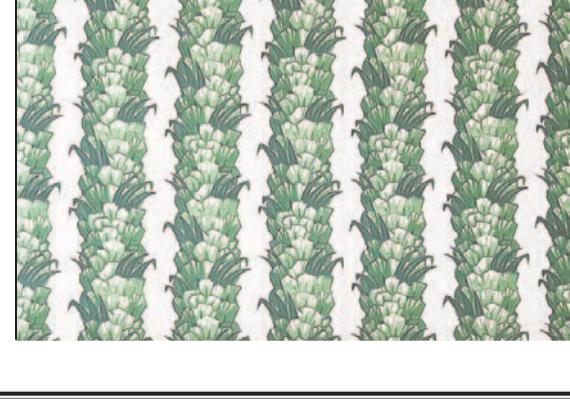
Turned Corners

Aluminum sheet metal, simply folded, results in a work table with the grace and logic of a paper airplane. Indian designer Ajay Shah fiddled for three years before hitting on this form, which is now produced in a Mumbai workshop in five colors. Ajay Shah The Table That Almost Wasn't by Rubberband, about \$2,235, rubberbandproducts.com



Squishful Thinking

For a line of stoneware plates and cups, composites of randomly mixed colored clays are molded under pressure to turn out squiggly patterned, one-of-a-kind tableware. Splatware Plate by Granby Workshop and Assemble, about \$43, kickstarter.com



Trunk Show

In this linen fabric, pale stripes alternate with greenery that evokes the trimmed trunks of palm trees. Ideal for floor-length curtains, covering a blousy sofa or upholstering the walls of a bedroom you might laze about in on a languid Sunday afternoon. Palmetto Linen, about \$235 per yard, [Tissus d'Helene Ltd.](http://TissusdHeleneLtd.com), 44-20-7352-9977



EVOLUTION

CARRY ON DRINKING

A staple of midcentury American entertaining, the glass caddy gets a makeover worthy of contemporary cocktail culture



THEN One byproduct of the post-WWII exodus from cities: Style-cramping apartments yielded to comparatively sprawling ranch homes, giving more people freedom to entertain guests. "The American housewife, who had been a wife, mom and housekeeper, now had the additional responsibility of hostess," said New York-based event designer Bronson van Wyck. "Why should she risk embarrassing and stack a bunch of drinks on a teeter-

ing tray when she could cruise around the room with a secure and chic cocktail caddy?" The saucy servers added a layer of theater to the drinking ritual and frequently outshone the spirits. Frosted glasses and 22-karat gold motifs conveyed status; more casual glassware involved Blendo, a dip-dye technique whose pigment faded near the vessels' rims, which were finished in gold. Midcentury Drink Caddy, \$36, chairish.com

NOW While the caddies of the past could be gaudy, today's superior cocktail ingredients and small-batch craftsmanship warrant glassware that lets you see the drink clearly, and an inconspicuous caddy to hold it in place. The Rare Whiskey Presenter Set fittingly fetishizes and protects your tipple. "The base is made from seven cross pieces of solid brass," says Christopher Gentner, a Chicago-based metal smith who designed

the aged-brass caddy with his partner, glass designer Felicia Ferrone. "This was a technical element so when you lift it up, the bars support the glasses and make it nearly impossible to knock [a drink] over." The four scotch glasses subtly taper at top, allowing imbibers to focus on the aroma first and the flavor second. Rare Whiskey Presenter Set, \$460, shoporne.com

—Miranda Agee

OFF DUTY

ON WINE LETTIE TEAGUE



The Best Pizza Wine? Not the One You Think

FOR ALL THE YEARS I've spent consuming pizza and wine, I've rarely pondered what combination works best. A pizza wine was whatever bottle I happened to have on hand. And yet with so many serious pizza joints popping up around the country in recent years, I wondered if pizza and wine pairing warranted a second look.

Of course "pizza" can mean many things: white or red, Sicilian- or Chicago-style, not to mention all the possible toppings. How could the same wine that goes with a mushroom pizza pair with, say, a clam pie? Yet when I talked to food and wine professionals as well as passionate pizza amateurs, only one said he chose his wine according to type of pie. The thinking more often factored in season and mood, or the price of the pizza. (The cheaper the pizza, the cheaper the wine.) And the choice was invariably red.

Glenn Vogt, managing partner and owner of RiverMarket Bar and Kitchen, a restaurant with its own wood-fired pizza oven in Tarrytown, N.Y., bases his choice on geography. "I've always fallen back on the idea that you drink wines of place," he said. Since pizza originated in Naples, Italy, Mr. Vogt often opts to drink a (red) wine from the same region (Campania). That means "a great Aglianico," though he's also a fan of Chianti with pizza. Then again, he also drinks white Burgundy with pizza, but not because of a particular pairing philosophy. "I just love white Burgundy," he said.

Kyle Kelly, wine director of Al Forno in Providence, R.I., famed for its pizza, is also a fan of Chianti as a pairing, but chooses the "straight-forward, traditional" kind, not a Chianti with any additional Cabernet or Syrah. For Marc Malnati, proprietor of famed Chicago deep-dish chain Lou Malnati's Pizzeria, the wine of choice is Cabernet Sauvignon, especially Caymus Vineyards Cabernet. Isn't that a rather rich wine? I asked. "I think the sweetness can offset the acidity of the tomatoes," Mr. Malnati replied.

Some wine professionals admitted they don't drink wine with pizza at all. "Since I work in wine, I drink beer with pizza. It's a relaxation



SARAH FERONE; F. MARTIN RAMIN/THE WALL STREET JOURNAL (PIZZAS); BOTTLES

thing," said Sara Sparks, sales manager of Astor Wines & Spirits in New York. Ms. Sparks added that choosing beer is often an act of self-defense. "A lot of pizza places have bad wine lists," she said. When Mario Carlino, proprietor of Divina Ris-

possible pizza wines to taste, I included an equal number of whites and reds. For reasons both budgetary and cultural, I focused specifically on Italian wines, though I also included a sparkling rosé from France because I happened to have it on hand, as well as a Tempranillo and a Malbec, at the behest of a wine store salesman who insisted they were "perfect pizza wines."

I found friends willing to eat lots of pizzas and taste multiple wines over the course of a week. We had mushroom and pepperoni, sausage and Sicilian, white and red pies—a different mix each night—but each time we had a pizza margarita on hand as the "control pie."

The Tempranillo and the Malbec the salesman noted as prime pizza partners were among the first wines we tasted. Although everyone loved the rich and concentrated 2014 Pesquera Ribera del Duero Tinto (\$33), we agreed it was too complex, "too

interesting" for pizza. The 2015 La Posta Pizzella Malbec (\$15) from Mendoza, Argentina, was too jammy and sweet, notwithstanding the serendipity of the Pizzella name.

Though produced by two of my favorite Chianti producers, the two Chiantis were a surprisingly poor match. The 2015 Fattoria di Felsina Berardenga Chianti Classico (\$17) and the 2015 Castello di Volpaia Chianti Classico (\$17) turned out to be too high in acidity and lacking in fruit to withstand the acidity of the tomato sauce. The 2014 Arnaldo-Caprai Montefalco Rosso, a Sangiovese-Sagrantino-Merlot blend from Umbria, proved a much better match because it was more juicy and bright, and at \$20 a bottle also fit my pizza price model.

The two Dolcettos we tried were largely forgettable—a bit too simple and light—though a few other Piedmont wines worked quite well. The 2015 Vietti Tre Vigne Barbera d'Alba

(\$17) was quite flexible and pairable thanks to a lively acidity and bright berry fruit. An earthy 2015 Produttori di Barbaresco Langhe Nebbiolo (\$17) proved a perfect match to the mushroom pizza, though it was pretty flat with the Sicilian and the pepperoni. Like the Tempranillo, it was much better by itself, as was a Barbaresco from the same winery, the 2013 Produttori del Barbaresco Barbaresco (\$33) that I'd splurged on to see if a more complex wine might be an even better fit with the pizza. It was not, but it was quite delicious, with soft tannins and opulent aromas of dark fruit and earth.

Pizza was no friend to our Italian red sparkling, the snappy and dry 2015 Zanasi Lambrusco "La Grasparossa" (\$13); it pretty much killed the fruit in the wine and made it taste tinny. But the Lucien Albrecht Crémant d'Alsace, a rosé sparkling wine from France, proved a surprise winner. It had fruit but also acidity and beerlike bubbles, though the cultural purists discounted it because it came from France.

Also surprisingly, the white wines were a success, almost regardless of grape or origin or even type of pizza. "This Gavi can go in all kinds of directions," my friend Jane said of the 2016 Il Poggio di Gavi (\$16), full bodied but marked by a firm minerality. Aromatic, luscious but well balanced, the 2016 Terredora di Paolo Falanghina (\$16) from Campania proved Mr. Vogt's point regarding wines from the region where pizza was born. And the 2016 Tenuta delle Terre Nere Etna Bianco (\$22), a field blend from Sicily, had a pleasing minerality that was a brisk counterpart to all the cheese.

Based on our findings, might pizzeria owners be compelled to rewrite their wine lists to include more Gavis, Falanginas or even Pinot Grigios? Probably not. Diners seem to be as set in their ways when it comes to what they drink with pizza as they are on matters such as thin crust vs. thick. As my friend Rich said, "I drink red wine with pizza because I like red wine." Should he wish to expand his options, he can consult the list below.

► Email Lettie at wine@wsj.com.

OENOFILY // WINES THAT MAKE EXCELLENT PIE PAIRINGS



2016 Tenuta delle Terre Nere Etna Bianco \$22

An old-vine field blend of various Sicilian white grapes made by Etna maestro Marco de Grazia, the Etna Bianco is a perfect bianco pizza partner—though it does pretty well by a pizza rosso as well.



2016 Il Poggio di Gavi \$16

This vibrant white from the Cortese grape is made in the Rovereto zone of the Piedmont. Round, medium-bodied, it seems to gain in richness with pizza. Particularly good with a mushroom-sausage pie.



2014 Arnaldo-Caprai Montefalco \$20

The bright and juicy character of this lively red Sangiovese-dominant blend from superstar Umbrian producer Arnaldo-Caprai makes it ideal for just about any type of pie, especially a classic pizza margarita.



2015 Produttori di Barbaresco Langhe Nebbiolo \$17

Aromas of red fruit and earth and a soft, approachable character plus lively acidity make this basic Nebbiolo from the famed Barbaresco cooperative in Piedmont a dynamic pizza match.



2016 Mastroberardino Lacryma Christi del Vesuvio Bianco \$16

For those who think the wine should match the food's place of origin, this earthy, medium-bodied white with a mineral edge from a venerable Campania producer fits the bill.

SLOW FOOD FAST: SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Roast Lamb With Farro Salad and Eggplant



The Chef
Julia Sullivan

Her Restaurant
Henrietta Red in Nashville, Tenn.

What She's Known For
Cooking that's at once modern and cozy. A way with shellfish, from raw to roasted. Fresh, bright dishes suffused with the flavor of wood fire.

WHEN CHEF Julia Sullivan moved home to Nashville after eight years in New York City, the local food scene was booming. "There were lots of new restaurants in warehouses with exposed bricks and beams and poured cement," she said. "We wanted something different." Six months ago, she and her business partner, Allie Poindexter, opened Henrietta Red in a bright, white space with a wood-burning oven, cozy banquettets and a marble bar.

This recipe, Ms. Sullivan's final Slow Food Fast contribution, shows her light touch and propensity to please. A medium-rare rack of lamb is cut into easy-eating chops. An herby farro-cucumber salad anchors the plate. And roasted eggplant dolloped with spiced yogurt makes a luscious, smoky side. The dish is refreshing but also hearty enough to satisfy Southern appetites. "We are in Nashville," Ms. Sullivan said. "This is our answer to steak and potatoes." —Kitty Greenwald

TOTAL TIME: 40 minutes SERVES: 4

1 rack of lamb (about 3 pounds) with 12-15 chops	1 tablespoon red-wine vinegar	Greek yogurt
Kosher salt and freshly ground black pepper	½ tablespoon light brown sugar	2 teaspoons cumin seeds, toasted and ground
4 garlic cloves, minced	2 medium eggplants, cut into 1-inch dice	3 cups cooked farro
Zest and juice of 2 lemons	3 tablespoons extra-virgin olive oil	3 cups sliced cucumbers
3 tablespoons Dijon mustard	1 cup labneh or whole	¼ cup mint leaves, roughly torn

1. Preheat oven to 450 degrees. Season lamb liberally with salt and pepper. In a small bowl, whisk half the garlic together with lemon zest, mustard, vinegar and brown sugar until sugar dissolves. Coat lamb with marinade and shake off excess. Place lamb in a roasting pan and roast on oven's center rack until medium-rare, or a meat thermometer inserted at thickest point reads 125 degrees, 25 minutes. Let meat rest at least 10 minutes before carving.

2. Meanwhile, toss eggplant with salt and 2 tablespoons olive oil. Spread eggplant out on a

medium roasting tray and add a splash of water to wet pan's base. Bake eggplant until brown and completely soft, about 20 minutes. 3. In a medium bowl whisk yogurt together with 1 tablespoon olive oil, cumin and remaining garlic. Season with salt. Toss farro, cucumber, mint, dill and lemon juice together in a large bowl. Season with salt.

4. Slice rack of lamb into chops. Divide farro among 4 plates or spread over a platter. Arrange chops over farro. Serve eggplant alongside lamb with a dollop of yogurt on top.



TASTE MAKERS Handfuls of mint and dill freshen the farro-cucumber salad, and a generous dash of cumin warms up the garlicky yogurt sauce.

OFF DUTY

Leisure Class

A few of the grand estates on England's Norfolk coast are field-testing new ways to lure visitors, from glamping sites to amply inviting restaurants



MANOR REBORN The 18th-century Holkham Estate now encompasses two cafes, a gift shop and several accommodations including a gastropub with rooms.

BY KATE MAXWELL

It was early on a summer morning in the walled garden at Wiveton Hall, a Jacobean estate on a marshy stretch of the north Norfolk coast, and Desmond MacCarthy was worrying about his salad leaves. Already nudging 90 degrees, the mercury was breaking English records, and Mr. MacCarthy, Wiveton's owner, feared that his leaves, destined for the estate cafe, would wilt.

You can bet the 17th-century merchant who built Wiveton Hall, a Dutch-gabled manor home whose flint-stone coat sparkles in the sunlight, didn't concern himself with such fripperies as vegetable husbandry. But up and down England, the custodians of ancient houses, the agricultural estates of which were either sold off centuries ago, or whose output no longer covers their staggering maintenance costs, are being forced to come up with creative ways to keep the tiles on the roof. Wiveton Hall's crayon-colored cafe—which serves slender asparagus with fried eggs on sourdough for breakfast; succulent crab-and-mayonnaise sandwiches at lunch, and is invariably full to its turquoise rafters—is one.

A perpetual headache for their highborn owners, this financial struggle is a boon for travelers, who are being given ever more access to sprawling stately piles—of which there is an abundance on Norfolk's so-called Royal Coast, a three-hour drive northeast of London. Desmond MacCarthy's program of "agricultural diversification," as the practice is known, is extensive. As well as the cafe, there are pick-your-own strawberries and accommodation in chocolate-box cottages and a field of fully furnished bell-tents. My family and I glamped for two nights, roasting marshmallows over our fire pit, while a barn owl glided overhead and a hedgehog thumped through the undergrowth.

Mr. MacCarthy's latest initiative is a maize maze, which his son, Edmund, had been tasked with scything. In Wiveton Hall's West Wing, which offers accommodations in four of its bedrooms, Desmond and I tiptoed around the ground floor, previously a ballroom, hoping not to wake the guests above. For Mr. MacCarthy, letting out portions of his

home is a necessary evil. "In a few years there'll probably be nine families here [at Wiveton Hall]," he said, mournfully. "It'll be like Dr. Zhivago." For now, Mr. MacCarthy's new status as a reality TV star is helping to keep the wolves from the door. Last year, he, along with assorted staff and his 102-year-old mother, Chloe, who still lives on the estate, became the subject of the BBC's "Normal for Norfolk" series about the family's efforts to maintain Wiveton Hall.

A few miles up the coast, Holkham Hall is a stately home on another scale, and it, too, is in the midst of a diversification drive. An 18th-century Palladian estate, Holkham encompasses 25,000 acres of land, 100 times that of Wiveton Hall, but tourism overtook farming in the revenue stakes long ago. I half-expected a giraffe or elephant to emerge from the sweeping, savannah-like parkland (instead, herds of fallow deer roamed). Elsewhere are swaths of woodland, grand fountains, soaring statues and ornamental lakes. Built by the 1st Earl of Leicester in the mid-18th century, Holkham Hall continues to be home to the Leicester family and is open three days a week between April and October; visitors can tour the grounds daily. You can peer inside the original, soaring kitchen, where copper pots gleam on the shelves; marvel at the collection of manu-

We tiptoed around the ballroom, careful not to wake the guests above.

scripts that predate the Magna Carta and poke around the Long Library, where the current Earl of Leicester, Thomas Coke, likes to work on his laptop opposite a lion mosaic dating from the 2nd century B.C., a souvenir from an ancestor's European tour.

Since my last visit to the honey-stone Holkham estate, over a decade ago, a number of follies and cottages have been turned into elegant accommodation for visitors. We stayed in the Ancient House, its many ornate chimneys rising from a crenulate roof. Its Beach Café has been given a Scandi-style makeover, while a Field-to-Fork exhibit exploring the 18th-century innovations in

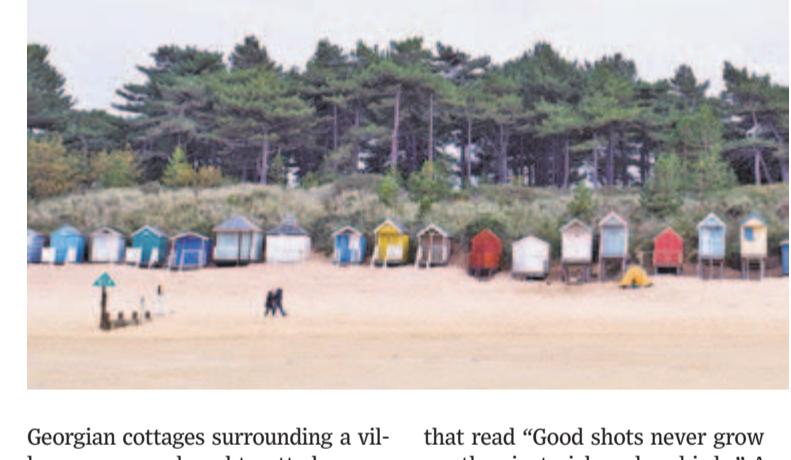


ESTATE OF PLAY Clockwise from top left: Norfolk's Gunton Arms pub, on an 18th-century deer park; Desmond MacCarthy, a gentleman farmer-cum-innkeeper; Wells-next-the-Sea, part of the Holkham estate.

livestock breeding and agricultural pioneered by the 1st Earl of Leicester opened this year. Stable blocks have been reimaged as co-working spaces as well as a studio for London jeweler Monica Vinader; her gold pendants hang in the gift shop.

All these efforts combine to appeal to the increasingly sophisticated visitors who "want an experience that's a bit more than an egg-and-cress sandwich made by the farmer's wife," said David Horton-Fawkes, Holkham's estate manager. Still, Holkham's greatest asset remains its coastal nature reserve, a 4-mile, white-sand beach backed by dunes and pine forest planted by the 3rd Earl of Leicester in the 19th century. The beach spans such a width that you can feel, at low-tide, as if you're crossing the desert, and stroll for an hour before reaching the water's edge.

On a sunny Friday evening, locals and their Labradors and Londoners like my family and me crammed the picnic tables outside Holkham's pub-with-rooms, the handsome, brick-and-flint Victoria Inn. The cooks source the menu almost entirely from the estate: top scorers were the Holkham beef burgers and the chargrilled bacon I ate at breakfast the next morning. There's stiff competition for food in these parts. A 15-minute drive away, in Burnham Market, a collection of ivy-clad



Georgian cottages surrounding a village green, we bought potted shrimp and dressed crab from a fishmonger whose accent could pass for an earl's, and picnicked beside the ice-cream-colored huts of Wells-next-the-Sea, another wide, sandy beach on the Holkham estate.

I don't think the Queen lies awake at night worrying whether the gardener has remembered to water the vegetables at her Norfolk estate, Sandringham. Still she, too, throws open its grand doors to visitors between April and November, before traveling there herself for the Christmas holidays. I had expected the ground-floor rooms to which visitors are admitted to be lobotomized of personal details; instead, Sandringham offers an oddly intimate look at royal life (we were assured that, except for the carpets, the rooms are unchanged when the Queen stays). In the sitting room, we spotted a needlepoint cushion, given to the Duke of Edinburgh,

that read "Good shots never grow up, they just pick up less birds." A large jigsaw puzzle lay half-finished on a side-table. The Queen, we were told, is an enthusiastic puzzler, and encourages the staff to participate, but woe betide anyone who gets a piece wrong.

An Englishman's home is his castle—so goes the adage. At Sandringham, it's the other way around: Gilt and crystal chandeliers notwithstanding, this royal retreat feels like a home. But if I were the Queen, I'd break with protocol, flip the calendar and decree that summers and autumns, rather than winters, be spent at Sandringham. Swallows careening over the marshes; beaches flecked with pastel huts and crab shacks; the evening light gilding everything and everyone—it's not hard to see why Desmond MacCarthy, the Earl of Leicester and the other titled homeowners of north Norfolk cling so keenly to their money-pit piles.

THE LOWDOWN // STATELY HOME-HOPPING ON ENGLAND'S NORTH NORFOLK COAST

Getting There There are no direct trains, so rent a car. You'll need one to explore north Norfolk. It will take you around three hours to drive from Heathrow—take the M25, A11 and A1065.

Staying There Wiveton Hall's West Wing sleeps nine people and is available to rent by the week; its three cottages accommodate between four and six (*from about \$685, wivetonhall.co.uk*). A short walk from the cafe, six bell-tents have stoves and double beds with crisp white sheets, and share an immaculate shower block (*about \$185 per night, two-night minimum, amberbelltents.co.uk*). The 20 rooms at Holkham's Victoria Inn sport an elegant country look (*from about \$240, holkham.co.uk*). Each of Holkham's four historic lodges, deep within the estate, sleeps two (*from \$120, minimum two nights, barefootretreats.co.uk*). Just opened near Burnham Market, the 12-room White House on Sussex Farm



has a bold interior with mainly British fabrics and wallpapers. Rooms are available on a B&B basis, or you can rent the whole house (*from about \$140, stayatthewhitehouse.co.uk*).

Touring There If you haven't had your fill after Wiveton Hall, Holkham Hall and Sandringham, consider three more stately

historic homes to visit in north Norfolk. For starters, Houghton Hall, another Palladian home, was built for Britain's first prime minister, Sir Robert Walpole. Dating back to the 17th-century, Felbrigg Hall encompasses a stunning walled garden and 520 acres of parkland to explore. And redbrick Blickling Hall lies on the ruins of Anne Boleyn's birthplace; her headless ghost is said to appear on each anniversary of her beheading (May 19).

► For restaurant recommendations in north Norfolk, see wsj.com/travel



WING MAN One of the four guest rooms in Wiveton Hall's West Wing.

MANSION

Flexibility is the key to stability.

—John Wooden

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

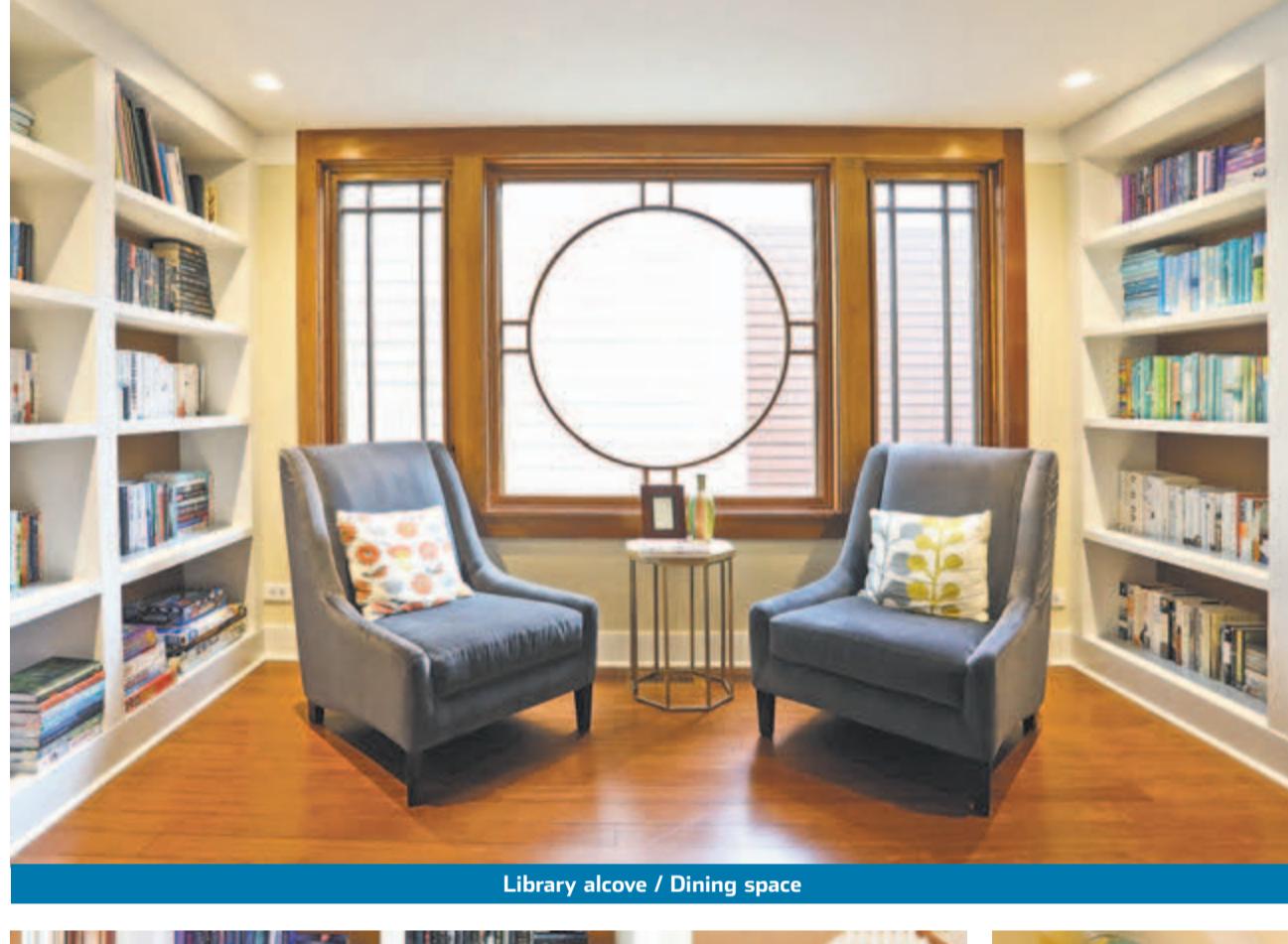
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THE WALL STREET JOURNAL.

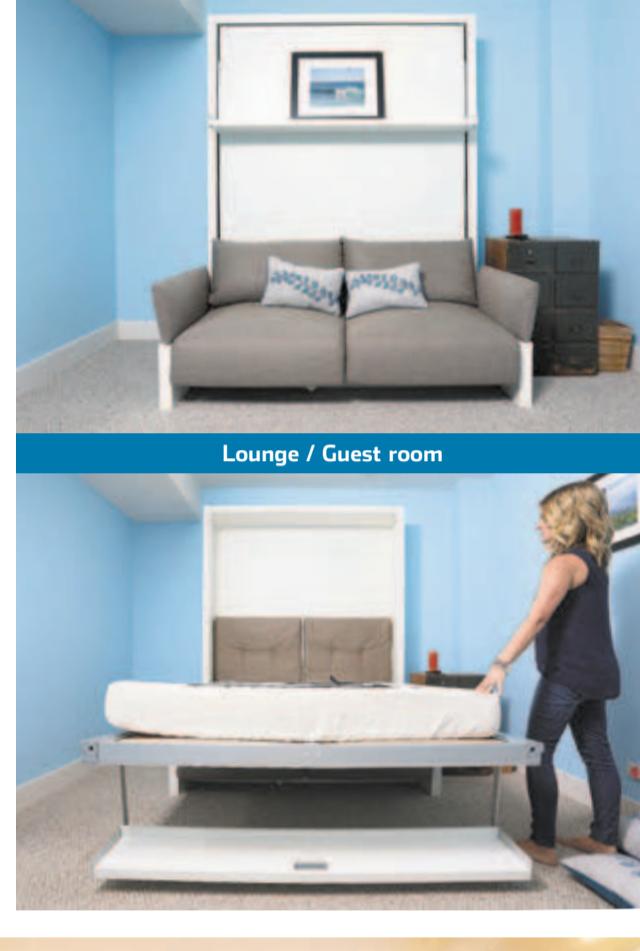
Friday - Sunday, September 29 - October 1, 2017 | W7

A Floor Plan Afraid of Commitment

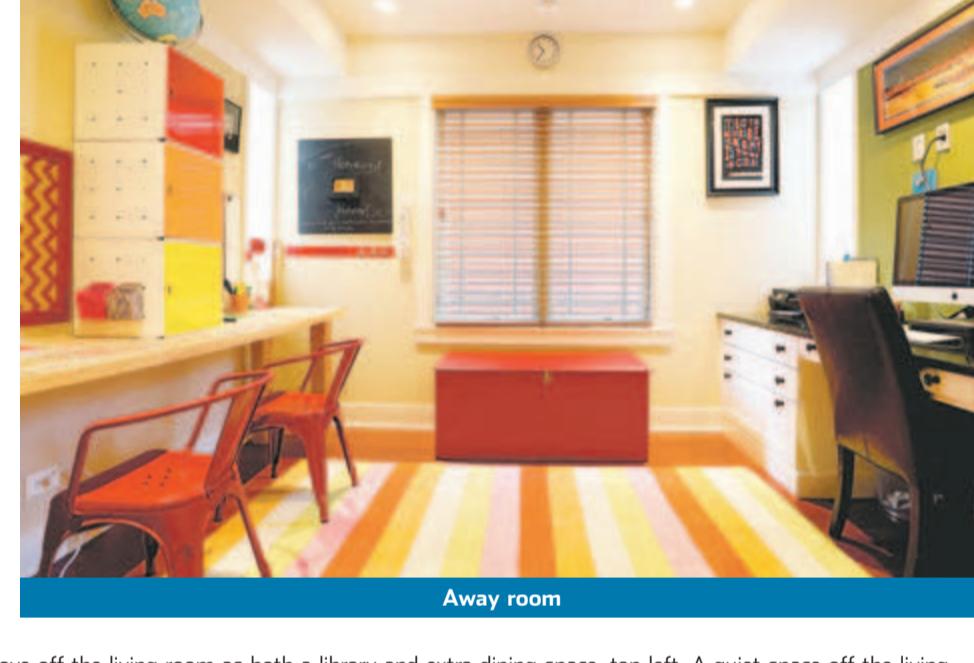
Real-estate agents and home builders see a resurgence in demand for bonus spaces that serve multiple purposes—from man cave to master bedroom to music room.



Library alcove / Dining space



Lounge / Guest room



KATRINA WITTAMP FOR THE WALL STREET JOURNAL (5)

BONUS POINTS In their Libertyville, Ill., home, Lisa Steinke and Matt Dannenfeldt, above, use an alcove off the living room as both a library and extra dining space, top left. A quiet space off the living room, bottom right, is called an 'away room,' where the children do their homework. A sofa converts into a bed for overnight guests. The couple bought the home in 2012 for \$750,000.

BY CECILIE ROHWEDDER

SOMETIMES, THE UPSTAIRS SUITE in Mike Stolarski's home in North Augusta, S.C., is an office. Sometimes it's a TV room, or an entertaining

space for friends. Once a year, it's a bedroom rented to golf fans in town for the nearby Masters Tournament. And in the future, it might become a game room, so there's space for a pool table.

When building their 4,200-square-foot, three-bedroom home, Mr. Stolarski, and his wife,

Tracy, kept their options open. The design drew inspiration from a charming, 1892 bed-and-breakfast in Charleston, S.C. But their home had to accommodate 21st-century lifestyles, so they asked the architect to include undesignated flex

Please turn to page W12

DEVELOPERS SAY: 'BONJOUR, MONTREAL'

Cranes bloom across the Canadian city's skyline as prices rise, homes sell and new luxury developments come on the market; a \$200 million Four Seasons project to feature hotel rooms, residences, shops and restaurants.

BY LEIGH KAMPING-CARDER

FOR THE FIRST TIME in years, Montreal is a seller's market.

Homes, particularly luxury condos, are selling in unprecedented numbers. Prices are inching upward. And Canada's second-largest city—long considered underdeveloped compared with Toronto and Vancouver—is seeing a burst of high-end development thanks to a booming economy and increased interest from Chinese buyers and empty nesters.

A record-setting 13,764 homes sold in the Montreal metro area in the second quarter of 2017, an 8% increase over the same period a year ago, according to the Greater Montréal Real Estate Board. Condo sales jumped 17% to 4,487—a record for the second quarter in a row—and the median sales price increased 3% to 245,084 Canadian dollars, or \$196,312.

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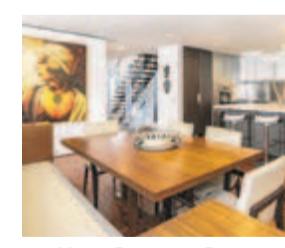
ON THE RISE Real-estate sales are setting records in Canada's second-largest city, and much of the gain is at the high end.

HOUSE OF THE DAY

wsj.com/houseoftheday



Berkeley, Calif.
A modern home
for art and music



New Canaan, Conn.
A home inspired
by Philip Johnson



Orange County, Calif.
A California property
with 430 lemon trees

VALERIA BISMAR FOR THE WALL STREET JOURNAL

MANSION

DEVELOPERS SAY: 'BONJOUR, MONTREAL'

Continued from page W7

Much of the gain is at the high end: Sixty-five condos priced over C\$1 million, or \$801,000, sold in the first half of 2017, a 51% increase compared with the first half of 2016, according to Sotheby's International Realty Canada. At developer Daniel Revah's latest project, Le 1420 Boulevard Mont Royal, about 1,000 potential buyers registered on a teaser site in just over a month after pre-sales started in the spring, he said. The average asking price for the development's 200 apartments tops C\$1 million, or \$801,000, with penthouses asking C\$5.5 million, or \$4.41 million—high prices for Montreal.

Cranes are blooming across downtown. And more expensive projects are being built with gyms, indoor pools, built-in retail space and other perks designed to lure affluent families and downsizing baby boomers.

Sonia Ah-Kye, a 35-year-old anesthesiologist, and her husband Christopher Aguba, a 35-year-old application analyst, paid \$1.05 million for their three-bedroom apartment in late 2015, excited to live steps from restaurants, shops and their workplaces. But when the couple learned a baby was on the way, "all our priorities changed," Ms. Ah-Kye said. So they listed the 2,300-square-foot unit for \$1.24 million in March—about 18% more than they paid. They have since rejected several offers, content to wait for the right price, Ms. Ah-Kye said.

A historically French-speaking city, Montreal can feel more like Europe than North America. Old Montreal's twisty brick streets and brasserie patios evoke Paris. Street signs are in French. One of the skyline's most distinctive features is the green dome of St. Joseph's Oratory of Mount Royal, an imposing Catholic monument.

The city's history also explains its relative lack of real-estate development. In the 1970s, the rising popularity of the Quebec separatist movement, which supports the French-speaking province's independence from majority English-speaking Canada, prompted an exodus of English speakers and businesses, many of whom relocated to Toronto, enshrining that city as Canada's financial capital.

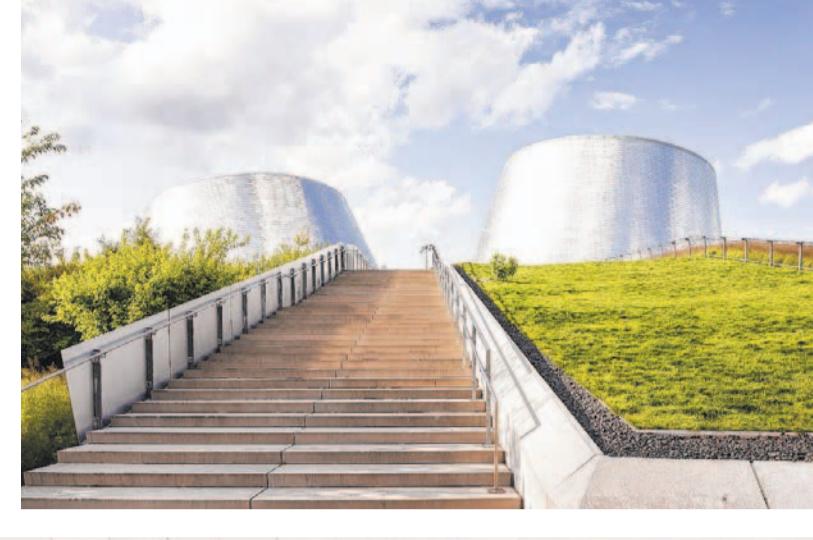
The movement has waxed and waned over the years. Recently, residents and businesses faced uncertainty in the lead-up to the 2014 provincial election, as the incumbent Parti Québécois, which ran candidates promoting separation,

faced the Quebec Liberal Party. The Liberals prevailed, quelling fears of a referendum on the issue. An accompanying drop in oil prices also slowed the outflow of Quebec residents to oil-producing provinces, and a drop in the Canadian dollar and interest rates boosted the housing industry, said Robert Kavcic, a Toronto-based senior economist at BMO Capital Markets.

In July, Quebec's unemployment rate fell to 5.8%, the lowest rate since Statistics Canada began tracking comparable data in 1976.

Public-private partnerships are investing in infrastructure, including the revamped Champlain Bridge and McGill University Health Centre's new hospital complex.

A younger generation has embraced bilingualism, a shift from decades of language-related tension. Most people in the city speak both French and English, making it less daunting for foreigners to invest. While foreign buyers account for less than 2% of home purchases in the Montreal metro area, the number



FRENCH TWIST With its old twisty brick streets and brasserie patios, parts of the historically French-speaking city can feel more like Europe than North America. The green dome of Saint Joseph's Oratory of Mount Royal, top left; the Rio Tinto Alcan Planetarium near the Olympic Stadium, top right.

was up 37% in the first quarter of 2017 versus the same period in 2016, according to the Canadian Mortgage and Housing Corporation.

Air China launched the city's first direct flight to China in 2015 with its non-stop route to Beijing, and in February Air Canada introduced a direct flight to Shanghai. And attention has turned to Montreal after provincial governments imposed a 15% foreign-buyer tax on residential sales in Toronto and Vancouver.

One of the city's most ambitious projects under construction is the Four Seasons Hotel and Private Residences Montreal. "There's a bit of a void in the marketplace" at the ultraluxury end, said Andrew Lutfy, chairman of Carbonleo, the developer.

The \$200-million development will include 210,000 square feet of luxury retail and dining, 166 hotel rooms and 18 residences ranging from 2,886 to 6,910 square feet and priced from about \$2.8 million to \$12 million—what local real-estate professionals say would be a record price for the public sale of a Montreal condo.

With its contemporary look, the project's appeal skews slightly younger than other luxury projects, with potential buyers ranging from 45 to 65 years old, building officials said.

In 2017, real-estate investor and developer Andre Diamond closed on the \$5.99 million purchase of 14 planned apartments in an under-construction tower in the downtown luxury shopping district known as Golden Square Mile. He then combined the units—all on one side to capture views of Mount Royal—into six: One three-bedroom, two two-bedrooms, two duplex three-bedrooms and a single-level



IN THE BLACK Sonia Ah-Kye and Christopher Aguba listed their unit for 18% more than they paid.



SELLING BUT STAYING Stephen Kucer and Rona Katz are selling their home, left, for \$1.28 million.

penthouse spanning 2,100 square feet. Mr. Diamond chose elements like free-standing tubs with skyline views to appeal to buyers accustomed to Miami-style finishes. He left the duplexes and penthouse raw to court choosy shoppers. The units range from \$1.02 million to \$2.18 million.

Still, real-estate professionals don't predict the

kind of frenzy that has taken hold of other cities. Bidding wars are occasional; open houses typically don't attract round-the-block lines.

"The upward pressure on the price in Montreal is much more modest when compared with the same dynamic in Toronto and Vancouver," said Sotheby's president and CEO Brad Henderson.

"Are you going to have a

bubble? No, unlikely. But the market is strong," said Amy Assaad of Royal LePage Heritage, who is listing Ms. Ah-Kye's home.

Stephen Kucer, a 57-year-old engineer at a building-products manufacturer, and Rona Katz listed their house in February for \$1.27 million.

The couple moved into the 3,200-square-foot home about 15 years ago, but their

two daughters are grown and their son might move out next year. The family rarely uses the formal living and dining rooms or extra bedrooms, said Ms. Katz, 56, a digital-content manager.

Still, they will likely stay in Montreal. "The Montreal Canadiens haven't won the Stanley Cup in a couple years," he said. "But there's always hope."

MANSION

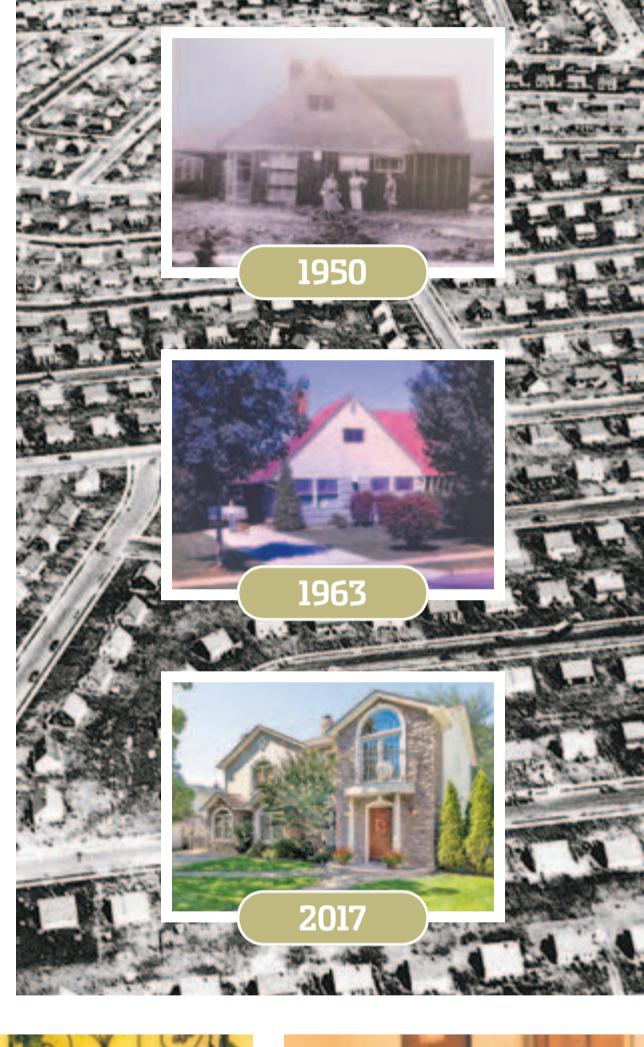
THE MARKET

America's Iconic Suburb, 70 Years Later

Many of the mass-produced homes in Levittown, N.Y., have been gutted, redone, expanded or even razed



TIME CHANGE Jeff and Becky Moran bought their Levittown home for \$154,000 in 1994 and spent another \$200,000 on improvements in 2006. Above, the open-plan living room. Top right, the home through the years. Below right, the kitchen and Ms. Moran.



BY AMY GAMERMAN

WHEN NEWLYWEDS Jean and William Heacock moved into their new 800-square-foot home in 1950, it had four small rooms, a carport and a built-in television—just like every other house on its street in Levittown, N.Y., America's first planned suburb.

Today, that Levitt ranch home has morphed into a 2,700-square-foot Mediterranean-style villa with a wrought-iron balcony and a stone and stucco facade, thanks to a 2006 gut renovation by its current owner, Jeff Moran. Terracotta tilework and 7-foot sandstone columns decorate the living room, and there are three new bedrooms upstairs, including a master suite with a cathedral ceiling. The total cost of the remodel was about \$200,000—or 25 times the home's original \$7,990 list price.

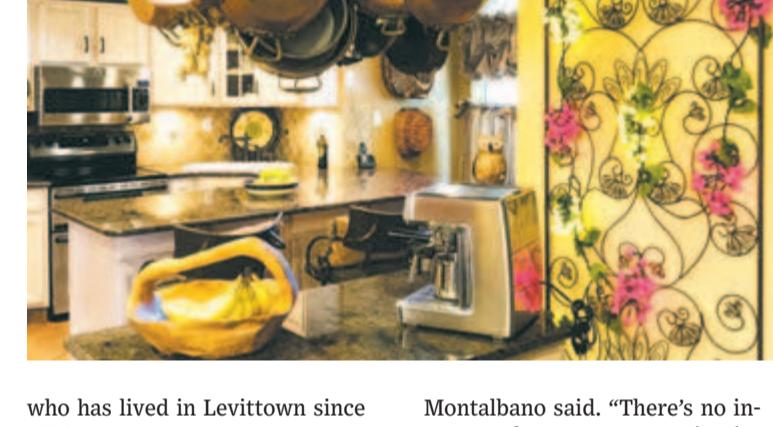
"We took the house down to the studs. I wanted to be more comfortable, I wanted to upgrade," said Mr. Moran, 65, who works for the state government. He said that

he and his wife, Becky, a 61-year-old teaching assistant, became the home's third owners when they bought it for \$154,000 in 1994.

When Ms. Heacock and her husband took a nostalgic drive through their old neighborhood eight years ago, she didn't recognize her old home until she spotted the fire hydrant out front, a familiar landmark. "It's amazing," said Ms. Heacock, who is now 90. "You can hardly see the original house there—it's completely encased in the new house."

Seventy years ago, the first families moved into Levittown, N.Y.—a community of mass-produced homes built on a 6.9-square-mile chunk of Long Island once planted with onions and potatoes. Between 1947 and 1951, Levitt & Sons built 17,477 homes there. Since that time, most of Levitt's modest cookie-cutter houses have been remodeled and expanded beyond recognition.

"In the past seven or eight years, the prices have really skyrocketed," said Dara Crawford, a real-estate agent for Century 21



who has lived in Levittown since 1988.

"A lot of the houses are still on the original footprint, just gutted and completely redone," she said. "The family up the street knocked down the house and rebuilt it at 2,800 square feet—it's orange stucco, with a heated saltwater pool."

Average home listing prices in Levittown have risen 5.4% in the past year, despite a 14.4% increase in supply, according to Realtor.com. (News Corp, owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.) The average list price of the 117 homes currently on the market is \$455,000, with about 5% of the listings priced over \$600,000.

A dilapidated Cape Cod-style house on Corncrib Lane was recently demolished to make way for a new four-bedroom spec house, with construction to begin this fall. It is now under contract for \$720,000, according to Chris Montalbano, an associate broker and partner in Realty Connect U.S.A., who represents the developer.

"The market is so vibrant now, we sold it based on the plans," Mr.

Montalbano said. "There's no inventory for new construction in Levittown—the buyers in this particular situation wanted to stay and keep their kids in the schools."

Levittown was the first of four planned suburban communities created by developer William Levitt. With affordable housing in short supply, Levittown touted a vision of quiet streets and well-kept lawns, along with new schools, swimming pools and shopping districts. Levittown would later spring up in Pennsylvania, New Jersey and Puerto Rico.

The developer's marketing targeted service members returning from World War II. Veterans could buy the homes with no money down—but only if they were white. Levitt's restrictive covenants prevented sales or rentals to African-Americans. Those restrictions were later struck down.

The Nassau County community's proximity to New York City, as well as its affordability and schools, are drawing a diverse mix of home buyers now, according to Shehriar Islam, a real-estate agent with Coldwell Banker who moved to Levittown from Queens in 2015. "I'm a microcosm of what's going

on with other buyers," Mr. Islam said. "When you go to open houses, 95% of the buyers are from the New York boroughs—it's much more diverse than it was seven years ago."

Other families have lived in Levittown for generations. Kevin Magnus, a 51-year-old former clerk at the New York Stock Exchange, bought his childhood home from his father in 2000.

"The house had plenty of potential—I came back here and blew this thing up," said Mr. Magnus, who spent a decade and over \$150,000 remodeling the house with his wife, Kathleen, 49.

They expanded the home from two bedrooms to five, put in a new kitchen, added a porch, and built a backyard gazebo with its own bar and television. When the Magnus's youngest daughter graduated from high school, they decided to sell. After seven days on the market and multiple bids, the home went into contract for \$670,000. "They gobbled it up," said Ms. Crawford, who had the listing.

"It's a good community—we have a lot of friends in Levittown," said Mr. Moran, who occasionally finds an onion growing in his backyard.



RECENT SALE Kevin Magnus bought and remodeled his childhood home, which is now under contract for \$670,000.

PRIVATE PROPERTIES

Georgia Quail-Hunting Estate Asks \$25 Million

A Georgia quail-hunting estate that has been owned by the descendants of one of the founders of Western Union for well over a century is seeking \$25 million.

Called Millpond Plantation, the property is on the National Register of Historic Places. It covers 3,267 acres in Thomasville and includes a 26,000-square-foot, 10-bedroom Spanish Revival mansion. There is also a "manager's house," two 2,000-square-foot guest cottages, a variety of other homes for employees, a barn and a dog kennel, said listing agent Ben McCollum of the Wright Group in Thomasville. To aid in the hunt, 30 trained bird dogs, seven horses and four mules are included.

Tod Sedgwick, 68, a former ambassador to the Slovak Republic, his three siblings and a first cousin. Their great-grandfather, Jeptah H. Wade, the grandson of one of the founders of Western Union, began buying acreage in the late 19th century to form a 10,000-acre estate, Mr. Sedgwick said. Mr. Wade completed the mansion in 1908.

In the 1960s, the property was divided into three parts and left to various family members. Mr. Sedgwick, his siblings and cousin bought the acreage and house currently for sale from relatives, he said. Public records show that in 2004, the house sold for \$875,000 and surrounding acreage for just under \$14 million.

Millpond Plantation is in a region known as the Red Hills,

which spans an area north of Tallahassee, Fla., up to Thomasville. Characterized by a grassy, hilly landscape, it is known for a number of quail-hunting estates and old-fashioned traditions, such as hunting via mule-drawn carriage.

Millpond is a few minutes from Thomasville, which Mr. Sedgwick characterized as a "friendly small town."

He said the family is selling because the property costs over \$1 million a year to maintain and they doubt the next generation can take it on. A conservation easement prohibits subdividing the property.

The move to sell has "been a very emotional decision because we're all very attached to the place," Mr. Sedgwick said.

—Katy McLaughlin



ALICIA OSBORNE PHOTOGRAPHY

MANSION

HOUSE CALL | ALICE WATERS

A Chef Grows in a Backyard Garden

The pioneer of California cuisine began with a banana milkshake; morning light in her Berkeley bungalow

I think my father really wanted a boy. I was the second oldest of four girls, so I slipped into that role. When I was 6, Mickey Mantle was my hero, and I played baseball with neighborhood boys every day after school.

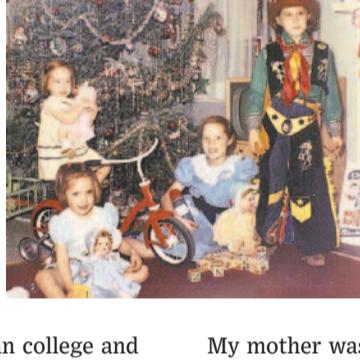
I also loved cowboy songs. They were sad and comforting, and gave voice to my early feelings about love and loneliness. I watched cowboy shows on TV and even had a cowboy outfit that I wore proudly in a Christmas photo while my sisters were in dresses.

Our first house was on Passaic Avenue in Chatham, N.J. The house was built in the late 1800s and still had a coal furnace. I shared a cozy bedroom upstairs with my older sister, Ellen. The ceiling was pitched, and I loved hearing rain on the roof.

When I was little, Ellen and I played outside a lot in the garden, where I first developed a connection to nature. Our garden was long and narrow, and I remember the fragrant taste of strawberries that I picked out there.

My father, Charles, was an incredible gardener. He had studied agricultural engineering in college and knew how to organize plants neatly and get them to thrive. He was a human-resources psychologist for Prudential Insurance in Newark, N.J., and a tireless worker.

When I was 5, we moved into a new house on Van Doren Avenue. It was white with green shutters.



My mother was a health-food advocate in the 1950s and ahead of her time.

After ninth grade, we moved to Michigan City, Ind. My father had been transferred to nearby Chicago, and we lived blocks from Lake Michigan, which had quite a social scene in the summer. I hated

In our smaller garden, we just had room for tomatoes, peppers and corn. To their credit, my parents never canned anything. Everything we ate was fresh.

My mother, Marge, was completely devoted to us. She didn't police us. She held us a lot and patted our backs and attended to our needs. She was incredibly kind.

Later she told me that she had a breakdown after my youngest sister, Susan, was born. I think she

was overwhelmed.

During her brief depression, Hope, her closest friend from college, came to help. Hope had lived in France, so she had a worldly air about her.

One of my first experiences in the kitchen was making a banana milkshake. We had one of those cookbooks for children, which had simple recipes. We didn't have many sweets at home.



MAARTEN DE BOER/CONTOUR BY GETTY IMAGES (PORTRAIT); ALICE WATERS (2, HISTORICAL)

WILD ONE Alice Waters in California in January, above. Left, the family home in Chatham, N.J., about 1948, and Ms. Waters in her cowboy outfit about 1950.

leaving Chatham, but my new life included the beach and a wild, teenage life. I liked hanging out with boys and became rather good at seduction.

In 1961, when I finished my junior year, my father was promoted to a senior position in Los Angeles. We moved into a contemporary

tract house in Sherman Oaks that didn't have much of a garden. I hated it there.

When I graduated from high school, my parents could only afford the University of California at Santa Barbara. In my sophomore year, I was tossed out of my sorority for drinking. I decided to trans-

fer to UC Berkeley.

At Berkeley in '64, my friend Sara and I chose to spend the spring semester of our junior year studying in France. That's when everything changed.

I was supposed to attend the Sorbonne but I never went to class. Instead, we met two boys who taught us how to eat and where. Paris and the culture of beauty captivated me.

France in 1965 was a slow-food nation with a set of values: Lunch lasted two hours, ingredients were fresh and meals were emotional, savoring experiences. I was madly in love with the country.

When I returned to Berkeley, I declared my major in French cultural studies. After college, I returned to France and traveled throughout Europe. I began to dream about opening a restaurant.

In 1971, I opened Chez Panisse in Berkeley. My approach was to use fresh, organic ingredients from local markets.

Today, I live near the restaurant in a two-bedroom, 1½-story gray bungalow built in 1908. The kitchen was small when I moved in 34 years ago, just before my daughter, Fanny, was born. I expanded the kitchen by removing the back porch.

The kitchen now has a large fireplace and wood oven on one side, and a big copper sink and stove on the other.

In the morning, I love to sit by the fireplace sipping coffee from one of my French café au lait bowls. Sometimes I stare out at the redwood and think back to Paris, where I figured out who I was.

—As told to Marc Myers

Alice Waters, 73, is a chef and owner of Chez Panisse restaurant in Berkeley, Calif., where she pioneered California cuisine and the organic-food movement. She is the author of 13 books, most recently "Coming to My Senses," a memoir (Clarkson Potter).

PRIVATE PROPERTIES

A Large Texas Ranch Seeks \$95 Million

CLOCKWISE FROM TOP: SIGGI RAGNAR; GEORGE PIMENTEL/GETTY IMAGES

An enormous ranch that borders the city limits of Fort Worth, Texas—and has been in the same family for five generations—is heading to market seeking \$95 million.

Known as Veale Ranch, the

approximately 3,790-acre working cattle ranch is a "very rare" offering due to its size and location: The ranch gate is only 11 miles from downtown Fort Worth, said Bryan Pickens of Republic Ranches, the listing

agent.

Mr. Pickens said the property could be maintained as a ranch, or could become a master-planned community with a capacity, if developed, for 33,000 residents.

The property has been in the Veale family since 1935, said Ward Veale, a rancher, a part-owner and a family member who lives on the ranch.

David Ekstrom, another part-owner and member of the

Veale family who also lives on the ranch, said the time was right for the family to sell.

"Mine and Ward's generation are ready to pass the management of the property on, but the next generation of our fam-

ily are pursuing their own interests, from construction management to cybersecurity to social psychology," he said in an email. "I dread having to leave."

—Sarah Tilton

JON BON JOVI BUYS NEW YORK APARTMENT FOR \$18.94 MILLION

Rocker Jon Bon Jovi has paid \$18.94 million for an apartment at the Greenwich Lane condominium project in Manhattan's Greenwich Village, according to people familiar with the deal.

The 3,951-square-foot corner unit has sweeping views of lower Manhattan and the Hudson River through floor-to-ceiling windows and its own private terrace. The unit has four bedrooms, 4½ bath-

rooms, a 40-foot-long living room and an elevator that opens directly into the apartment, according to the listing.

In June, Mr. Bon Jovi listed a sprawling three-bedroom apartment at a nearby condominium project known as 150 Charles Street for \$17.25 million, then reduced the price in July to \$15.95 million, the listing shows. He purchased that unit for \$12.88 million in 2015, re-

cords show. He also previously lived in a penthouse apartment in Soho, which he sold to Austrian-American businessman Gerhard Andlinger for \$34 million in 2015.

A spokesperson for Mr. Bon Jovi didn't respond to a request for comment, nor did Greenwich Lane developer, Rudin Management.

Mr. Bon Jovi was represented by Robby Browne

of the Corcoran Group, while

Rudin was represented by Corcoran Sunshine Marketing

Group.

Greenwich Lane is on the former site of St. Vincent's hospital and comprises several new or renovated buildings on West 11th and West 12th streets on the east side of Seventh Avenue. Residents have access to a fitness center, a 25-meter swimming pool and a 21-seat screening room.

Other residents of the building include former Starbucks CEO Howard Schultz.

—Katherine Clarke

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MANSION

ANNOTATED ROOM

A Design in Search of a Homeowner

This condo in New York's One57 building was designed to lure a buyer; a three-way sofa maximizes views



NEW YORK INTERIOR DESIGNER Jamie Drake was hired to create a luxurious living room for nobody in particular.

His client was Extell Development Co., the company behind One57, an exclusive Manhattan condo building that overlooks Central Park. To lure prospective buyers, Extell asked Mr. Drake, of New York-based Drake/Anderson, to design and furnish a roughly 4,200-square-foot model apartment. The budget: over \$1 million.

"They wanted something geared toward a global market," said Mr. Drake, "something sophisticated and urban, but not so bland that it would be boring."

Located on the 58th floor, the three-bedroom, 3½-bath-room apartment's main feature is the view of Central Park, Mr. Drake said.

The project took about three months, after which a buyer paid \$24.5 million for the apartment, with most of Mr. Drake's furnishings included, according to the developer. Here are some of the elements in the living room. Prices are approximate and vary based on size and materials.

—Beth DeCarbo

1. HAVE A SEAT

To anchor the roughly 30-by-40-foot room, Mr. Drake designed a "capacious sofa" that faces three ways: toward the TV, Central Park, and a cocktail/conversation area in the foreground.

The sofa was upholstered by Peruvian Touch with Romo fabric.

Price: \$24,300

2. LIGHT TOUCH

To illuminate the seating area, Mr. Drake chose three matching crystal-rod floor lamps. The classic design of these

Dennis Miller Associates fixtures is low-key so they won't distract from other furnishings.

Price: \$4,800 each

3. SOFT LANDING

Two upholstered Montaigne chairs, designed by Mr. Drake and sold through Theodore Alexander, face the conversation area and feature gilded wood legs.

Price: \$3,450 each

4. DROP-OFF SPOTS

For color contrast, two bronze drum tables from DLV De-

signs are placed toward the ends of the sofa.

Price: \$5,800 each

5. SHINY SURFACE

A custom cocktail table, a Drake/Anderson design made by Andy's Marble Works, is topped with richly veined Calacatta marble.

Price: \$12,150

6. FINE DINING

A Halo chandelier from Roll & Hill hangs over the dining table and has four rings of brass and LED lights.

Price: \$19,000

7. CORNERED

A piano anchors the south side of the room as a message of how entertaining could take place here. "Coney Island," a 2009 Larry Poons painting, hangs behind the piano. It measures almost 9 feet long and was selected to create a "visual destination in the corner," Mr. Drake said.

The painting and an abstract sculpture were borrowed from Danese/Corey, a Manhattan gallery. The artwork wasn't included in the sale.

Price: \$125,000 for the Poons painting

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MANSION

A FLOOR PLAN AFRAID OF COMMITMENT

Continued from page W7

space equipped with ample square footage, electrical and plumbing for multiple uses now and in the future.

The Stolarskis—she's 56 years old and he's 47—own a medical-services company, Premier Shockwave, and moved into their \$1.4 million home in January.

Home builders and designers are seeing a resurgence in demand for flexible-living spaces, also called bonus rooms or multipurpose rooms. In ultracompetitive real-estate markets, flex rooms that serve multiple purposes appeal to buyers looking to trade up for more space but unable to afford the extra square footage.

At the same time, younger home buyers see flex rooms as a way to customize their homes. And baby boomers, hoping to age in place, are asking for flex rooms that could someday be a main-floor master bedroom or a suite for live-in health aide.

Forward-looking home designers now plan for all those stages.

"I ask clients how long they see themselves living in the house," says Dan Sater, whose Bonita Springs, Fla., firm designed the Stolarskis' home. "I talk to them about spaces that may have a changing purpose over time and create the provisions so they can easily be changed." If a future function requires a wall to be removed, for instance, Mr. Sater ensures it isn't a structural wall to begin with. Mr. Sater's own home includes a multipurpose room that the family uses as a music room. Just in case, Mr. Sater installed enough wiring to turn it into a second home office or guest room if needed by aging parents.

Of the 20 top-selling floor plans on houseplans.com, 13 include bonus rooms, even though only 14% of all the plans on the overall site have designated bonus or flex rooms. Flex rooms are typically located off the entry hall, near the main living space and a bathroom, so they can easily morph into bedrooms down the road. Sometimes, a flex space is located above the garage to be used as a home theater, in-law suite or bunk room for grandchildren—or all of them in succession.

Leaving the label off the space helps with sales and resale, they say, because it lets buyers assign their own.

"When you name it 'dining room,' they will always see it as a dining room; they will never get it out of their mind," says Mark Matthis, co-owner of House Plan Gallery, a home-design firm in Hattiesburg, Miss. "We have found that labeling this type of area as flex space on our floor plans best allows homeowners to decide how a particular space can be used to fit their specific family's needs."

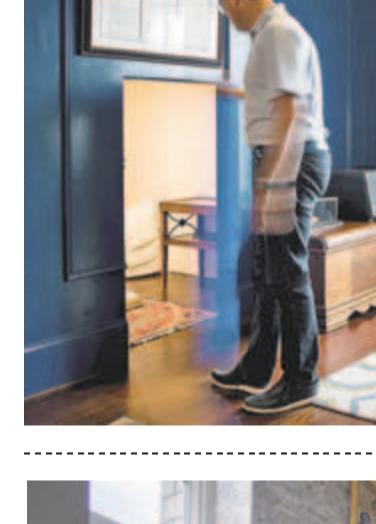
In their Libertyville, Ill., home, Lisa Steinke and Matt Dannenfeldt wanted a dining room—just not all the time. When they bought their four-bedroom, 2,500-square-foot house for \$750,000 in 2012, they were drawn to a library alcove off the main living area that could fit all of Ms. Steinke's books but become a dining space if there were too many guests to fit in the eat-in kitchen.

Ms. Steinke, a 44-year-old novelist, and Mr. Dannenfeldt, 43, who owns a logistics company, also like another space in their home that the architect, Sarah Susanka, calls the "away room." It's a 9-by-12-foot ground-floor retreat off the main living area where the couple's three children go to do homework. For occasional guests, the room has a built-in wall bed and small closet. In the powder room across the hall, a pocket door hides a shower.

"We all have spaces in our homes that are rarely used, such as a guest bedroom or formal dining room," says Ms. Susanka, architect and author of a book series called "The Not So Big House." "I love spaces that do double duty."

The couple is planning to move back to California, Ms. Steinke's home state, where their daughter wants to attend college. The family has listed their Libertyville home for \$950,000, and marketing materials tout the home's main-floor flex room and its potential for "maximizing room space through flexible options."

Daryl Weil, 67, persuaded her husband, a 76-year-old former newspaper executive, to change their lifestyle and surroundings before they were too old to enjoy them. They chose to remain in Paradise Valley, Ariz., but traded their traditional-style home of 25 years for a light-filled, contemporary



VERSATILITY Tracy and Mike Stolarski, top left, on the porch of their home in North Augusta, S.C., above. Upstairs, the home has a space that serves as an office and TV room, below. A closet is available when guests stay over, left and there's even a hidden storage compartment used mainly as play space for nieces, below left.

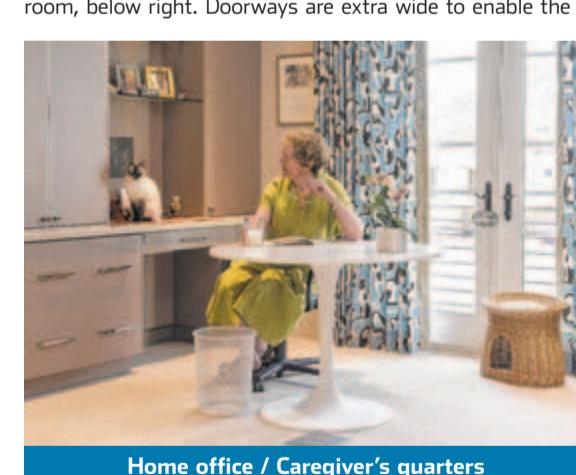


Office / TV room / Guest room / Playroom

RAYMOND MCCREA JONES FOR THE WALL STREET JOURNAL (5)



FORWARD THINKING Daryl and Chip Weil, top right, at their new home in Paradise Valley, Ariz. Above, one of the cats lounges in the living room. If either spouse became ill one day, a live-in caregiver would move into what is currently Ms. Weil's home office, below left, and the spouse would take an upstairs guest room, below right. Doorways are extra wide to enable the use of a wheelchair, and the home has a built-in elevator, below center.



Home office / Caregiver's quarters



Guest room / Master bedroom

MARK LIPCZINSKI FOR THE WALL STREET JOURNAL (6)

house—with rooms that are ready to change functions in the future.

Constructed by Scottsdale, Ariz.-based builder Cullum Homes, the Weil house is configured so that if either spouse became ill one day, he or she could move from the first-floor master bedroom to an upstairs guest room. A live-in caregiver would then move into what is currently Ms. Weil's home office, which has a full bathroom. For now, the Weils live only with their two cats, Bobby and Pearl, but they made additional arrangements for aging at home, including an elevator and extra-wide doorways to accommodate a wheelchair. Including modifications, which added \$400,000 to the cost, the couple paid \$3 million to build the 4,400-square-foot,

five-bedroom house and moved in late last year.

"I was thinking about getting older and the maladies one looks toward," says Ms. Weil, a retired interior designer. "I have been forward-thinking with the design."

Cullum Homes project architect Lindsay Cullum Colwell says the firm is incorporating flex spaces in homes throughout the luxury development, called the Village at Mountain Shadows. An optional daylight basement, its website says, gives homeowners the flexibility "to add a game room, wine cellar, children's play area, additional bedrooms, home gym or extra storage."

Flexibility helps young homeowners who are unsure of a growing family's needs. When Jacob and Rita Barker from Greenville,

S.C., started looking at house plans in 2014, Ms. Barker was pregnant with their third child, James, and the couple didn't know how the kids would want to room. Would sisters Madeline and Eliza share a bedroom? Would the children want a play room or play in their own rooms? Would their preferences change as they grew up?

The Barkers chose a floor plan by Home Patterns, a home-design firm in Hastings-on-Hudson, N.Y. The owner, Brooks Ballard, says he includes a flex room in 80% of the plans he sells online.

"A few years ago, people started to not want to pay for a formal living room, but builders still wanted to build the square footage," he says. "The flex room is the room that has replaced the formal living

room."

In the Barkers' 3,100-square-foot, five-bedroom home, an upper-level playroom might someday turn into a bedroom if the girls want more privacy. Mr. Barker, a marketing strategist at Clemson University, and Ms. Barker, a 38-year-old environmental lawyer, use the ground-floor flex room as their master bedroom to be near their 15-year-old dog, Marley, who has trouble climbing the stairs. The original master bedroom upstairs is currently used as the girls' dance studio in their \$350,000 house, says Mr. Barker, 43.

"Especially for us as a young family, building a house for the first time, not really knowing where life was going to take us, flexibility was huge," he says.