

# THE WALL STREET JOURNAL.

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## What's News

### Business & Finance

**A**ntitrust enforcers are preparing to approve CVS's planned acquisition of insurer Aetna and Cigna's planned purchase of Express Scripts, two big health-industry deals. **A1**

◆ The FBI has launched a probe into pricing practices within American Express's foreign-exchange unit. **B1**

◆ CBS is in talks with Shari Redstone and her family's holding company, National Amusements, to settle litigation over control of the broadcaster. **B1**

◆ J.Crew has decided to sell a limited selection of clothing on Amazon.com, reversing earlier resistance to selling on the site. **B1**

◆ Tech stocks tumbled, helping pull the Nasdaq down 1.2%. The S&P 500 was off 0.3%. The Dow rose 22.51 points to 25974.99. **B12**

◆ Bayer said the number of American plaintiffs alleging its recently acquired weedkillers cause cancer has risen sharply. **B1**

◆ The Senate confirmed Republican Elad Roisman to join the SEC as its fifth member, filling an empty seat. **B11**

◆ Walmart is testing its own network of independent delivery drivers to expand home grocery delivery. **B2**

◆ Paramount Pictures has tapped Nicole Clemens as the new president of its television unit. **B6**

### World-Wide

◆ Supreme Court nominee Kavanaugh wouldn't say whether a president could pardon himself or must comply with a subpoena, instead promising senators to be an independent justice unswayed by politics. **A1**

◆ Sessions will gather state attorneys general this month to examine what the Justice Department called the stifling of voices on social media. **A1**

◆ The U.S. trade deficit is widening even as the administration pushes other countries to recast their economic relations with the U.S. **A3**

◆ A federal judge overseeing the latest lawsuit challenging ACA questioned claims from Democratic attorneys general defending the health law. **A3**

◆ British authorities charged two men who they believe are Russian military intelligence officers with the attempted murder of a former spy and his daughter in March. **A8**

◆ Pompeo said the U.S. and Pakistan still have a long way to go to reset troubled ties after he visited Islamabad. **A8**

◆ An Afghan police officer killed a U.S. soldier in an attack on a base in the east. **A9**

◆ Two bombs in a mainly Shiite Muslim neighborhood in Kabul killed at least 20 people and wounded 60 others. **A9**

### JOURNAL REPORT

#### Harvard Stays On Top

#### U.S. COLLEGE RANKINGS

R1-10

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## Technology Executives Under Fire Over Election Interference



SHERYL SANDBERG, FACEBOOK COO

*'We were too slow to spot this and too slow to act. That is on us.'*

JACK DORSEY, TWITTER CEO

*'We aren't proud of how that free and open exchange has been weaponized.'*

## Sessions Vows to Examine 'Stifling' by Social Media

Even as top executives at Facebook and Twitter attempted to fend off questions from senators about election interference on their platforms, Attorney General Jeff Sessions said he plans to gather state attorneys general this month to examine what the Justice Department called the intentional "stifling" of voices on social media.

The department announced the plan as Facebook Inc. Chief Operating Officer Sheryl Sandberg and Twitter Inc.

By Dustin Volz,  
Deepa Seetharaman  
and John D. McKinnon

Chief Executive Jack Dorsey were wrapping up testimony on Wednesday morning on efforts to deter foreign trolls and bots ahead of this year's midterm contests.

Mr. Dorsey later appeared alone in front of the House Commerce Committee, where he faced a barrage of questions about alleged anticonser-

vative bias over how Twitter enforces its rules.

At both hearings, lawmakers quizzed tech executives about how their sites work, what they are doing to bolster their defenses against foreign disruption and what regulation the companies might consider.

Mr. Dorsey described Twitter's practice of waiting for users to flag issues before acting as a shortcoming. He said his company was working on algorithms to police abuse proactively.

There was no representative of Alphabet Inc.'s Google at Wednesday's Senate hearing.

The company had been invited, but declined when the committee said its proposed representative wasn't sufficiently senior in rank. An empty chair next to Ms. Sandberg and Mr. Dorsey was adorned with a placard

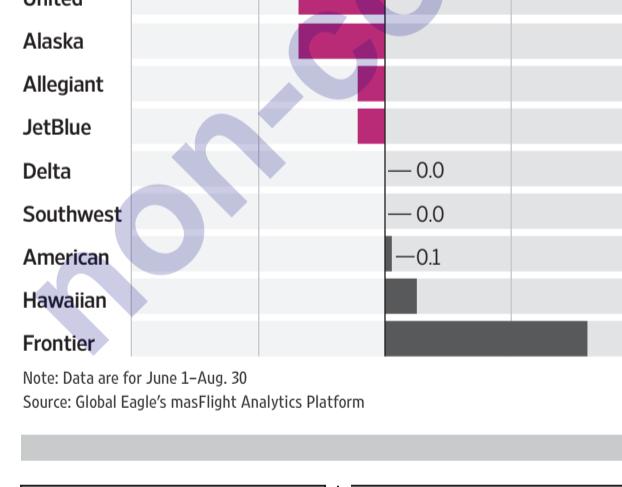
*Please turn to page A6*

◆ Tech stocks retreat as executives testify..... B12  
◆ Heard on the Street: Social networks' pricey brake job. B13

## Airlines Beat Summer's Storms

Airlines canceled flights at a lower rate this summer than a year ago, despite bad weather in many parts of the country. **A13**

Cancellation rate, percentage point change from a year earlier



## Fast Internet Costing Pennies Promises to Transform India

Mukesh Ambani's 4G network brings millions online for the first time

By NEWLEY PURNELL

MUMBAI—India's richest man is catapulting hundreds of millions of poor people straight into the mobile internet age.

Mukesh Ambani, head of Reliance Industries, one of India's largest conglomerates, has shelled out \$35 billion of the company's money to blanket the South Asian nation with its first all-4G network. By offering free calls and data for pennies, the telecom latecomer has upended the industry, setting off a cheap internet tsunami that is opening the market of 1.3 billion people to global tech and retailing titans.

The unknown factor: Can Reliance reap profits itself after unleashing a cutthroat price war? Analysts say the company'sulti-

mate plan, after connecting the masses, is to use the platform to sell content, financial services and advertising. It could also recoup its huge investment in the years to come by charging for high-speed broadband to consumers' homes and connections for various businesses, according to a person familiar with the matter.

Mr. Ambani's project has the potential to give India the largest—and most diverse—connected population in the world, with low-cost access to data helping to level the playing field between rich and poor.

It also could revolutionize retail. Mr. Ambani's success or failure directly affects Alphabet Inc.'s Google and Facebook Inc.'s WhatsApp, which have poured resources into

*Please turn to page A12*

Mosh Pits?  
It Must Be  
Yom Kippur

\* \* \*  
On holiest day,  
rabbis try to lure  
new worshipers

BY SHAYNDI RAICE

For 2,000 years, Jews have spent Yom Kippur, the Day of Atonement, in a synagogue abstaining from food and drink, fervently praying and beseeching God to forgive their sins.

This year, some rabbis, eager to woo younger people to High Holiday services, are holding programs in a beer garden, replacing reverential bows with goat yoga and celebrating the end of the season with glow sticks in a mosh pit.

"For the millennial generation, walking into a synagogue can feel like a Civil War re-enactment," said Rabbi Dan Ain, who started a Rosh Hashana mosh pit. "Please turn to page A12

## Big Health Deals Near Antitrust Approval

WASHINGTON—Justice Department antitrust enforcers are preparing to give the green light to two deals in the health-care industry, CVS

By Brent Kendall,  
Anna Wilde Mathews  
and Sharon Terlep

Health Corp.'s planned acquisition of health insurer Aetna Inc. and Cigna Corp.'s planned purchase of Express Scripts Holding Co., according to people familiar with the matter.

Both deals could receive formal antitrust approval as soon as the next few weeks, these people said.

The Justice Department has identified some competition concerns surrounding the nearly \$70 billion CVS-Aetna deal, and the companies will be required to sell off assets related to Medicare drug coverage to resolve those issues, some of the people familiar with the matter said.

The department's approval of the \$54 billion Cigna and Express Scripts combination could come without the government requiring the companies to sell off any assets, said some of the people who were familiar with the review of that deal.

The department's conclusions come as the business community and consumer advocates continue to look for guideposts on how Trump administration appointees are approaching major mergers. Last year, the Justice Department brought one of its most ambitious cases in decades, a challenge to AT&T Inc.'s acquisition of Time Warner Inc., a case it lost in June and is now appealing. That lawsuit raised the stress level at other companies contemplating industry-transforming mergers and *Please turn to page A2*

◆ Greg Ip: T-Mobile, Sprint tie-up tests Trump's mettle.... A2

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## U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

## T-Mobile, Sprint Tie-Up Tests Trump's Mettle



President Trump's trust-busters don't take no for an answer. After a federal judge rejected their lawsuit to stop AT&T Inc. from acquiring Time Warner Inc., the Justice Department decided to appeal.

Their efforts to stop the deal are a contrast to the administration's generally friendly approach to big business; it is now preparing to approve tie-ups between CVS Health Corp. and Aetna Inc., and between Cigna Corp. and Express Scripts Holding Co. Critics think the Justice Department is doing the bidding of Mr. Trump by punishing Time Warner for the reporting of its news channel, CNN. A more generous theory is, it is testing the frontiers of consumer protection.

Which theory prevails will depend in part on how the Justice Department handles a different merger: the pending tie-up between T-Mobile US Inc. and Sprint Corp., the number three and four wireless carriers, respectively. Both mergers require tricky judgments about the evolution of technology and media

consumption habits. Nonetheless, the legal and economic case against T-Mobile/Sprint is far stronger than against AT&T/Time Warner. If the Justice Department waves through the deal—which the companies hope to complete in the first half of 2019—the agency will raise questions about its political independence and fealty to antitrust principles.

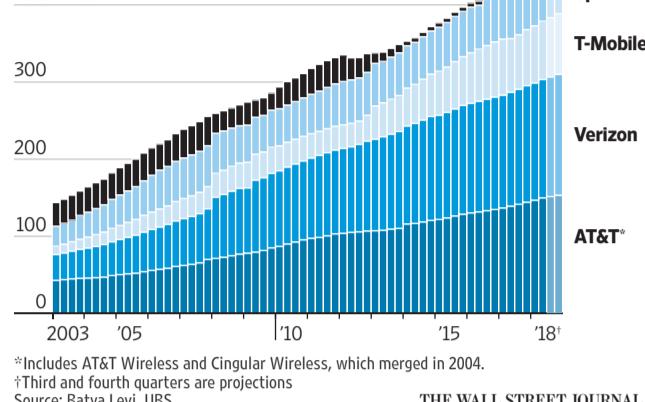
**T**he bar to halting AT&T/Time Warner was high from the start. It is a vertical merger between a supplier (Time Warner produces filmed content) and a customer (AT&T distributes content). A supplier typically wants to sell to as many customers as possible, even if they compete with an affiliate. Blocking such a merger would require concluding that the supplier won't sell to some customers simply to benefit its affiliate, a high bar to clear.

Indeed, the Justice Department last sued to stop a vertical merger in 1977, and it lost. There isn't much empirical evidence on the harm from merging distribution and content, so the Justice Department relied heavily on an economic model that the trial

## Final Four

Competitors to the four biggest wireless carriers have largely disappeared since the early 2000s.

## Subscriptions to wireless phone services



\*Includes AT&T Wireless and Cingular Wireless, which merged in 2004.

†Third and fourth quarters are projections

Source: Batya Levi, UBS

judge didn't find persuasive.

By contrast, T-Mobile/Sprint is a horizontal merger between competitors selling similar products. And whereas Time Warner faces growing competition in content from Netflix Inc., Amazon.com Inc. and Hulu, the opposite is true in wireless: The share of subscriptions controlled by AT&T, Verizon, T-Mobile and Sprint has grown from 80% in 2004 to 99% now, according to UBS analyst Batya Levi.

rise by 16%, or by 4% to 7% when the merging firms are small.

Economists use the Herfindahl-Hirschman Index to measure market concentration: At zero, the market is completely competitive; at 10,000, a single firm controls everything. The Justice Department considers an industry whose HHI tops 2500 highly concentrated, and if it rises by 200, it presumes market power is growing. By my calculations, the wireless HHI is already 2850, and combining T-Mobile and Sprint would boost it by 400, easily meeting both tests.

no place in antitrust review.

The best argument for the merger is that the two companies could together invest more in infrastructure, in particular the emerging 5G wireless standard, and thus compete more effectively with AT&T and Verizon. There is merit to this claim: The Valletti study found mergers did lead to more investment. And the financially frail Sprint's odds of survival certainly improve as part of a larger firm.

But the hypothetical benefits to high-end business customers of a third 5G competitor might not outweigh the costs borne by low-end consumers, especially of prepaid cellular plans where T-Mobile and Sprint dominate. Bond rater Standard & Poor's hinted at precisely this, concluding the merger would significantly stabilize the industry's finances but could contribute to "meaningfully higher prices for consumers."

There is no guarantee that if the Trump Justice Department sues to block T-Mobile/Sprint, it will succeed. But without even trying, the Justice Department would rightly raise questions about why it is so much more determined to undo AT&T/Time Warner.

## Tropical Storm Dumps Heavy Rain on the Gulf Coast



**WATER CROSSING:** A woman on Wednesday waded through a road flooded by Tropical Storm Gordon in Dauphin Island, Ala. The storm weakened to a depression but was still dangerous as it moved inland.

## U.S. WATCH

## BAGHDAD SHOOTING

## Security Guard's Case Ends in a Mistrial

A federal judge declared a mistrial in the prosecution of an American security guard involved in a 2007 shooting at a Baghdad traffic circle that became a low point of the Iraq war, after jurors couldn't reach a unanimous verdict despite nearly one month of deliberations.

The guard, Nicholas Slatten, who worked with the security contractor Blackwater, was convicted in 2014 of murdering the driver of a car at the Nisur Square traffic circle. The incident began the killing of more than a dozen Iraqis, sparked international criticism, and strained relations between the U.S. and Iraq.

Mr. Slatten's conviction was later overturned and prosecutors retried the case, bringing Iraqi witnesses to a Washington courthouse earlier this summer to recount the fateful minutes they spent at the circle more than 10 years ago.

—Aruna Viswanatha

## PENTAGON

## Mattis Is Removing Management Officer

Defense Secretary Jim Mattis is removing the Pentagon's chief management officer from his post for a "lack of performance," according to several officials, in a setback to a Trump administration push for efficiency and military modernization.

John Gibson became the Pentagon's first-ever chief management officer, or CMO, earlier this year as a part of a reorganization aimed at finding ways to cut the costs of programs and put the savings toward modernization efforts. He was nominated by President Trump, then confirmed by the Senate in February.

Mr. Gibson, a former aerospace chief executive, is third in command at the Pentagon, behind Mr. Mattis and Deputy Defense Secretary Pat Shanahan. His removal, coming only months after he started in the post, hasn't been previously disclosed.

More than a month ago, Mr. Gibson was told by Mr. Shanahan that Pentagon leaders weren't satisfied with the results of his work, the officials said. But the administration didn't have a ready candidate to succeed him at the time, they said.

Mr. Gibson remains in his job for now, but his duties have been pared back as White House officials search for a successor, defense officials said.

The Pentagon declined to comment. Mr. Gibson didn't immediately respond to a request for comment.

—Gordon Lubold

## SEC

## Senate Confirms Panel's Final Member

The Senate confirmed Elad Roisman to join the Securities and Exchange Commission, giving the regulator a fifth and final member as it prepares to impose restrictions on stockbroker advice while loosening the reins on some public companies.

Mr. Roisman, 37 years old,

will join the SEC after working for several years on the Senate Banking Committee, where he was the panel's chief counsel. The Senate approved him 85 to 14 in Wednesday's vote.

A Republican, Mr. Roisman will succeed Michael Piwowar, who stepped down in July and joined the Milken Institute Wednesday as executive director of its center for financial markets.

—Dave Michaels

## CALIFORNIA

## Cost of Dam Repair Could Top \$1 Billion

The cost of repairs and other improvements stemming from last year's near disaster at the nation's tallest dam is \$1 billion, a staggering total nearly \$250 million over projections at the start of the year and that could go higher, California officials said Wednesday.

Recent additions to crews racing to meet a Nov. 1 deadline to fix spillways at Oroville Dam before winter rains arrive are the primary cause of the increase, the state Department of Water Resources said.

Both spillways at the dam crumbled and fell away during heavy rains in early 2017, prompting fears of a catastrophic dam collapse that forced the evacuation of 200,000 people downstream.

—Associated Press

## CORRECTIONS &amp; AMPLIFICATIONS

An analysis of Supreme Court justices' ideological leanings placed nominee Brett Kavanaugh close to Justice Anthony Kennedy, toward the middle of the range. A corrected version of the graphic is available at WSJ.com/Corrections.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

## Health Deals Set To Clear

*Continued from Page One* led to speculation that the health-care deals among others could face tough scrutiny.

Elsewhere, the Justice Department in May approved Bayer AG's purchase of Monsanto Co., but required the companies to sell off about \$9 billion in assets to preserve competition, the largest divestiture ever in a U.S. merger-approval settlement. The Justice Department also has another major merger under its review, the proposed combination of T-Mobile US Inc. and Sprint Corp.

The CVS-Aetna and Cigna-Express Scripts deals underscore how the health-care industry is changing, with the biggest players increasingly seeking to incorporate multiple lines of business, forming behemoths that stretch from insurance to pharmacy-benefit management to, in some cases, drugstores, clinics and physician practices.

The companies in both mergers will seek to prove that their combination of assets is best equipped to win over clients and consumers, which they have promised to do with more smoothly integrated care and services and better cost-curbing efforts.

Officials at CVS and Aetna pointed to recent public remarks by CVS Chief Executive

Larry Merlo, who said that the companies had "contemplated a range of possibilities" in the Medicare drug-plan area and "determined the impact of any divestitures would not be material to the deal model."

Officials at Cigna and Express Scripts cited previous statements in which they said they were working cooperatively with the Justice Department and were confident the merger would close by year's end. A Justice Department spokesman declined to comment.

The companies that would emerge from the two deals would mirror the industry's

*Both deals underscore how the nation's health-care industry is changing.*

trend toward bulked-up firms. UnitedHealth Group Inc. is the parent of the largest U.S. health insurer and a major pharmacy-benefit manager; it has a growing array of physician practices, urgent-care clinics and other assets. Humana Inc. has also moved aggressively into the home care and hospice businesses, as well as forging closer ties to doctors, arguing it can better integrate and manage care for its Medicare members.

The CVS-Aetna deal, announced last December, would marry CVS's drugstores and large pharmacy-benefit-management business with the

WellCare Health Plans, the size of the asset sales couldn't immediately be learned, but one potential buyer in talks for the assets is WellCare Health Plans Inc., people familiar with the matter said. Final discussions between CVS, Aetna and the Justice Department about asset sales are ongoing, these people said.

The clear overlap between Aetna and CVS comes in the sale of Medicare prescription drug coverage—known as Part D plans—and that is where the Justice Department has focused its concerns.

To preserve competition where CVS and Aetna sell Part D plans head-to-head, the Justice Department will require the companies to sell off parts of their Part D business to one or more companies that would compete with the newly merged firm, some of the people familiar with the matter said.

The size of the asset sales couldn't immediately be learned, but one potential buyer in talks for the assets is WellCare Health Plans Inc., people familiar with the matter said. Final discussions between CVS, Aetna and the Justice Department about asset sales are ongoing, these people said.

Both deals have been expected by analysts and haven't been viewed as serious impediments to the deal, partly because the profits on the plans are limited.

WellCare declined to comment.

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## U.S. NEWS

# Water Fountains Pulled as Lead Is Found

Tests prompt schools to remove aging faucets and turn to other alternatives

BY KRIS MAHER

Schools in multiple states are tearing out water fountains and old faucets after finding elevated levels of lead in their drinking water.

Indiana tested 915 schools in recent months and found that 61% had one or more fixtures with elevated lead levels. Schools in Colorado and Florida, among others, are taking steps to address lead in drinking water.

Some testing is mandated by new state laws, as in Maryland. In Montgomery County, outside Washington, D.C., the district is midway through replacing 238 fixtures that had elevated lead.

There isn't a national standard for what level of lead, measured in parts per billion or ppb, is acceptable in school drinking water specifically. Districts and states are struggling to find individual solutions.

The Environmental Protection Agency requires public water systems to take action to reduce lead when more than 10% of samples from homes exceed 15 ppb. Its voluntary guidance for schools, set in the 1990s, states that schools should take individual water fountains and other fixtures out of service if lead exceeds 20 ppb.

Schools face a balancing act because cutting lead to lower levels is costly. Indiana's statewide testing cost \$4.7 million,

said a spokeswoman for the Indiana Finance Authority, which paid for the program using state and federal funds.

"We have chaos around the country," said Marc Edwards, a professor of civil engineering at Virginia Tech. "Each school system is trying to find their own way." Mr. Edwards—who helped uncover lead contamination in Flint, Mich., in 2015, sparking greater national awareness of the issue—called the voluntary EPA protocol "totally outdated."

An EPA representative said the agency plans to update its guidance for public schools, possibly as early as this year.

Lead exposure can affect nearly every system in the body, and there is no safe level of lead in blood for children, according to the Centers for Disease Control and Prevention guidelines.

Last week, the Detroit public school system shut off water across the district, before its 47,000 students started school on Tuesday, after finding higher-than-expected levels of lead or copper at some schools. Officials said schools would pass out bottled water until new water coolers arrived.

In most cases, water problems are a result of old plumbing that contains lead, not municipal water supplies. Water that sits in school pipes over weekends or school breaks tends to have higher lead concentrations, experts say.

A July report by the U.S. Government Accountability Office found that 43% of school districts it surveyed had tested for lead in 2016 or 2017. Of those, about 37% showed ele-



After finding elevated levels of lead or copper at some schools, Detroit public schools installed coolers and supplied bottled water.

PAUL SANCYA/ASSOCIATED PRESS

vated lead in drinking water, as defined by the districts. About 41% of school districts hadn't tested for lead in the 12 months before completing the survey, and 16% said they didn't know if they had tested.

All school districts that detected elevated lead reported taking steps to reduce or eliminate the exposure, the report said, including by replacing

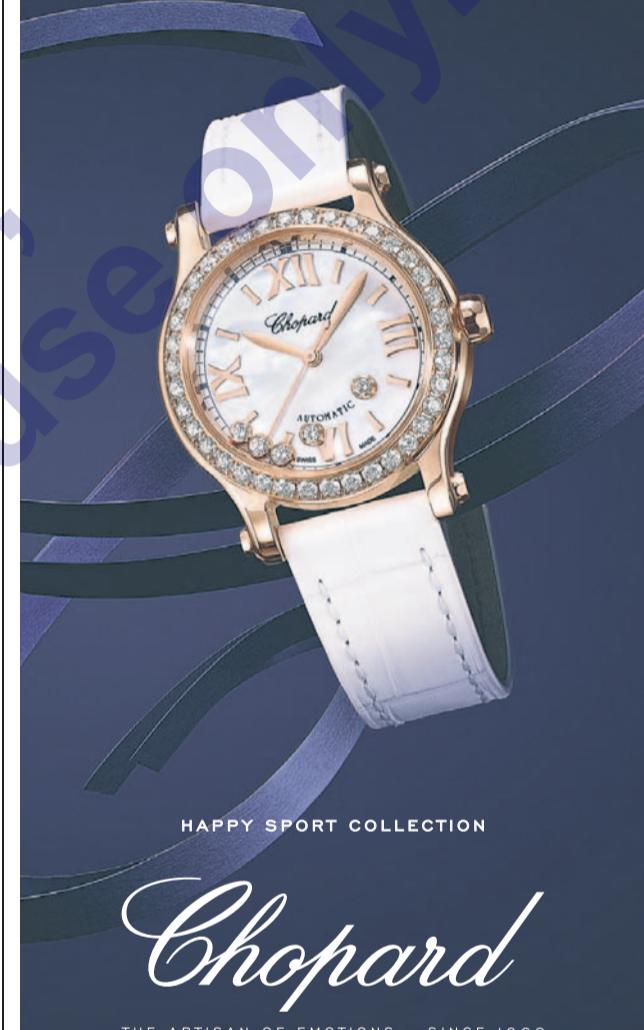
water fountains, installing filters or new fixtures or providing bottled water.

In the past few weeks, Pueblo City Schools in Pueblo, Colo., concluded its first-ever water testing at its 31 schools. Of more than 580 water fountains and other fixtures tested, the district disabled or repaired 27 that had lead above 15 ppb, the EPA's standard for public water systems.

"The majority of our schools are aging facilities," said Dalton Sprouse, a spokesman for the district. Now that the district has its test results, he said, it can take further action if the EPA lowers its guidance for lead in water.

Indiana officials also chose a standard of 15 ppb lead and found that 8% of fixtures in schools statewide were above that level. In Warrick County, 11 of 17 schools had at least one fixture over the level.

Brad Schneider, superintendent for the Warrick County School Corp., said he immediately replaced the fixtures. "You can't solve a problem when you don't know you have a problem," he said.



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Detroit Federation of Teachers President Ivy Bailey helped with water bottles at Noble School Tuesday.

## Deficit Widens Amid Trade Talks

BY PAUL KIERNAN  
AND PAUL VIEIRA

WASHINGTON—The U.S. trade deficit is widening even as the Trump administration pushes Canada, Mexico, China and other countries to recast their economic relations with the U.S.

The Commerce Department said Wednesday that the deficit for the first seven months of the year hit \$337.9 billion, up \$22 billion from a year earlier to its highest level in a decade. A strong domestic economy is boosting imports while exports are jostled by U.S. trade confrontations and slowing growth abroad.

High-level talks between the U.S. and Canada resumed

Wednesday, as part of a Trump administration effort to rewrite the North American Free Trade Agreement. The U.S. has already reached a deal with Mexico, but has strained to resolve differences with Canada over dairy trade, the role of independent tribunals to resolve disputes, and other matters.

"Right now we're in very intense negotiations" with Canada, President Trump said Wednesday. "If it doesn't work out that's going to be fine for the country, for our country. It won't be fine for Canada, but we love Canada."

Following a morning meeting with U.S. Trade Representative Robert Lighthizer, Canadian Foreign Minister Chrystia Freeland said she was con-

vinced "a deal is possible." She added both sides are exhibiting good will at the negotiations, and the tone is positive. Canadian Prime Minister Justin Trudeau said early Wednesday that maintaining a dispute-resolution system and a cultural exemption for Canada's broadcasting sector in a revised Nafta are paramount.

"We have red lines that Canadians will not accept," he told Edmonton radio station CHED 630. "We know we have a president who doesn't always follow the rules as they are laid out."

Canadian voters largely back Mr. Trudeau's approach on the Nafta talks. The Wednesday results from a weekly tracking poll by Ottawa-based Nanos Research show support for the in-

cumbent Liberal government rose as of Aug. 31 to 40%, up from a recent low of 33% in late May, or around the same time the U.S. imposed tariffs on Canadian steel and aluminum.

Mr. Trump has made narrowing the national trade deficit one of his top economic priorities. As part of that, the Trump administration has imposed tariffs on steel, aluminum, washing machines and a range of goods from China, in addition to trying to renegotiate Nafta.

The U.S. ran a deficit in goods with Canada during the first seven months of the year of \$11.2 billion. However, the U.S. ran an even larger surplus in services trade with Canada, giving the U.S. a net surplus.

## Judge Questions Health-Law Defense

BY TAWNELL D. HOBBS  
AND STEPHANIE ARMOUR

FORT WORTH, Texas—A federal judge overseeing the latest lawsuit challenging the Affordable Care Act questioned claims from Democratic attorneys general defending the health law during oral arguments Wednesday.

The line of questioning from U.S. District Judge Reed O'Connor often echoed assertions made by the Republican officials from 20 states who brought the suit. They argue the ACA is illegitimate now that Congress has repealed the law's tax-based penalty on people who don't have health insurance.

The Supreme Court has upheld the ACA based on Congress's taxing power, and the challengers say the repeal of the tax provision effectively removed the law's constitutional basis.

"There is no real true mandate, because the tax is eliminated," said Darren McCarty, special counsel for the Texas Attorney General's office, who argued in court to end the health law. "The ACA is unconstitutional on its face."

The U.S. Justice Department has joined the case, though it is asking the court to invalidate key planks of the ACA rather than tossing out the entire law. Those provisions include a prohibition barring insurers from denying coverage to people with pre-existing conditions.

Judge O'Connor, who was appointed by former President George W. Bush, said he would issue a decision as quickly as possible.

If he strikes down the ACA or parts of it, the 16 Democratic attorneys general who intervened in the case would likely seek a stay of the decision as they file an appeal.

The case could wind up at the Supreme Court.

Attorneys representing the Democrats said millions of people with pre-existing conditions could be harmed if the ACA is tossed. "The harm of striking down the ACA...would be devastating," said Nimrod Elias, a California deputy attorney general.

In eliminating the tax-based penalty starting in 2019, Congress technically left in place the mandate that people must have insurance, although it will be unenforceable when the penalty expires. Mr. Elias faced numerous questions from Judge O'Connor on whether ending the tax-based penalty killed the entire mandate.

The case has renewed the debate over the ACA in the final sprint to the November midterm elections. Democrats are seeking to portray Republicans as attacking the health law, especially its protections

for people with pre-existing conditions.

GOP candidates say they are continuing to push for the elimination of a law they consider an invasive government overreach.

The lawsuit also raises the possibility that the ACA could be struck down, at least tentatively, in the weeks before the election.

The law itself goes far beyond the insurance requirement. It includes an expansion of the Medicaid program, subsidies for roughly 10 million people who buy health insurance on the ACA's individual markets, requirements for employer-provided health coverage, and taxes on parts of the health-care industry.

Judge O'Connor focused for some time on the notion of "severability," examining which parts of the law could be found unconstitutional without the insurance penalty.

## U.S. NEWS

# White House Hunts for Inside Critic

By MICHAEL C. BENDER

WASHINGTON—White House aides launched a search for the anonymous author of an opinion column who claimed Wednesday to be part of a secret group of officials inside the administration acting as a check on President Trump's "worst inclinations."

An angry president called the New York Times piece "a disgrace," slammed its author as "gutless" and demanded that the newspaper reveal the identity of the author.

The writer was identified only as a senior administration official. A New York Times spokeswoman declined to comment when asked for a description of that term.

"This is the stuff we have to deal with, and, you know, the dishonest media," Mr. Trump told reporters at the White House when asked about the column. The president was ready for the question, responding with a list of what he said were his administration's accomplishments, including low unemployment.

Later in the day, Mr. Trump tweeted a video of his response to the op-ed and followed it with a second tweet that read simply, "TREASON?"



**President Trump denounced the anonymous administration official who published an op-ed severely critical of his leadership.**

Another tweet said: "If the GUTLESS anonymous person does indeed exist, the Times must, for National Security purposes, turn him/her over to government at once!"

In the West Wing, top officials canceled afternoon meetings and huddled behind closed doors to strategize about how to expose the author, White House officials said. Some officials called reporters to chase down rumors about who was behind the op-ed, and whether it came from inside the White House or a cabinet-level agency.

White House press secretary Sarah Sanders said in a statement that the op-ed was written by a "gutless, anonymous source." Both she and Mr. Trump referred to the Times as "failing," despite statistics from the company showing subscriptions have increased since his election.

"The individual behind this piece has chosen to deceive, rather than support, the duly elected president of the United States," Ms. Sanders said. "He is not putting country first, but putting himself and his ego ahead of the will of the American people. This coward should do the right thing and resign."

Since its inception, the Trump administration has included some senior officials, both con-

servative and more liberal, who have sought to curb Mr. Trump's direction, according to people familiar with the matter.

Steve Bannon, the president's former chief strategist, directed junior staffers to ignore direct orders from the president, these people said. On trade policy, Gary Cohn, his former top economic adviser, often slowed the president's attempts to implement his protectionist instincts, these people said.

The hunt for the anonymous writer came on a day when the White House was busy responding to the author of the latest critical book about the Trump presidency.

Coverage of the manuscript from Bob Woodward, a Washington Post editor and author of a dozen best-selling nonfiction books, was being closely monitored by the president.

In the White House earlier Wednesday, reporters asked Mr. Trump about a trade deal he plans to sign with South Korea. He responded by referring to a passage in Mr. Woodward's book alleging that Mr. Cohn removed papers from the Oval Office desk that would have pulled the U.S. out of the Korea Free Trade Agreement before Mr. Trump could sign them, calling it "totally false."

# North Carolina Voter Records Sought by ICE

By VALERIE BAUERLEIN AND ALICIA A. CALDWELL

operating under the agency's newly created Document and Benefit Fraud Task Force.

Robert Higdon, the U.S. attorney for the Eastern District of North Carolina, declined to comment.

A federal-law enforcement official said the requests are part of an investigation into voter fraud in which 19 foreigners were charged or indicted last month in North Carolina. The official wouldn't provide further details.

Wake County Commissioner John Burns, a Democrat, asked Mr. Higdon, a Trump appointee, in a letter to offer an explanation for the subpoenas to avoid the perception that the investigation was a "partisan effort to interfere with the vote."

President Trump has previously claimed that voter fraud was rampant in the 2016 presidential election.

A voter integrity commission launched during Mr. Trump's first year in office was closed in January after providing no evidence of widespread fraud.

The North Carolina election board said its own audit of the 2016 election found 41 non-U.S. citizens casting ballots out of 4.7 million total ballots.



Democratic Sen. Patrick Leahy, top left, and Republican Sen. Chuck Grassley, bottom left, questioned Supreme Court nominee Judge Brett Kavanaugh on a number of issues at the hearing on Wednesday.

## Kavanaugh Is Pressed On Views

### Exchanges on Key Issues for Court Pick

Excerpts from Wednesday's Senate hearing with Supreme Court nominee Brett Kavanaugh

#### ROLE OF PERSONAL BELIEFS

**Sen. Chuck Grassley (R., Iowa)**

Have you ever followed precedent of the Supreme Court when doing so conflicted with your personal beliefs?

**Judge Kavanaugh**

My personal beliefs are not relevant to how I decide cases.

#### ABORTION RIGHTS

**Sen. Dianne Feinstein (D., Calif.)**

What would you say your position today is on a woman's right to choose?

**Judge Kavanaugh**

As a judge—

**Sen. Feinstein**

As a judge.

**Judge Kavanaugh**

As a judge, it is an important precedent of the Supreme Court.

#### SUBPOENA OF A PRESIDENT

**Sen. Feinstein**

the president who appointed them. U.S. v. Nixon—in which the court unanimously ordered then-President Richard Nixon to turn over potentially incriminating audiotapes in the Watergate scandal—is "one of the four greatest moments in Supreme Court history," he said.

He also cited one of his own D.C. Circuit Court opinions siding with Salim Hamdan—a driver for terrorist leader Osama bin Laden—who challenged his conviction for "ma-

terial support for terrorism" before a Guantanamo military commission. Judge Kavanaugh agreed with Mr. Hamdan that material support wasn't a war crime, and therefore the commission had no jurisdiction over it—a position at odds with the Bush and Obama administrations.

Sen. Patrick Leahy (D., Vt.) asked the nominee: "President Trump claims he has an absolute right to pardon himself. Does he?"

personal interest to impact your decision?

**Judge Kavanaugh**

Senator, I'm an independent judge. For 12 years, I've been deciding cases based on the law and the precedent in each case. If confirmed to the Supreme Court, that's how I'll do it as well—be part of a team of nine. I'll decide cases based on the Constitution, the law, the precedents.

#### LIMITS ON PARDONS

**Sen. Patrick Leahy (D., Vt.)**

Does the president have the ability to pardon somebody in exchange for a promise from that person they wouldn't testify against him?

**Judge Kavanaugh**

Senator, I'm not going to answer hypothetical questions of that sort. And there's a good reason for it. When judges, when we decide, we get briefs and arguments of the parties, we have a record, we have an appendix with all of the information, we have amicus briefs, and I never decide anything alone.

#### IMPACT OF DECISIONS

**Sen. Lindsey Graham (R., S.C.)**

I want to give you a chance to say some things to the people that attended this hearing. I think there's a father of a Parkland student who was killed. I think there's a mother of a child who has got terrible health-care problems, and there are many other people here with personal situations. What would you like to say to them, if anything, about your job as a Supreme Court justice?

**Judge Kavanaugh**

Senator, I understand the real-world effects of our decisions. In my job as a judge for the last 12 years, I've gone out of my way in my opinions and at oral arguments, if you listen to oral arguments, to make clear to everyone before me that I understand the situation, the circumstances, the facts...

And I have not lived in a bubble and I understand how passionately people feel about particular issues, and I understand how personally people are affected by issues. And I understand the difficulties that people have in America.

Sept. 11, 2001, terrorist attacks changed his views. "After Sept. 11, I thought very deeply about the presidency," he said. "And I thought very deeply about the independent counsel experience. And I thought very deeply about how those things interacted."

Still, he said, these previous articles and speeches on executive power were largely suggestions for Congress to consider, not clues on how he might rule as a Supreme Court justice.

Sen. Dianne Feinstein of California, the committee's senior Democrat, questioned the nominee's views on gun regulation and abortion rights.

Judge Kavanaugh had dissented from a decision upholding a District of Columbia ordinance banning semiautomatic weapons. "You specifically argue that the D.C. assault weapons ban was unconstitutional," Ms. Feinstein said, "because you said these weapons were in common use." She asked him to explain that position, which is at odds with that of most federal courts.

Judge Kavanaugh acknowledged Ms. Feinstein's "long leadership on that issue"—a San Francisco supervisor in 1978, she became mayor after her predecessor was gunned down—but turned to an abstruse discussion of precedent that he said required his result.

Ms. Feinstein interrupted. "I think we're on totally different wavelengths," she said. "I'm talking about your statement on common use, as common use being a justification. And assault weapons are not in common use."

But semiautomatic rifles are, Judge Kavanaugh said, adding he regrets gun violence. "I grew up in a city plagued by gun violence and gang violence and drug violence. So I fully understand, as I explained in the opinion, the importance of this issue."

"The question of self-pardons is something I have never analyzed," Judge Kavanaugh said, adding that as a hypothetical he couldn't answer anyway.

Mr. Leahy pressed forward. Could the president "pardon somebody in exchange for a promise from that person they wouldn't testify against him?"

"I'm not going to answer hypothetical questions of that sort," the nominee said.

He gave a similar response

to a question about a presidential subpoena.

His views on presidential power interest Democrats not only because issues involving Mr. Trump could reach the Supreme Court, but because of Judge Kavanaugh's background.

He served on the independent counsel team that investigated then-President Bill Clinton in the 1990s, but later wrote that working for the Bush administration after the

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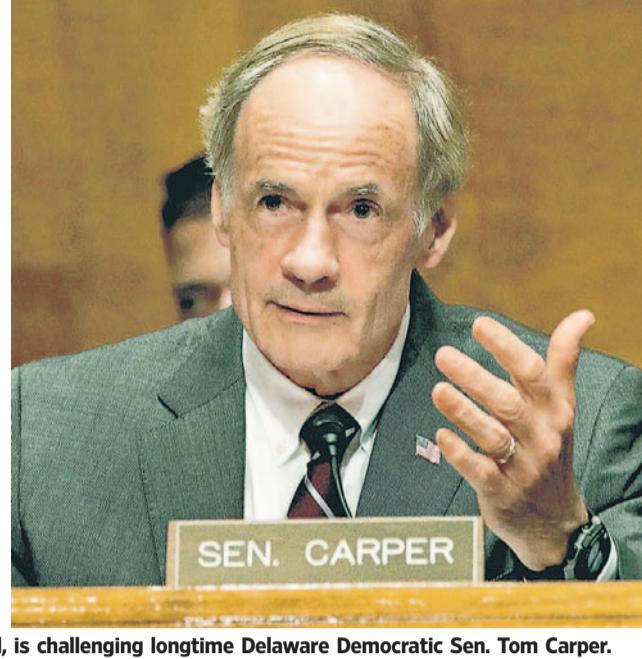
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## U.S. NEWS



Kerri Evelyn Harris, center, who was joined by Alexandria Ocasio-Cortez, right, at an August town hall, is challenging longtime Delaware Democratic Sen. Tom Carper.



# Trump: Shutdown Possible Over Wall

BY VIVIAN SALAMA AND KRISTINA PETERSON

WASHINGTON—President Trump on Wednesday wouldn't rule out a government shutdown at month's end, despite a full-court press from congressional leaders to avoid a politically damaging showdown just weeks before November's midterm elections.

"If it happens, it happens," said Mr. Trump, who is intent on securing more funding for the wall along the U.S.-Mexico border.

The government's current funding expires at 12:01 a.m. Oct. 1, and congressional GOP leaders have been trying for weeks to persuade Mr. Trump to avoid any legislative drama that could jeopardize their prospects of retaining GOP majorities in both chambers.

Earlier Wednesday, House Speaker Paul Ryan (R., Wis.) said he was confident he wouldn't need to direct Mr. Trump away from a government shutdown. "That's not in anyone's interest, and he knows that," Mr. Ryan told reporters.

But shortly before a meeting with the Republican House and Senate leadership Wednesday afternoon, Mr. Trump said that "if it's about border security, I'm willing to do anything" to secure it. "We have to protect our borders," he added.

GOP aides said after the meeting with Mr. Trump that they remained confident the government wouldn't be closed. Mr. Trump has often shifted his position on legislation, including threatening to veto a spending bill that he later signed.

# Activists Target Delaware Senator

BY REID J. EPSTEIN

**ELECTION 2018**  
port to score a shocking upset. The U.S. Senate race in Delaware is one of a handful of contests in the next week that will determine the strength of Democratic activists and the direction of the party in states long dominated by machine politics. The Democratic governors of New York and Rhode Island each face primary challenges from their left.

In an interview Wednesday, Ms. Harris said her race is about "breaking up the establishment" that has long ruled Delaware's politics. "If we only depend on pipeline politicians and people who have law degrees from certain schools, we're going to continue to have legislation that forgets the rest of us," she said.

Mr. Carper, who went to business school, not law school, has decades of experience that are invaluable to the state, campaign spokeswoman Christine Brennan said Wednesday. "Tom Carper talks to Delawareans every day who

make it clear that they want someone...who has experience getting things done," she said.

While the recent progressive victories have given momentum to the liberal wing of the party, they are the exceptions rather than the rule in the 2018 primary season. Still, many

lost August primaries for Michigan governor and a Kansas congressional seat.

Still, the progressive breakouts illustrate a broader frustration with the party's base eager for a generational change in leadership.

In Delaware, the contrast between the candidates could hardly be greater. Mr. Carper, 71 years old, is the last remaining Vietnam War veteran in the Senate.

A centrist Democrat who voted to build the Keystone XL pipeline in 2014 and to confirm Judge Brett Kavanaugh to the D.C. Court of Appeals in 2006, Mr. Carper is a three-term incumbent who has won 12 statewide elections without a defeat in the past 42 years.

Ms. Harris, 38, is a community activist and Air Force veteran whom the News Journal in Delaware noted is "only a few years removed from serving fried chicken at Royal Farms," a local fast-food joint where she worked.

She is calling for a \$15 minimum wage, forgiving student-loan debt and a Medicare-for-all health-care system.

Mr. Carper in recent months has adopted the \$15 minimum wage platform, but during a debate last week, he denounced the idea of federal student-loan forgiveness.

Mr. Carper has offered implicit rebukes to the party's activist wing. "Service is not about making headlines," he says in a campaign video. "It's about dedicating your life to the job."

Mr. Carper has taken the challenge from Ms. Harris seriously. He has distributed robocalls from former Vice President Joe Biden, a former U.S. senator from Delaware, and rallied support from the state's Democratic power brokers.

Ms. Harris has had significant support from liberal outside groups aiming to take advantage of what is expected to be a low-turnout primary in a small state.

## Sessions Eyes Social Platforms

Continued from Page One  
that simply said "Google."

Technology stocks tumbled across the board as Ms. Sandberg and Mr. Dorsey testified, a sell-off that hit not just social-media titans but also chip makers and online streaming services. Facebook fell 2.3% while Twitter sank 6.1%, and Google lost about 1%.

The day's actions produced a split-screen effect: As most Republicans and Democrats on the Senate Intelligence Committee zeroed in on whether the U.S. midterms are sufficiently safeguarded against Russian interference, the Trump administration and its allies in Congress doubled down on longstanding complaints that the platforms are allegedly biased against supporters of President Trump.

In its statement, Justice Department spokesman Devin O'Malley said the agency listened "closely" to the morning's testimony. He said Mr. Sessions has convened a meeting on Sept. 25 with state attorneys general "to discuss a growing concern that these companies may be hurting competition and intentionally stifling the free exchange of ideas on their platforms."

In the Senate hearing, both tech executives expressed contrition for allowing their platforms to be abused in the past while pledging to make protecting their systems during the 2018 midterm elections a priority.

Ms. Sandberg said Facebook has made changes to its platform to make political ads more transparent and suppress demonstrably false news. Mr. Dorsey said Twitter was important to public discourse.

The hearings were occasionally interrupted by the presence of far-right agitators. Alex Jones, the founder of conspiracy site Infowars, attended the Senate hearing and occasionally filmed the proceedings. Accounts operated by Mr. Jones have been briefly suspended by many tech companies, including Twitter and Facebook.

By the afternoon session in the House Commerce Committee, allegations of anticonservative bias had taken on a more prominent role. Many of the



Facebook Chief Operating Officer Sheryl Sandberg prepares to testify Wednesday before the Senate Intelligence Committee.

### Google's Empty Chair Gets Starring Role at Hearing

Alphabet Inc. played the role of punching bag at Wednesday's congressional hearing, even if none of the search giant's executives were on hand to absorb the blows.

Alphabet, Google's parent company, declined to send Chief Executive Larry Page to appear at the Senate Intelligence Committee hearing. Mr. Page's absence at times threatened to overshadow the remarks of the other tech executives and drew the ire of some lawmakers.

In noting the empty chair, senators chided the internet company for failing to publicly address key issues around the use of online platforms. The public beating could expose Google to even further scrutiny by policy makers, several of whom have

recently proposed measures to regulate the search giant, including privacy protections and a potential antitrust review.

"Given its size and influence, I would have thought that leadership at Google would have wanted to demonstrate how seriously it takes these challenges and to actually take a leadership role in this important discussion," Sen. Mark Warner (D., Va.) said. "Unfortunately, they didn't choose to make that decision."

Google had offered to send Kent Walker, its top lawyer, to appear at the hearing, but last

Republicans' questions focused on search restrictions implemented by Twitter that made it harder for a time for users to access accounts of Reps. Jim Jordan (R., Ohio), Mark Meadows (R., N.C.) and Matt Gaetz (R., Fla.), among others.

Some lawmakers saw the Justice Department statement as an effort to distract attention from the conversation about Russian election interference. In a statement, Sen. Mark Warner (D., Va.) said he had "serious concerns" that the Justice Department was relying on the "debunked idea that platforms censor conservative perspectives."

A Justice Department spokesman said alleged stifling

of viewpoints has been a longstanding concern of Mr. Sessions and the meeting had been in the works before Wednesday morning's hearing.

In an interview with the Daily Caller, Mr. Trump accused social-media companies of interfering in elections in favor of Democrats. Democrats and some former

government officials have accused Mr. Trump, a Republican, of not taking the threat of election security seriously enough. Mr. Trump has repeatedly been dismissive of the Russian threat and at times indicated he trusts Russian President Vladimir Putin's denials about election hacking more than the unanimous assessments of his own U.S. intelligence community.

Other parts of the Trump administration have dedicated increased attention and resources to trying to protect the midterms from foreign interference.

Speaking across town on Wednesday, Gen. Paul Nakasone, the chief of U.S. Cyber Command and the National Security Agency, said there was "nothing more important" at his agencies than the security of the midterms elections.

April Doss, who served as senior counsel for Senate committee's Russia investigation until earlier this year, said the Justice Department statement was "puzzling."

"The hearing's focus was very clearly foreign influence operations and how it can be manipulated by people who have malign intent," said Ms. Doss, a partner at the law firm Saul Ewing and a former National Security Agency lawyer.

"The DOJ statement did not appear to be about that."

—Sadie Gurman contributed to this article.

## Bezos Dips His Toe in Politics at Super PAC

BY REID J. EPSTEIN

Amazon founder Jeff Bezos and his wife are making their first major foray into politics with a \$10 million contribution to a super PAC that aims to elect military veterans to Congress.

The contribution introduces Mr. Bezos, who also owns the Washington Post, to a class of political megadonors that includes Las Vegas casino magnate Sheldon Adelson and California billionaire Tom Steyer, who have each poured more than \$100 million into elections over the past decade.

But unlike with Messrs. Adelson and Steyer, the Bezos contribution isn't to a partisan political organization. Instead, it is to With Honor Fund, a year-old super PAC that backs veterans of both major parties who are running for House seats.

Federal Election Commission filings show the organization had raised \$7 million between its launch this past October and the end of July.

Rye Barcott, the founder of With Honor Fund, said the Bezoses shared his group's goal of building a "cross-partisan coalition" of House members willing to work with the other party.

"They perceive themselves to be pretty nonpartisan," Mr. Barcott said. "The idea of doing something different and disruptive appealed to them, along with our focus on values and integrity in our national discourse."

A Bezos spokesman confirmed the contribution.

With Honor Fund is backing 33 House candidates now running—19 Democrats and 14 Republicans. Mr. Barcott said the PAC does "no screening for ideology," but rather seeks out a "common bond of service and commitment to the country."

Mr. Barcott said With Honor Fund backs candidates who agree to its three-point pledge, which calls for integrity, civility and courage.

Mr. Bezos, whom Forbes magazine in March ranked as the world's richest man with a net worth of more than \$150 billion, has to this point not been an active campaign donor.

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## Wells Fargo Middle Market Banking expands in Northeast

Wells Fargo's Middle Market Banking group announced April 23, 2018 that it has opened a regional office, rounding out the bank's New England expansion.

Middle-market companies drive the U.S. economy as an important engine of job creation. More than 200,000 companies — mostly privately held — generate more than \$10 trillion in annual revenues.

"Our mid-market commercial operations model is to have local representation backed by specialized resources, whether that's industry expertise or specific financial capabilities that our bank can provide," said Gregory O'Brien, New England division manager. "We work with those resources, to deliver comprehensive financial services and solutions to our customers."

Wells Fargo is No. 1 in total middle-market banking share in the U.S. With 140 offices in 38 states and four Canadian provinces, Wells Fargo Middle Market Banking provides local service and decision making for businesses with \$20 million to \$500 million-plus in annual sales. Asset-based lending, traditional secured loans, and capital markets provide access to working capital for day-to-day operations and growth.

Source: Barlow Research Middle Market Rolling 8 Quarter Data 1Q2016-4Q2017

## Wells Fargo and NextEra Energy join together to fuel low-carbon economy throughout the U.S.

Following Wells Fargo's \$200-billion low-carbon commitment, its Renewable Energy and Environmental Finance unit announced on April 23, 2018 the completion of \$70 million in tax-equity funding for the Pacific Plains wind projects, including facilities in Indiana, Nebraska, and California.

Over the past decade, Wells Fargo has teamed with NextEra Energy on 14 wind projects throughout the U.S. that will collectively generate more than 5 million megawatt-hours of clean energy each year.

NextEra Energy, North America's largest renewable-energy power company, developed and built the Pacific Plains wind projects and also operates and manages the new facilities that supply power to local utilities.

"Wells Fargo's investment in the Pacific Plains projects continues our commitment to the U.S. renewable energy market and the advancement of clean energy," said Barry Neal, co-head of Wells Fargo Renewable Energy and Environmental Finance. "We're especially pleased to continue our long-standing relationship with NextEra, focusing on our nation's energy needs today and for the future."

Wells Fargo is helping to fund the shift to a low-carbon economy and promoting environmental sustainability through products and services, operations and culture, and philanthropy. On April 19, Wells Fargo announced that it will provide \$200 billion in financing through 2030

to sustainable businesses and products. More than 50 percent of the financing will be focused on companies and projects like Pacific Plains that directly support the transition to a low-carbon economy, including clean technologies, renewable energy, green bonds, and alternative transportation.

The remainder of the financing will support companies and projects focused on sustainable agriculture, recycling, conservation, and other environmentally beneficial activities.



Wells Fargo's sustainable finance goal announced in 2012 — to provide \$30 billion by 2020 — was met five years early in 2015. Since 2012, the company has invested and financed more than \$83 billion in renewable energy, clean technology, greener buildings, sustainable agriculture, and other environmentally sustainable businesses.

### In 2017 alone, Wells Fargo:

- Invested \$12 billion in sustainable businesses
- Donated \$22.5 million to support nonprofits, universities, and community organizations focused on environmental sustainability and education, development and commercialization of clean technologies, and strengthening community resiliency

Also last year, Wells Fargo announced a \$20-million expansion of its Innovation Incubator (IN2), which advances emerging clean technologies and startups. The \$30-million program, co-administered by Wells Fargo and the U.S. Department of Energy's National Renewable Energy Laboratory, is expanding beyond supporting entrepreneurs developing commercial building clean technologies to other focus areas. IN2 has implemented a Channel Partner Award program that has funded 20 early stage startups nationwide.

Source: Wells Fargo & Company 2017 Corporate Social Responsibility Report

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## Wells Fargo supports Matchesfashion.com in taking on the fashion world

When Tom and Ruth Chapman opened their small clothing boutique in London's Wimbledon Village in 1987, they knew they would have to remain on their toes to succeed in the ever-changing world of fashion. With the rising popularity of the internet and social media, their company — Matchesfashion.com — shifted from relying on local customers and word-of-mouth advertising to meeting the demands of a global marketplace.

"We've seen this change over the past 30 years — and it's really accelerated over the last 10 years, largely due to digital and social media — where suddenly brands that used to take years and years to establish any positioning in the world have suddenly become

instantly recognizable to consumers," said Tom Chapman.

With nearly 90 percent of its sales online, Matchesfashion.com relies on Wells Fargo to help manage its working capital and the complexities of conducting international transactions.

"The relationship with Wells Fargo has been so strong and incredibly supportive to our business — and relationships are so important to us," Chapman said. "They've helped us plan our growth, helped us make decisions for the right reasons, and helped us through this journey."

## Guardian Cap tackles football injuries with Wells Fargo financing

Concerns about head trauma were at the top of the list for Erin and Lee Hanson when the youngest of their five children, Jake, wanted to play football. Fortunately for Jake, his parents didn't just say "no," they searched for a solution to help make the game safer.

In 2010, the couple started Atlanta-based Guardian Innovations, and within a year they began manufacturing the Guardian Cap™, a soft-shell football and lacrosse helmet cover that can absorb up to 33% of the impact in a collision.

As the company has quickly grown, the Hansons have relied on their banking relationship with Wells Fargo — which dates back to the mid-1980s — to help them keep their business financing in step with the continued demand for the Guardian Cap.

"We know that that helmet is

phenomenal at preventing a skull fracture, that's what it was manufactured to do," said Erin Hanson. "But now the concern for football players isn't about skull fractures, it's about brain injuries. So taking the steps toward addressing that and reducing impact made sense."

The Hansons developed the Guardian Cap utilizing exterior padding to improve the engineering structure of the existing helmet, making it flexible and able to more effectively manage energy and mitigate cumulative blows.

"Schools' budgets are such that they can't just wipe out their entire inventory of helmets and start over," Erin Hanson said. "So we decided, what if we just retrofit what these schools already have, and we can do it inexpensively and in a one-size-fits-all model."

Source: [www.guardiancaps.com](http://www.guardiancaps.com)

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## WORLD NEWS

## U.K. Charges Two Russians in Poison Case

London offers evidence against two suspected agents accused of trying to kill former spy

By STEPHEN FIDLER  
AND JASON DOUGLAS

LONDON—British authorities charged two men who they believe are Russian military intelligence officers with the attempted murder of a former spy and his daughter in March, an incident that prompted the largest-ever collective expulsion of Russian diplomats from the West.

Prosecutors charged the men—Alexander Petrov and Ruslan Boshirov, although their names are believed to be aliases—with four offenses related to the poisoning of Sergei Skripal, who has lived in Britain since a 2010 spy exchange with Moscow. The charges also included conspiracy to murder and the use and possession of nerve agent Novichok.

In a statement to lawmakers Wednesday, Prime Minister Theresa May said the attack was almost certainly authorized at “a senior level” of the Russian state. She added that the U.K. government concluded that the suspects are officers from the Russian military intelligence service, also known as the GRU.

“This was not a rogue operation,” she said. “It was almost certainly also approved outside the GRU at a senior level of the Russian state.”

The charges reinforce how the attack—which Moscow denies—continues to provoke profound tensions between Russia and the U.K. and its allies. The U.K. said it wouldn’t seek extradition of the two men, since the Russian constitution forbids it, but that a European Arrest Warrant had been obtained, providing for their arrest if they set foot in the European Union.

Kremlin spokesman Dmitry Peskov said that the U.K. had failed to provide proof that the Russian state was involved in the poisoning, and had refused Russia’s offer to send its own investigators to the U.K. to help investigate the case.

Mrs. May’s spokesman said the prime minister discussed the Salisbury case with President Trump in a phone call late Tuesday. She will be briefing other world leaders in the coming days, he said.

Neil Basu, the U.K. police counterterrorism chief, said Wednesday that the suspects were both about 40 years old and probably traveling under aliases.

They entered the U.K. at London Gatwick airport on a 3 p.m. flight from Moscow on March 2, traveling on public transport and staying in a hotel in east London, he said. On the following day, they traveled by rail to the southern English city of Salisbury,

where the attack occurred, spending less than two hours there on what was likely a reconnaissance trip, before returning to their London hotel.

On March 4, they again went to Salisbury, where police believe they contaminated Mr. Skripal’s front door with the nerve agent. They returned to London by train and traveled by subway to London Heathrow airport, boarding an Aeroflot flight to Moscow that departed at 10:30 p.m.

Mr. Skripal, a 66-year-old former colonel in Russian military intelligence, and his 33-year-old daughter, were critically ill for weeks. They have since stayed at an undisclosed location in the U.K. under protection of British authorities.

In the days after the attack, the U.S., along with Canada and more than a dozen European countries, expelled scores of Russian diplomats and intelligence officers. Russia retaliated by expelling dozens of Western diplomats.

In an escalation, last month the U.S. imposed new sanctions on Moscow and warned it faced further penalties unless it met certain conditions. They included halting the use of chemical and biological weapons, providing assurances that Moscow no longer plans to use them and offering international observers the opportunity to verify that it is meeting these criteria.

The first round of sanctions could prevent hundreds of millions of dollars of sophisticated U.S. equipment from reaching Russian state-owned companies and will require the U.S. to halt aid to Russia, except for urgent humanitarian assistance such as food and agricultural products.

The Senate is set to consider separate sanctions that could affect the banking sector.

The U.K. charges didn’t mention 44-year-old Dawn Sturgess, who died in July, a week after coming into contact with what British authorities said was the same nerve agent used in the attack. Authorities believed she had been inadvertently exposed to items that had been contaminated. British police opened a murder investigation over the death.

Mr. Basu also disclosed more details about how Ms. Sturgess and her partner, 45-year-old Charlie Rowley, were poisoned. Police don’t believe they were deliberately targeted.

Mr. Rowley told police he found a box he thought contained perfume in a charity bin on June 27. Inside the box was a bottle—it turned out to be a counterfeit bottle of Nina Ricci Premier Jour perfume—and an applicator, which he put together at home. Tests showed the bottle contained a significant amount of Novichok, Mr. Basu said.

—James Marson and Ann Simmons in Moscow contributed to this article.



## The Suspects' Trail

Using CCTV footage, police retraced the footsteps of the two men suspected in the attack on an ex-Russian spy. Police say the suspects flew to London from Moscow on March 2, poisoned the agent and his daughter in the city of Salisbury, and then fled back to Moscow on March 4.

## 1) MARCH 2, AROUND 3 P.M.

The suspects in the attempted murder of Russian ex-spy Sergei Skripal and his daughter arrive at London Gatwick airport from Moscow on Aeroflot flight 2588. The two, identified by police as Alexander Petrov, left, and Ruslan Boshirov, right (names that are believed to be aliases) are seen on CCTV footage arriving at City Stay Hotel at 8:05 p.m.

## 2) MARCH 3, 4:11 P.M.

The suspects take a morning train to the city of Salisbury, where the Skripals live, on what police say is a reconnaissance trip, and then are seen at 4:11 p.m. at Salisbury station, waiting for a train back to London.

## MARCH 4, 11:48 A.M.

The men take a morning train back to Salisbury, arriving around 11:48 a.m.

## 3) MARCH 4, 11:58 A.M.

The suspects’ images are captured near the Skripal home hours before the attack.

## 4) MARCH 4, 4:15 P.M.

Police say the Skripals come into contact with the poison at their redbrick home in Salisbury. Sergei and Yulia Skripal are found slumped on a public bench around 4:15 p.m. The two are recovering.

## MARCH 4, 6:30 P.M.

The suspects take a train from Salisbury to London. From there the pair take a subway to Heathrow Airport at around 6:30 p.m.

## 5) MARCH 4, 10:30 P.M.

The two depart for Moscow at 10:30 p.m. on Aeroflot flight 2585. Alexander Petrov is seen in a CCTV image at the airport at 7:28 p.m.

## Pompeo Meets Pakistan Leaders in Bid to Repair Ties

BY SAEED SHAH  
AND NANCY A. YOUSSEF

ISLAMABAD—Secretary of State Mike Pompeo said the U.S. and Pakistan still have a long way to go to reset troubled ties after a visit in which he sought Islamabad’s help in ending the war in Afghanistan.

Relations have soured amid differences over Afghanistan, the presence of militants on Pakistani soil, Washington’s burgeoning relationship with India and Pakistan’s ever-closer ties with China.

The two sides didn’t reach any concrete agreements during the five-hour visit to Pakistan’s capital on Wednesday, but Mr. Pompeo said there were “a lot more discussions to be had” as he boarded a flight to India after meeting with Pakistan’s new leaders.

“We need to begin to do things that will actually on the ground deliver outcomes so that we can build confidence and trust. That was the focus,” he said.

Washington has long accused Pakistan of providing sanctuary to the Afghan Taliban and other jihadist groups, a charge Islamabad denies.

However, Washington has recently shifted its focus from fighting the Taliban to wanting

to forge a peace deal. Pakistan and new Prime Minister Imran Khan have consistently called for a political settlement with the Taliban that would give the group a share of the government in Afghanistan.

The shape of any peace deal remains unclear. U.S. officials met with Taliban representatives in the Gulf state of Qatar

in July, but there is no word on further talks.

Pakistani Foreign Minister Shah Mahmood Qureshi described Wednesday’s talks as positive. He assured the U.S. side of full support in bringing the Taliban into peace talks.

“Our future is linked to Afghanistan. The future of our children is linked to Afghani-

stan,” Mr. Qureshi said. “My peace and stability is linked to Afghan peace and stability.”

But Mr. Qureshi warned that if the U.S. wanted Pakistan to focus on its western border with Afghanistan, it would need to help ease tension on its eastern border with India.

India and Pakistan remain in a nuclear-armed standoff

with frequent exchange of gunfire across their disputed border in the Kashmir region. Pakistan also accuses India of using Afghan soil to support terrorists against Pakistan, an allegation New Delhi denies.

Islamabad believes that in recent years Washington has abandoned its decades-old alliance with Islamabad in favor of India.

President Trump, setting out his South Asia strategy last year, blamed Pakistan for giving sanctuary to terrorists and extending the war in Afghanistan. At the start of 2018, his administration suspended security aid to Islamabad in an attempt to pressure Pakistan to act against militants.

Pakistan says it has taken action against all extremist groups and that no terrorist havens remain in its territory. The U.S. doesn’t agree, and the Trump administration has been pointed in saying so.

Mr. Pompeo on Wednesday “conveyed the need for Pakistan to take sustained and decisive measures against terrorists and militants threatening regional peace and stability,” the State Department said.

Meanwhile, Mr. Khan is a longstanding critic of U.S. intervention in the region who has advocated a sharp break

with the U.S. antiterror alliance in place since 2001. He has called for a phased withdrawal of U.S. troops in Afghanistan. Mr. Khan in his victory speech after the July election called for an end to the “one-sided” relationship with the U.S. in favor of ties that were mutually beneficial.

“I’m a born optimist. A sportsman always is an optimist. He steps on the field and he thinks he’s going to win,” Mr. Khan, a former cricket star, said of Wednesday’s talks.

Ahead of the trip, Washington said it had taken away \$300 million in military aid due to Pakistan. On the plane, Mr. Pompeo confirmed that Zalmay Khalilzad, who has been involved on the U.S. foreign-policy scene in Afghanistan since the 1980s, had been appointed as a special envoy for Afghanistan. Islamabad regards him as an implacable critic.

Pakistan is in a precarious financial position, with dwindling foreign-exchange reserves. In August, Mr. Pompeo had caused concern in Pakistan by saying any International Monetary Fund bailout of Pakistan shouldn’t be used to pay off debt owed to China.

—Waqar Gillani contributed to this article.



U.S. Secretary of State Mike Pompeo met Wednesday with new Pakistani Prime Minister Imran Khan, right, who is a longstanding critic of U.S. intervention in the region.

PAKISTAN PRESS INFORMATION DEPARTMENT/AGENCE FRANCE PRESSE/GTY IMAGES

## WORLD NEWS

# Date Set For Korea Leaders' Summit

BY JONATHAN CHENG AND DASL YOON

SEOUL—North Korean leader Kim Jong Un is “unequivocally committed to de-nuclearization” but feels constrained by international doubts about his true motives, South Korea’s national security adviser said Thursday, after returning from a roughly 12-hour-long visit to Pyongyang a day earlier.

South Korean National Security Adviser Chung Eui-yong, who led a special delegation of senior South Korean security officials to the North Korean capital, met with Mr. Kim on Wednesday and shared “in-depth and wide-ranging discussions concerning various pending issues on inter-Korean relations,” he said Thursday.

The Wednesday meeting, aimed at reinvigorating stalled diplomatic efforts with North Korea, also set a date for a third meeting between Mr. Kim and South Korean President Moon Jae-in, this time in Pyongyang from Sept. 18-20.

Mr. Chung said that the two Koreas had agreed to open a joint liaison office on the north side of the inter-Korean border ahead of the summit meeting. The two Koreas first decided to open such an office during Messrs. Kim and Moon’s first meeting in late April, but setbacks in talks between Washington and Pyongyang have delayed the move.

On North Korea’s nuclear arsenal, Mr. Chung said Mr. Kim reconfirmed to the South Korean delegation “his determination to completely denuclearize the Korean Peninsula,” but said that the North Korean leader expressed frustration that the international community wasn’t acknowledging the practical steps he was taking.

# Quake Triggers Landslide in Japan

By ALASTAIR GALE

TOKYO—A strong earthquake hit rural northern Japan early Thursday, triggering a landslide that buried part of a village and closed a second major airport, after a typhoon shut down another one in the west of the country earlier this week.

The epicenter of the quake, which hit around 3:08 a.m. local time, was near the town of Chitose on the island of Hokkaido, the location of the main airport for the region.

The quake had a magnitude of 6.6, according to the U.S. Geological Survey. No tsunami alert was issued.

The airport will remain closed all Thursday after sustaining structural damage, including collapsed walls and burst water pipes.

Two people were confirmed dead in the quake, said chief government spokesman Yoshihide Suga. He said the government was sending in 25,000 members of the nation’s military, the Self-Defense Forces, to help with rescue and recovery. Public broadcaster NHK said 39 people were missing, including in the village of Atsuma, where a mountain ridge slid down on top of some homes.

Virtually all of Hokkaido, or 2.95 million homes, was without power, Mr. Suga said.

A local nuclear reactor switched to backup diesel generators to keep spent fuel rods cool.

“We will work closely with local authorities and do all in our power to rescue those affected, evacuate local people and restore essential services,” Prime Minister Shinzo Abe said at an emergency meeting with cabinet ministers.

The Japanese archipelago is one of the most earthquake-prone areas of the world. An earthquake in another area of northern Japan in 2011 triggered a tsunami that destroyed a large area of coastline, killing nearly 20,000 people.



HIROKI YAMAUCHI/KYODO/ASSOCIATED PRESS

A road was damaged in Sapporo, Hokkaido, after an earthquake struck the northern Japanese island early Thursday.

# Airport Closure Threatens Tourism

By MEGUMI FUJIKAWA AND SURYATAPA BHATTACHARYA

TOKYO—Japan’s tourism boom is at risk after its No. 1 gateway for Asian visitors was knocked out by the nation’s most powerful typhoon in 25 years.

Kansai International Airport in Osaka, long seen as vulnerable to flooding in the event of a storm, remained closed on Thursday. The airport initially estimated that 3,000 travelers were stranded there, but Yoshiyuki Yamaya,

chief executive of the airport operator, said Thursday that about 8,000 people, including employees, had been stuck.

He said evacuation of passengers by boat and bus from the artificial island where the airport is located was completed, although a few stayed behind to wait for flights to resume.

The bridge that links the island with the mainland was hit by a tanker that broke loose from its mooring in the storm, isolating the airport between Tuesday afternoon and Wednesday morning.

Catryne Modena, 22 years old, an undergraduate at Missouri State University who is studying in Japan, was planning to fly with a friend for a vacation in South Korea. They were having lunch at a plaza next to the terminal when the typhoon hit.

“The ceiling and windows started to break and fall into the middle of the plaza,” she said. Then waves triggered by the typhoon started flooding the island, eventually inundating one of the runways.

Prime Minister Shinzo Abe

said Thursday that the airport will reopen for domestic flights by the end of Friday, “and restart international flights as soon as it is ready.”

“The shutdown of Kansai International will give a huge blow to tourism in Osaka,” said Hiroaki Konishi, a director of Freeplus Inc., a Japanese tour operator. Although airports in Tokyo and Nagoya could serve as substitutes, Mr. Konishi said tourists may shun Kansai International, even after it reopens, because of the images of the storm.

# Twin Afghanistan Bombings Hit Shiite Enclave in Kabul

KABUL—Two bomb blasts minutes apart tore through a mainly Shiite Muslim neighborhood in the Afghan capital on Wednesday, killing at least 20 people and wounding 60 others and reviving fears of a growing sectarian conflict in a country already racked with violence.

By Craig Nelson, Ehsanullah Amiri and Habib Khan Totakil



A man injured in a bomb blast in Kabul lies in a hospital. At least 20 people were killed in the twin blasts at a wrestling club.

## Insider Attack Kills U.S. Army Soldier

A high-ranking American soldier became the latest victim of an insider attack in Afghanistan when an Afghan police officer opened fire on a military base in the east of the country, the U.S. military in Kabul said on Wednesday.

Army Command Sgt. Maj. Timothy Bolyard, 42 years old, died from wounds suffered during the assault Monday afternoon at Camp Maiwand, an Afghan government base in the eastern Logar province,

said Lt. Col. Martin O’Donnell, spokesman for the U.S.-led international coalition.

Another American soldier was also hit by gunfire during the attack, which occurred fol-

lowing a meeting of local community and tribal leaders on the base. He was hospitalized in stable condition on Wednesday, Col. O’Donnell said.

The gunman fled after the shooting but was captured and taken into custody by Afghan security forces, said Col. O’Donnell, who disclosed no motive for the attack.

Sgt. Maj. Bolyard’s remains were scheduled to arrive back in the U.S. on Wednesday evening.

He was the highest-ranking enlisted soldier in his unit, part of the elite Security Force Assistance Brigade.

Some 14,000 American military personnel are deployed in Afghanistan, with most of them assigned to the North Atlantic Treaty Organization’s train, advise and assist mission.

—Craig Nelson and Ben Kesling

killed in the attacks.

For the Shias of Dashte Barchi, the blasts were confirmation that there is no place to escape in their neighborhood.

After he heard the boom of the first explosion, Mohammad Taqi, a dentist, rushed out of his clinic, located about 50 yards from the club.

Despite billows of smoke and debris from the blast, he said he counted more than a dozen bodies on the ground.

“I don’t know where to live. They hit our mosques, our schools, and now the wrestling club. I fear one day terrorists will come to my door and kill me,” said Mr. Taqi.

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## WORLD NEWS

# Falling Vaccination Rates Plague Romania

Growing skepticism, part of Europe trend, hinders fight against measles outbreak

BY PIETRO LOMBARDI

BUCHAREST, Romania—Ioan Nechita Gheorghe sat with his 6-year-old son in a hospital in the city of Iasi in northeast Romania this summer as the boy received treatment for measles.

Mr. Gheorghe, 41 years old, hadn't had any of his nine children vaccinated. "We heard that other children became ill or were left paralyzed after being vaccinated."

Romania is fighting a deadly measles outbreak that has seen more than 15,000 people infected with the disease and that has claimed 59 lives since one of Europe's most lethal measles outbreaks in decades started in 2016.

That has thrown a spotlight on plummeting vaccination rates in the poor country, which has emerged as the leading edge of an escalating anti-vaccine trend that has plagued Europe in recent years.

More than 41,000 people were infected with measles in the first half of this year in the wider European region, compared with roughly 24,000 for all of 2017, according to the World Health Organization. By contrast, the U.S. saw about 100 cases during the same period this year.

The hospital where the boy was being treated has seen about 400 cases during the outbreak, putting such a burden on the facility that it has dedicated an entire ward to measles patients.

Mistrust of authorities, a vocal anti-vaccine movement, poverty, irregular supply of vaccines and obstacles to delivering them to Romania's Roma and other marginalized communities have exacerbated disease risks.

"The situation around the country is dramatic," Health Minister Sorina Pintea said.

Skepticism about vaccine safety runs high in the Euro-



Ioan Nechita Gheorghe, 41 years old, says he now favors vaccination after his 6-year-old son was diagnosed with measles.

pean region, according to a 2016 survey of 67 countries by the London School of Hygiene and Tropical Medicine. Seven of the 10 countries with strongest skepticism about vaccination safety were in this region.

In August, Italy's Senate, where antiestablishment parties have a majority, voted to suspend for a year a requirement that parents provide proof of vaccinations to enroll their children in preschools. This summer, Deputy Premier Matteo Salvini blasted a law the previous government passed that raised the number of mandatory vaccines to 10 from four, calling them "absolutely useless and in many cases dangerous."

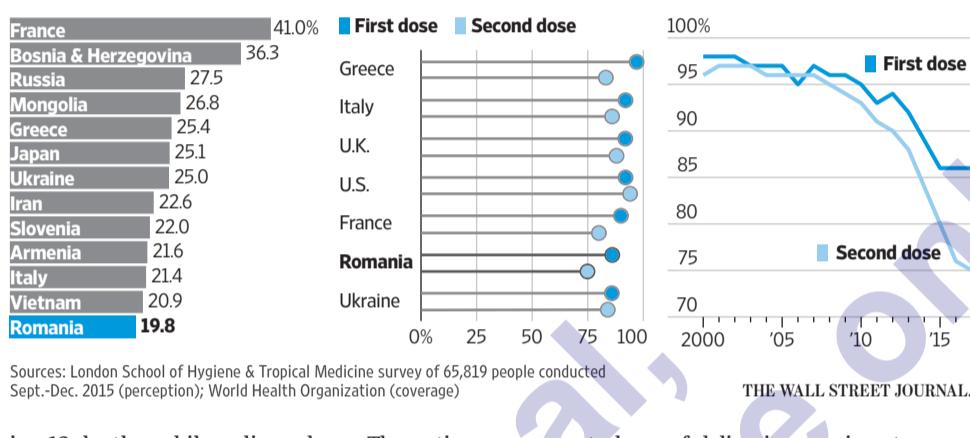
In Poland, an antivaccination movement recently gathered enough signatures to force a parliamentary debate on a proposal to make vaccines voluntary.

In Ukraine, a political firestorm in 2008 over allegations that a teenager's death was linked to a measles vaccine pushed the government to destroy millions of vaccines.

Vaccination rates plummeted to 42% in 2016 from 97% in 2007. Ukraine has had nearly 30,000 cases this year, includ-

## Deadly Threat

Skepticism over vaccine safety has contributed to a plunge in vaccination rates in Romania. The country is fighting a measles outbreak that has claimed 59 lives and infected more than 15,000 people since 2016.



Sources: London School of Hygiene & Tropical Medicine survey of 65,819 people conducted Sept.-Dec. 2015 (perception); World Health Organization (coverage)

ing 13 deaths, while polio and diphtheria have returned. The government is working closely with the United Nations to improve vaccination rates.

In Romania, the antivaccine movement coalesced about a decade ago when the government introduced the HPV vaccine. Local celebrities, religious groups and bloggers pushing a debunked theory that vaccines cause autism egged it on.

The antivax movement also gained strength from Romanians' mistrust of authorities. Ovidiu Covaci, coordinator of a pro-vaccine group, points to scandals involving diluted disinfectant sold to hospitals and the authorities' response to a deadly nightclub fire.

In recent years, low stocks of vaccines, which were poorly distributed, also hurt. In particular, it compounded the difficulties

of delivering vaccines to some itinerant or closed communities.

"If vaccine is not available once, it's difficult to bring people back, in particular those with difficult access," said Miljana Grbic, the WHO's Romania representative.

The share of 1-year-olds in Romania who received the first dose of measles vaccine fell to 86% in 2017, according to WHO figures, among the lowest in

Europe. It was 94% in 2012. Only 75% received the second dose in 2017, the WHO estimates, while in some regions the coverage was just 50%. Health officials recommend 95% coverage to prevent outbreaks.

The government has launched door-to-door information and vaccination campaigns, has lowered the age at which it recommends the first dose, and is encouraging parents to not skip the second doses. Community nurses and social workers are reaching out to rural and marginalized communities.

The government is also supporting a bill presented in 2017 that would require counseling with medical professionals for parents who decline to vaccinate their children. Vaccination isn't currently mandatory in Romania.

That bill, however, is stalled in Parliament. Meanwhile, the government campaigns haven't persuaded Ramona Buzan, a former schoolteacher, to vaccinate her 6-year-old daughter.

"There is a risk in anything you do. If you vaccinate, there's a risk. If you don't vaccinate, there's another risk," she said. Ms. Buzan plans to home-school her daughter if vaccinations become mandatory to enroll in school.

A few months ago, after watching an unvaccinated 3-year-old die from measles complications, Mihnea Hurmuzache, the medical director of the hospital in Iasi, told the parents, "You will carry this burden with you for the rest of your life." They decided to vaccinate their other child.

Mr. Gheorge, whose son was feeling better after a few days of treatment, said he planned to have the rest of his family vaccinated, adding that he would spread the word to fellow parents. "We need to help each other," he said. "I will tell them that the boy had measles and that they must vaccinate their children, because it's important."

—James Marson in Moscow and Drew Hinshaw in Warsaw contributed to this article.

# Iraq Probes Demonstrators' Deaths as Protests Roll On

BY GHASSAN ADNAN AND ALI NABHAN

DUBAI—Iraq's government opened an investigation into the deaths of five men allegedly killed by security forces, as continuing protests against poor government services underscored the growing public anger against the country's political class.

The demonstrations turned deadly when security forces tried to disperse the crowd gathered outside the Basra provincial council building late Tuesday to protest the death of a demonstrator on Monday.

The violence comes amid growing public anger against a political class that continues to wrangle over government formation four months after parliamentary elections, while ordinary Iraqis struggle with electricity and water shortages.

Mahdi al-Tamimi, the head of the Iraqi human-rights commission's Basra office, said security forces were to blame for the deaths and noted they had shot to kill. "The bullet wounds are all above the waist," he said.

The interior ministry didn't



Protesters pushing down concrete blast walls of a government building in Basra on Wednesday.

confirm or deny the protesters' deaths at the hands of security forces but rejected the use of live ammunition. "The matter is being investigated and we ask protesters not to assault public property," it said.

The health ministry said 67 people were wounded, includ-

ing 27 members of the security forces, but didn't state how.

Iraq already faces a daunting list of challenges after three years of war against Islamic State—not least rebuilding devastated areas and preventing the militants who have retreated underground from

regaining traction.

Protests in Basra flared in recent days after thousands of people fell ill because of a contaminated water supply, reigniting demonstrations that posed a serious challenge to the government earlier this summer.

"Suddenly things turned violent," said Ahmed Hadi, who was watching Tuesday's protests from his carpenter's shop near the provincial council building. "People were throwing water bottles at the security forces and there was gunfire everywhere."

Security forces eventually withdrew from the provincial council building, following which the protesters broke in and torched it, according to Mr. Hadi and local officials.

U.N. Special Representative to Iraq Ján Kubiš expressed "deep concern" over the events, calling on Iraqi authorities not to use "disproportionate lethal force" against protesters. He also urged Iraq's political class to speed up the formation of a government capable of meeting protesters' demands.

The new parliament convened Monday for the first time since the May 12 election, which was marred by low turnout and allegations of fraud, but failed to elect a speaker as mandated or agree on a formula for government formation. The session was delayed until Sept. 15.

The stalemate has further undermined Iraqis' dwindling faith that the incoming government will do anything to address their grievances.

Nashaat al-Mansouri, an official in the Basra provincial council, said that political forces might even be fomenting the protests and manipulating legitimate anger to apply pressure on their rivals as they compete for power.

Though Islamic State didn't occupy the predominantly Shiite south where protests have taken place this summer, it has been hit hard by an economic crisis resulting from years of corruption, mismanagement and a plunge in oil prices in 2014.

Most of Iraq's oil, which accounts for nearly all state revenue, is produced in Basra. Hundreds of men from the province died fighting Islamic State, but citizens say they got nothing in return. Protesters have targeted oil facilities this summer but production remains unaffected, with output reaching a record high in August.

—Isabel Coles contributed to this article.

## WORLD WATCH



## CANADA

## Central Bank Holds Key Rate at 1.50%

The Bank of Canada held its benchmark interest rate steady at 1.50% as it signaled that the outcome of North American Free Trade Agreement talks could affect the pace of future rate increases.

In a policy statement, the central bank reiterated its view that higher interest rates will be warranted to keep inflation close to its target of 2%. It said it would continue to take a gradual approach to moving rates higher, guided by incoming data and the economy's reaction to higher rates.

Canada's central bank sets interest rates to achieve and maintain 2% inflation over the long term.

—Kim Mackrael

## MEXICO

## July Plane Crash Tied To Sudden Downdraft

Mexican investigators say a sudden downdraft known as a microburst was apparently responsible for bringing down an Aeromexico jet that crashed belly-down into a field in July.

The transportation department said there was no evidence of pilot error, but acknowledged a trainee was improperly seated in the co-pilot's seat when the plane took off. It said the plane's commanding officer took over controls from the trainee just before the crash.

All 103 people aboard survived, some with injuries, in the July 31 crash.

Many Mexican airports don't have wind shear alert systems.

—Associated Press

## BRAZIL

## Police Seek Charges Against President

Brazil's federal police filed a report seeking to have corruption charges brought against President Michel Temer, which could lead to his suspension from office.

The report said an investigation had obtained evidence Mr. Temer pocketed about \$300,000 in bribes from construction giant Odebrecht, which is at the heart of a regional corruption scandal.

Mr. Temer has survived two previous attempts to charge him. He has denied any wrongdoing.

Brazil's top court said it received the report, which will be sent to Attorney General Raquel Dodge, who will decide whether

Mr. Temer should be charged for the third time since taking office.

—Associated Press

## ITALY

## Florence Aims to Curb Outdoor Dining

The tourist magnet of Florence is cracking down on visitors who eat on sidewalks, doorsteps or driveways during lunch or dinner time.

Mayor Dario Nardella has said that a new ordinance, calling for fines up to €500 (\$575), aims to combat "boorish tourists."

The ordinance, which went into effect this week, applies to certain streets in the Renaissance city, including near the Uffizi Galleries, and only from noon to 3 p.m. and from 6 p.m. to 10 p.m. It is valid through Jan. 6, 2019, the end of the Italian holiday season.

Tourists often eat in the street to avoid paying to dine at cafes.

—Associated Press

SOLEMN OCCASION: Nuns in Kolkata offered prayer on Wednesday to mark the 21st anniversary of Mother Teresa's death.

SANKAT PAUL/ZUMA PRESS



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## WORLD NEWS

# Mali Group Deemed Terrorists By the U.S.

By JESSICA DONATI

**WASHINGTON**—The State Department designated the Mali-based Jama'at Nusrat al-Islam wal-Muslimin, or JNIM, a terrorist organization after the group claimed responsibility for a string of attacks on international interests in sub-Saharan Africa.

Wednesday's announcement reflects a growing focus in the U.S. on an increasingly brazen pattern of attacks linked to various local militant groups across the semiarid Sahel region of Africa.

Many of the groups' members belong to herdsman communities that have been hit by dwindling farmland and drought.

The U.S. military is in the process of launching operations against terrorist groups in the region using a new drone base in neighboring Niger, where four U.S. troops were killed in an ambush last year.

Washington also is contributing funds to a planned 5,000-strong force of African troops tasked with improving border security and subduing violence in five Sahel countries: Mauritania, Mali, Burkina Faso, Niger and Chad.

JNIM, whose name translates as "Group to Support Islam and Muslims," formed and declared its allegiance to al Qaeda last year.

The group has gained international notoriety by claiming responsibility for a string of high-profile attacks since then. These include attacks on peacekeepers, army posts and hotels popular with Western visitors in Sahel countries.

It has also claimed a role in the kidnapping of dozens of European and Canadian tourists, aid workers and diplomats, most of whom have been released for ransom.

# Egypt Security Law Snags Women

By AMIRA EL-FEKKI  
AND JARED MALSIN

**CAIRO**—President Abdel Fattah Al Sisi took a rare stand against sexual violence in Egypt when he visited a woman in a hospital who was attacked by a crowd of men celebrating his 2014 inauguration.

"As a state," he said at the time, "we will not allow this to happen again."

But Mr. Sisi's standing as a supporter of women's rights has been tarnished by the arrests and prosecution of women who have spoken out against sexual assault and harassment, under an expansive security law that the government has used to crack down on those it accuses of harming Egypt's image.

"Criticism of Egypt, the society or what women face here is being turned into a matter of national security that the government believes should not be a subject of public discussion," said Mozn Hassan, a prominent Egyptian women's rights activist.

Spokesmen for Mr. Sisi and the National Council for Women, a state-funded body, didn't respond to requests to comment.

Raising new alarm among rights groups, two women were recently detained and put on trial for posting videos on Facebook about their experiences with sexual harassment in public.

In both cases, the videos were limited to their individual Facebook friends, people close to them said, but ended up going viral, triggering an avalanche of online threats and abuse directed toward them before they were each arrested. Their trials resume this weekend.

Security forces detained Mona Mazbouh, a Lebanese tourist, at Cairo's airport in May after she posted a video lashing out at Egypt for being repeatedly subjected to sexual harassment. She was sentenced to eight years in prison for



Mr. Sisi's government has taken some steps to combat sexual harassment, including deploying more female police officers in public places.

broadcasting what prosecutors said were "rumors that aim to undermine society and attack religions." Ms. Mazbouh appealed.

The other woman, Egyptian actress Amal Fathy, was arrested in a raid on her home in May after posting a video in which she cursed Egypt and complained of sexual harassment by a police officer in a Cairo bank. Ms. Fathy is charged with illegally possessing "indecent material" spreading "fake news."

"Sexual harassment claims should not justify generalizations and insults to the country and its people," said Mohamed Samir, a prosecutor and spokesman for the Administrative Prosecution, which deals with harassment cases in government institutions. Though not involved in the two women's cases, he said rather

than being jailed, Ms. Fathy should have been fined and Ms. Mazbouh's visa should have been canceled.

In a 2013 United Nations survey, 99.3% of women in Egypt reported being sexually harassed. A separate

A U.N. study says 99.3% of women in Egypt reported being sexually harassed.

Egypt-U.N. joint study in 2015 found that 2.5 million women were sexually harassed in the streets in one year, as were 16,000 girls at schools. The study deems harassment to range from whistling and verbal abuse to rape.

Mr. Sisi's government has taken some steps to address the crisis. In 2014, Egypt criminalized sexual harassment for the first time. More female police officers have been deployed in public places. A prosecutor's office investigates harassment and assault in public institutions.

Still, many Egyptian women say the government's steps are inadequate. What they say is needed is a wholesale attack on the deep-rooted culture that fosters such behavior, and tougher law enforcement.

The joint Egypt-U.N. study found that less than 1% of the 7.8 million women who experienced gender-based violence in Egypt reported their cases to police.

Policemen sometimes mock their stories, sympathize with the harassers and dissuade women from reporting by scar-

ing them of the process," said Mostafa Mahmoud, a Cairo lawyer focussing on sexual harassment cases.

Mr. Mahmoud is representing two women who were detained for more than 10 hours in Cairo police stations after they reported sexual assault in the street. The women now face possible countercharges of assaulting their accusers.

Despite the end of mass protests, more women continue to speak about their experiences online and elsewhere.

"We need to speak up," said Iman Hosni, a 30-year-old business director who has also experienced verbal and physical harassment. "We need to face our predators and tell them just because we are women, does not mean you can do what you want to us or touch us without consequences."

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## FROM PAGE ONE

# Rabbis Reinvent Holidays

*Continued from Page One*  
service called Bowl Hashanah at the Brooklyn Bowl, a music venue and bowling alley in Williamsburg, N.Y.

To older or more traditional Jews, this is nothing but a "shanda," the Yiddish word for embarrassment.

"It is a solemn time of year, and to dispense with the solemnity is to do violence to the very essence of the days," said Rabbi Avi Shafran, director of public affairs for Agudath Israel of America in New York, a group representing an Orthodox branch of Jewry.

The Jewish High Holidays, which include Rosh Hashana, the Jewish new year, kicks off

on Sunday evening, Sept. 9. Yom Kippur begins on the evening of Sept. 18 this year.

Traditionalists assailed Rabbi Aaron Potek, who held a Yom Kippur program at a Washington, D.C., beer garden last year. While no food or beer was served, he said fasting wasn't required of attendees. Rabbi Potek said he felt validated when he packed the beer garden with 140 people and had a waiting list of 70 more.

There was also no prayer. Instead, attendees discussed themes of Yom Kippur such as mortality, repentance and the meaning of life. "I am 100% convinced that Jews are desperately looking for ways to connect that are outside the synagogue model," said Rabbi Potek, who works for GatherDC, a nondenominational organization that runs programs for Jews in their 20s and 30s.

Adam Bloom, 29, said he probably wouldn't have attended services had he not gone to Rabbi Potek's beer-gar-

den event. "It wasn't just, 'stand up, sit down, say some words you might understand if you know Hebrew and you might not,'" said Mr. Bloom, a social-media manager for an environmental nonprofit.

Attendance at bricks-and-mortar synagogues has declined since the 1990s, according to national surveys of Jewish Americans. That fits with a broader trend of declining participation in American religious institutions. Some scholars and rabbis say the importance of belonging to a synagogue has declined as Jews have assimilated into mainstream American culture.

Some younger Jews are opting for independent services, which often don't have a permanent structure, don't meet as frequently as traditional synagogues or require payment for High Holiday attendance.

Independent services are "much more appealing to young adults today who don't see traditional synagogues as

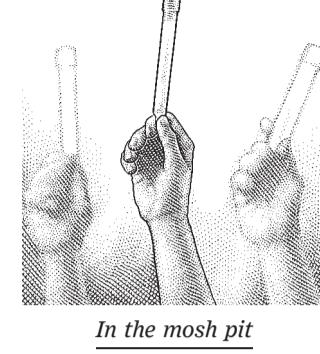
catering to their needs and interests as much as their parents' needs and interests," said Matthew Boxer, a professor at Brandeis University, who studies American Jewish

yoga with real animals—to a traditional Yom Kippur service that recounts the story of the High Priest in the ancient Jewish Temple in Jerusalem sacrificing two goats as an act of communal atonement. A central act in the service includes prostrating on the ground during a prayer called "Aleinu."

Rabbi Shapiro decided her congregants would do the traditional prostration with a goat on their back while doing a similar yoga pose. Fifty people filled a Venice Beach yoga studio last year and it will be back again this year.

"It's about making Judaism relevant again," she said.

Mishkan, a nondenominational congregation in Chicago, rented out the Old Vic theater, a rock 'n' roll venue, for its High Holiday program this year. The final Yom Kippur service, which is said standing and can last for more than an hour, is marked by a fervent intensity as the final opportunity of the season to beseech God for repentance and



In the mosh pit

demography.

Rabbi Lori Shapiro, who started Open Temple in Venice Beach, Calif., in 2016, has reimagined many of the traditional High Holiday services. Younger people make up about 30% of attendees, she said.

Last year, she added goat yoga—where participants do

ask for a good year ahead.

Mishkan's final service will be set up as a mosh pit, and attendees will be given glow sticks to create a concert vibe.

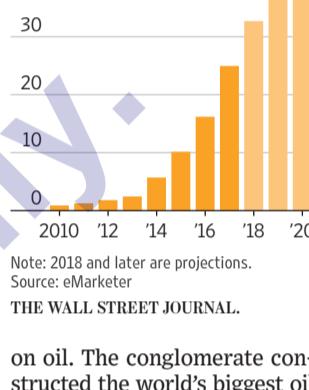
"It felt like instead of young adults being a guest in our parents' home and getting some lip service, we were the targeted demographic," said Shira Marks, 26, of the High Holiday services at Mishkan.

Many Jews still want to attend a synagogue, listen to a cantor and hear a rabbi's sermon on the holiest days of the year. Robert Smith, a 77-year-old retired engineering professor who lives in Syracuse, N.Y., and attends the Conservative synagogue Congregation Beth Shalom-Cheva Shas, said he finds programs like Yom Kippur in a bar to be "strange," especially if the point isn't to lead young Jews back to a traditional Jewish life.

"What's so important about thinking that you're Jewish if you're not going to try to live as a Jew?" he said.

## Promising Market

Online sales in India have grown rapidly but are still just a sliver of all Indian retail.



THE WALL STREET JOURNAL.

on oil. The conglomerate constructed the world's biggest oil refinery, and it is the world's largest producer of polyester fiber and yarn. The group has annual revenue of more than \$57 billion.

Analysts said Jio could eventually start charging for some of the services it now includes free. Among the bundled services it now provides subscribers are JioTV, which has more than 500 channels; JioCinema, which carries a variety of Indian films; JioMusic, containing songs in 17 languages; JioMoney, a digital payments service; and a messaging app called JioChat.

"The whole management team was clear that Jio was not a competitor to Airtel but to Google and Netflix," said an executive who worked at Jio in the run-up to its launch. "I'm not building a telco, I'm building a digital platform company," Mr. Ambani said, according to another Jio executive.

"Connectivity is the start, then you start building services on top of it," said Tarun Pathak, an analyst at research firm Counterpoint. Jio is also pushing into home broadband services, which Mr. Pathak says is a "big opportunity" to boost their subscriber base to 400 million users, all connected to Jio's services.

Mr. Ambani first roughed out his idea for the 4G project in a 36-page, handwritten memo to his managers that was reviewed by The Wall Street Journal. It had mathematical calculations on data speeds and promises of "99.999%" network availability.

On a recent day at Jio's sprawling tree-lined headquarters on the outskirts of Mumbai, its young staff of more than 25,000 zipped around the campus on shared "Jio Bikes" and ate food from vegetarian food trucks near the company's cricket stadium. Posters of Mr. Ambani and his father were scattered around the complex. In one men's bathroom, a sign on the mirror said, "You are looking at an innovator!"

To celebrate the start of testing for the network in late 2015, Jio threw a party in a packed arena at the headquarters. Bollywood superstar Shah Rukh Khan drove up the red carpet on a motorcycle, jumped onto a hoverboard and then took a selfie with Mr. Ambani.

At a July investors' meeting, Mr. Ambani made his ambitions clear. "Even after serving the needs of our 215 plus million customers, the capacity utilization of the Jio network is less than 20%," he said. "We are determined to connect everyone and everything, everywhere."

—Vibhuti Agarwal, Laura Stevens and Corinne Abrams contributed to this article.



Potato farmer Govind Singh Panwar, whose home in the Himalayan foothills is built of mud and stone, bought his family's first refrigerator online using his JioPhone. Below, employees last week at Reliance Jio's campus in Mumbai.



FROM TOP: NEWLY PURCHASED BY THE WALL STREET JOURNAL; SARAH HALTON FOR THE WALL STREET JOURNAL

Companies are after customers like 59-year-old potato farmer Govind Singh Panwar. His home in the Himalayan foothills is built of mud and stone, and his village has no paved roads or indoor plumbing. Still, broadband internet has arrived.

"I bought our first fridge" online, Mr. Panwar said. "It's a rare thing in a village."

He got online last year with Reliance Jio Infocomm Ltd., Mr. Ambani's telecom company, which built a tower nearby that beams his phone nearly unlimited 4G data for about \$2.10 a month.

Jio, which means "to live" in Hindi, has signed up 215 million subscribers since it went live in 2016, making it India's No. 4 mobile provider, after Bharti Airtel Ltd., with 345 million, Vodafone Group PLC and Idea Cellular Ltd.

Mr. Ambani's foray started in 2010, when he bought a company that had just acquired a pan-India 4G license.

That was a risky move at a time when fewer than one in 10 Indians were online. Airtel and Vodafone were still focused on rolling out 3G services, and few Indians owned 4G-capable smartphones.

Fourth generation, or 4G, networks provide significantly faster speeds than 3G, enabling more content like streaming video and music. They also provide the steadier connections important for online shopping, which can be difficult on patchy networks. 4G networks are common in the U.S., Europe and East Asia.

Mr. Ambani, now 61 and worth more than \$48 billion, had just finished building what some have dubbed the world's most expensive home, a 27-story mansion on a hill with views of the Arabian Sea. It was packed with bling—helipad, home theater, gym, garden, pool—but the internet connection was bad.

When his daughter came home from Yale University during a break, she struggled to submit her course work online. "Dad, the internet in our house sucks," she complained, according to a story Mr. Ambani later recounted at an event.

At the time, India's telecom industry executives and analysts agreed there was need for more speed, but they doubted

Jio's competitors slashed rates, cutting average data prices in the country from more than \$3 a gigabyte before Jio's launch to about 60 cents now. Rivals have questioned the regulators and have charged Jio with predatory practices. India's antitrust regulator said last year Jio's free services didn't constitute anticompetitive actions.

One adversary that has

thrown in the towel: Reliance

Communications Ltd., formerly part of the Reliance empire but taken separate by Mr. Ambani's brother, Anil Ambani, after a family dispute. The company, under pricing pressure from Jio, closed its mobile business in late 2017.

The price war has cut industrywide revenue per user—now averaging \$1.53 a month, compared with about \$2.50 in 2016. Jio beats the average, at \$1.89 a month, but the number has been falling since its launch.

The result has been a data binge. Jio transmitted more data in the first year of its operation than any carrier ever worldwide, according to research firm Strategy Analytics. India last year surpassed the U.S. in the number of apps downloaded from the Google Play store, according to mobile-app analytics firm App Annie. Monthly data traffic in India per user has jumped 570% in the two years since Jio launched, according to Morgan Stanley.

When Jio realized it was reaching the consumers who could afford the data but not the 4G-enabled smartphones, it built a new type of "smart" feature phone that worked on 4G and had some smartphone features. Consumers could own a JioPhone for a \$23 security deposit—refundable if they return the phone.

Companies such as Amazon.com are depending on the new pool of users. Amazon has tweaked its model in India by

introducing services like cash on delivery, in which customers can pay when items arrive at their door, since few people have credit cards.

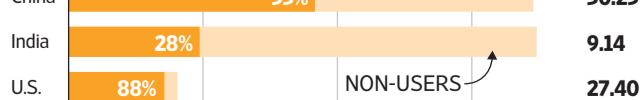
Google, which has been effectively shut out of China since 2010, has been rolling out new features to cater to users in India, testing products that might also work in other emerging markets, such as Indonesia.

It launched a version of its YouTube app, called YouTube Go, designed to work on inexpensive smartphones. It created a mobile payment app for India that works without a credit or debit card. It is also working to make many of its services work with local languages.

For Facebook's messaging app WhatsApp, India is a critical market because it has more than 200 million users here, more than any other country. Users who have never used email or Facebook can easily

## Underserved Population

India has more internet users than the U.S., but a low percentage of the country is online. Slow download speeds are a drag on building subscribers.



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## GREATER NEW YORK

## Emirates Plane Quarantined at JFK

CDC is working to find cause of illness that affected several people; 10 went to hospital

BY ROBERT WALL  
AND KATIE HONAN

A plane from Dubai was quarantined after landing at John F. Kennedy International Airport in New York in a rare step after passengers on board reported feeling sick, according to airport and airline officials familiar with the matter.

Emirates Airline Flight 203 landed Wednesday after 9 a.m., and Port Authority Police and the Centers for Disease Control and Prevention had set up a staging area to check passengers, airport officials said. At least 10 people of the more than 400 on board reported feeling sick.

After several underwent medical checks, all passengers eventually were cleared to enter the U.S., the airline said. Seven crew members and three passengers were transported to Jamaica Hospital Medical Center in Queens for treatment, according to the airline and a spokesman from the Fire Department of the City of New York.

The Airbus SE A380 super-jumbo plane was met by firetrucks on the runway.

It wasn't clear what illness CDC officials were concerned about. In a statement, an official from the CDC said the agency was working to find the cause of the illness. Passengers were "reporting an unspecified illness," the official said.

During the flight, the cock-



Emirates Airline crew members and passengers, below, left the plane Wednesday. Several people underwent medical checks.

pit crew informed airline dispatchers about "flulike symptoms" experienced by some people on board, and the information was relayed to the airport authority, said a government official familiar with the details. At that point, the CDC was alerted, the official said.

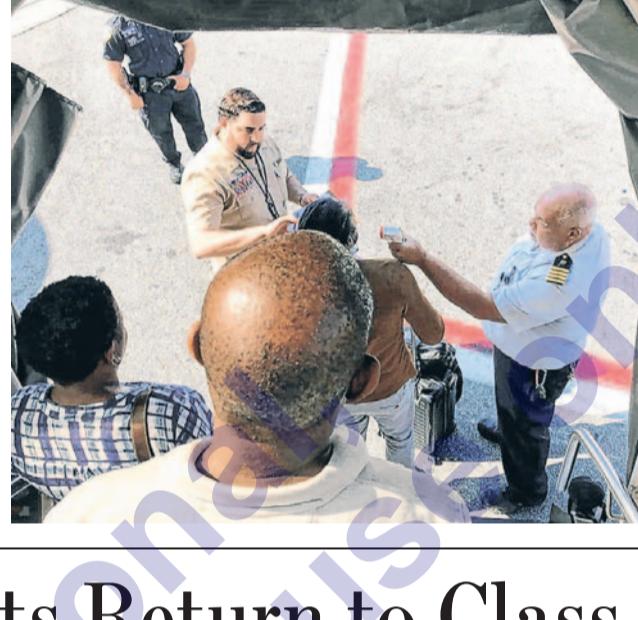
The pilot never declared an in-flight emergency, though before landing requested through air-traffic control medical assistance on the ground. Airlines often declare emergencies when crew or passengers become sick in flight, but pilots have discretion in how they handle such situations.

Initial reports from Emirates, according to this official,

indicated that some type of food-borne contaminants appeared to be the culprit.

A passenger on the flight, Larry Coben, said passengers didn't really know what was going on while they waited. "We saw nothing and knew less," he said in an interview. "Just added two hours to my 17 of flying."

Dubai-based Emirates operates five daily flights to New York, serving JFK and Newark Liberty International Airport. It takes advantage of its hub in Dubai to shuttle passengers between Asia, Europe and the West, courting high-end fliers with amenities in first and business class. Emirates apologized for the disruption.



## City's Public-School Students Return to Class

BY LESLIE BRODY

As he kicked off his first back-to-school day as New York City chancellor, Richard Carranza continued his call for one of the country's most segregated systems to have schools that better reflect the city's diversity.

In remarks aligned with Mayor Bill de Blasio, who was by his side at P.S. 377 in Queens, the chancellor praised recent integration efforts at the school and community level, and said they should spread. In response to reporters' questions about the option of forced busing, both leaders said they opposed such a step.

Mr. Carranza said people across the city were having important discussions about fair access to desirable options. "People are excited, they're enthusiastic, they're very passionate about these

conversations. And that gives me great hope that New Yorkers are the New Yorkers that I always imagined" and want to do the right thing, he said.

His remarks came on a morning when the nation's largest district welcomed about 1 million children back to class, with many charters having opened last month. Many students came with new backpacks, smiles and a bit of trepidation. The chancellor took the traditional five-borough photo-op, which on Wednesday included greeting 3-year-olds in Queens, discussing school safety with teenagers in the Bronx, and having a grilled-cheese sandwich with middle schoolers in Harlem.

In a morning news conference, the mayor pointed to diversity efforts that could serve as models. Mr. de Blasio cited his administration's plan, an-

nounced in June, to better integrate classrooms on the Upper West Side and southern Harlem by giving priority for 25% of seats in each middle school next fall to low-income, low-performing students.

"We're in a moment that is really ripe for change, and there's a growing consensus in this city that it's necessary," he said.

City officials promoted the expansion of free "3-K for All," saying about 4,500 children had enrolled for 5,000 early childhood education seats in six community districts. They encouraged more families to join the free, full-day program for 3-year-olds. About 65,000 children signed up for seats in prekindergarten citywide, and officials expect to add students this fall to match the roughly 67,900 who attended last year.

## Guilty Plea In Crypto 'Stickup'

BY CORINNE RAMEY

A New Jersey man admitted Wednesday to kidnapping a friend and stealing more than a million dollars in cryptocurrency from him, an unusual crime that is among the first major cryptocurrency cases brought by Manhattan prosecutors.

Louis Meza, of Passaic, N.J., pleaded guilty to second-degree kidnapping and first-degree grand larceny in state Supreme Court in Manhattan. Under the plea deal, he agreed to a 10-year prison term, although his sentence ultimately will be determined by the judge.

As of a few years ago, the Manhattan district attorney's office rarely investigated cases involving cryptocurrency. This year, it has had more than 25 probes. Still, Mr. Meza's case is unusual because he stole the currency, not by hacking but through an elaborate, old-fashioned, robbery.

"Louis Meza orchestrated a 21st-century stickup," Manhattan District Attorney Cyrus Vance Jr. said. "Then 21st-century investigators brought him swiftly to justice, securing a landmark conviction in an un-developed area of the law."

Moshe Horn, an attorney for Mr. Meza, said outside the courtroom that his client had been a businessman his whole life. "He had never been in trouble until now," he added.

In December, the Manhattan district attorney's office accused Mr. Meza, 35 years old, of being the ringleader in a robbery scheme to steal more than \$1.8 million in ether, a type of cryptocurrency.

One evening in November, Mr. Meza and a longtime friend met for drinks at the Ruby Tuesday in Times Square. Afterward, when the friend said he would head home on the subway, prosecutors said, Mr. Meza steered him into a minivan that he claimed was an Uber. About halfway home, they said, Mr. Meza's co-conspirator popped up in the back seat of the van, which wasn't an Uber, and held up what appeared to be a gun. The co-conspirator asked for the friend's keys and cellphone, prosecutors said.

Mr. Meza met up with his co-conspirators in the Bronx, where they handed him the keys, prosecutors said. Mr. Meza used the keys to let himself into his friend's apartment and steal a small drive holding the cryptocurrency, they said.

Under the deal, Mr. Meza agreed to forfeit about 84 bitcoin—worth roughly \$589,000—and 269,000 SALT lending tokens, a loan product backed by cryptocurrency.



New York City Schools Chancellor Richard Carranza, left, and Mayor Bill de Blasio visited P.S. 377 in Queens on Wednesday.

## WeWork Fails in Bid to Lease Space in World Trade Center

BY KEIKO MORRIS

Co-working giant WeWork Cos.' plan to lease as many as a dozen floors at One World Trade Center fell apart last month, sinking the company's months-long bid to secure space in one of the world's tallest and most iconic skyscrapers.

WeWork had been in negotiations with the Durst Organization to rent about 220,000 square feet in the downtown Manhattan tower, which at 1,776 feet has been the tallest building in the Western Hemisphere since opening in 2014.

The lease negotiations faltered after Durst received better offers for some of the space that WeWork wanted. There were

the raw space with common areas, open-floor work stations, meeting rooms, kitchens and individual offices to rent for as short as a month. WeWork has added services to provide short-term leasing for midsize and large companies, as well as dormitory-style residences.

With its plan to rent between seven and 12 floors in the downtown tower, WeWork was on the verge of becoming the biggest private occupier of office space in Manhattan—a marker the company likely will still achieve this year, real-estate analysts said.

"The World Trade Center is an iconic building and one in which we take a keen interest. We have, and continue to, ex-

plore opportunities to secure a location there and believe we will be an energizing force for the building," a WeWork spokesman said.

The negotiations between WeWork and Durst bogged down several times but the two sides had managed to resolve some of the thorniest issues.

Servcorp, a company that offers co-working options sim-

ilar to those offered by WeWork, is a tenant in One World Trade Center. The company has a clause in its lease that restricts competitors from taking space in the building. Mr. Durst said his firm had been discussing a workaround.

Another sticking point concerned the tower's strict security measures, which WeWork worried would cause complications for members from other locations who pay to access multiple WeWork buildings.

Both sides had made progress on a solution to this issue, people close to the talks said.

WeWork disclosed in August that it had raised a further \$1 billion in debt from

SoftBank Group Corp., which invested \$4.4 billion in the company last year. That valued WeWork at about \$20 billion. The company reported that its revenue more than doubled in the first half of 2018 from a year earlier to \$763.8 million. Its loss more than tripled to \$723 million as it spent money to open and market new spaces.

The company also has bought property, putting together a fund that acquired the Lord & Taylor flagship store in Midtown Manhattan this year. It has leases with other major New York landlords including SL Green Realty Corp., Boston Properties Inc. and the Rudin family.

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## GREATER NEW YORK

# Vending Machine Offers New Twist on Soft-Serve

BY CHARLES PASSY

In recent years, New York City's frozen-treats purveyors have embraced one fad after another, from pickle-flavored ice cream to milkshakes topped with everything from cheesecake to cotton candy.

But now, one establishment is betting the next big thing will have more to do with how the cold stuff is sold. In other words, make way for soft-serve vending machines.

Bar Moxy, an all-day dining and drinking spot located in Midtown's Moxy Times Square hotel, is unveiling such a machine this week—the first of its kind in New York City, according to the hospitality company Tao Group, which manages the hotel's food and beverage operations.

The vending machine, which accepts credit cards, cash and Apple Pay, offers two flavors: Vanilla with a spicy boost from Mike's Hot Honey, a chile-infused sweetener, and dairy-free chocolate. (A twist

option also is available.) Prices run from \$3 for a small cup to \$7 for a large; toppings cost an additional 50 cents each.

The technology for dispensing soft-serve from a vending machine is fairly straightforward: Users make their selections from a video display, then wait less than a minute for the order to be processed and delivered through a small opening at the front of the machine. A spoon pops out of another opening.

Tao Group managing partner Matt Strauss won't say how much the company spent for the machine. But Rich Koehl, vice president of Stoeling Foodservice, the device's Wisconsin-based manufacturer, said its list price is \$68,000.

The company, Mr. Koehl said, has placed more than 40 such machines world-wide, but the Bar Moxy location is the first in New York City.

Other manufacturers produce similar ice cream-dis-

pensing devices, according to Emily Jed, associate publisher and senior editor with Vending Times, a trade publication. Ms. Jed wasn't aware of any such machines currently located in New York, however.

Tao Group must sell a few hundred servings each month to cover costs, including for the ice cream, which it makes using its own recipe, Mr. Strauss said. The machine's real value, he added, could come from the buzz it generates, potentially driving more customer traffic to Bar Moxy.

"You've got to give them a reason to come," he said.

Still, the idea might not fly with traditionalists who prefer their ice cream served by an actual person.

Count Nicholas Morgenstern, founder of the Lower East Side parlor Morgenstern's Finest Ice Cream, among them. Ice cream isn't about the latest technology; it is just the opposite, he insisted: "I'm in the business of selling nostalgia."



YANA PASKOVA FOR THE WALL STREET JOURNAL

Executive Chef Jason Hall, left, demonstrated how a soft-serve machine works at Bar Moxy.

## Wheelchair Tennis at U.S. Open



DARREN CUMMINGS/ASSOCIATED PRESS  
READY: Kgothatso 'KG' Montjane of South Africa practiced Wednesday for the wheelchair competition, which starts Thursday.

## COURTS

### Judge Cites Mice, Lets Suit Go Forward

Pictures of mice lounging around an anti-rodent device are reason enough to allow a lawsuit proceed against a company that sells them, a federal judge in Manhattan said.

U.S. District Judge William H. Pauley III included three photos in his written ruling Wednesday.

A trial, he said, is necessary to determine if a group of consumers is right when it says the devices are completely ineffective and are falsely marketed.

The ruling included pictures that showed mice congregating beneath the device and one crawling up a wall and eventually resting on top of it.

The device, which plugs into an electrical outlet, is supposed to repel mice, rats, ants, spiders, roaches and other pests.

A lawyer for the company that manufactures the device, New York-based BHH, said his client stands by its product.

—Associated Press

## TRANSPORTATION

### Traffic Shift Is Set For Cuomo Bridge

Operations to shift eastbound traffic onto the second span of the new Gov. Mario M. Cuomo Bridge are scheduled to begin later this week.

The New York State Thruway Authority announced Wednesday that state police will temporarily stop southbound traffic on

Interstate 87 so workers can stripe the lanes at both ends of the 3.1-mile span starting around 8 p.m. on Friday. Thruway officials say there will be no lane closures for westbound traffic.

The agency's announcement comes a day after Gov. Andrew Cuomo announced that the Westchester-bound side of the span that bears his late father's name will open Saturday. Thruway officials say all four southbound lanes are scheduled to be fully opened by 7 a.m. on Saturday.

—Associated Press

## WILDLIFE

### State Expands Tactics To Manage Bears

New Jersey says it is boosting nonlethal tactics to manage

the state's black bear population.

Gov. Phil Murphy said Wednesday that the Department of Environmental Protection will work with local governments to make sure they have effective garbage policies because the animals are frequently attracted by trash. The department will assign more conservation officers to ensure public safety during this year's hunt, hold an information session, as well as a large regional training class for law enforcement.

The announcement comes after Mr. Murphy said he was ending this year's bear hunt on state lands. About 40% of bears killed in hunts have come from state-controlled properties since 2010.

This year's season opens with a six-day hunt on Oct. 8.

—Associated Press

# CHEW ON THIS



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# LIFE & ARTS

This season saw far more storms than in the same stretch of 2017, yet many carriers canceled fewer flights and reported more on-time arrivals.



GARY HERSHORN/GETTY IMAGES

**THE MIDDLE SEAT** | By Scott McCartney

## Airlines That Beat the Bad Weather

**A** STORMY SUMMER produced an unexpected result for travelers: on-time flights.

Powerful storms pounded the East Coast. Chicago got repeatedly hammered. Overall, the Federal Aviation Administration says the nation's 30 busiest airports saw 9.4% more bad weather than last summer, measured by hours of storm impact from April through Aug. 23.

Not every airline got off scot-free. Yet the summer saw a lower rate of cancellations and solid on-time performance at many airlines despite those hurdles, according to data compiled by the masFlight analytics platform of Global Eagle, an aviation data and technology provider.

Investment in technology to orchestrate quicker recovery and limit delays from spreading throughout the system paid off, airlines say. In addition, they're now able to trim schedules surgically when necessary rather than taking a hatchet to travel plans. Some put more cushion into crew schedules to handle delays without having to cancel flights after so many lean years when schedules were designed to minimize costs.

"The industry as a whole is starting to get better at this," says Jim DeYoung, vice president of network operations at United, which says it had its lowest summer cancellation rate ever this year.

The FAA made a couple of changes that helped, too. Only a

year ago the FAA began a regular afternoon conference call with airlines to plan for bad weather the next day. For years daily planning calls looked only at that day's operations.

The agency also put special emphasis this summer on departing flights from New York-area airports.

Before, when storms hit and shut down some routes that planes fly, New York arrivals always got priority for scarce airspace. That left airports clogged with long lines of jets waiting to

"For the last 30 years, honestly, our focus has been on arrivals," says Michael Artist, vice president of system operations services for the FAA's Air Traffic Organization. "While it may seem like you're stuck at LaGuardia, overall we're doing pretty good coming out of the New York airports."

Departure delays in New York were down 10% this summer. Arrival delays were actually down, too, and overall New York saw 8% fewer delays this summer, the FAA says. By better balancing the system, air-traffic controllers moved more planes more quickly.

"I think the weather that we had in the Northeast, had this been years back, it would really

have shut that place down," says Dave Holtz, Delta's senior vice president in charge of its operations center in Atlanta.

New York is a major chokepoint for the entire system. Your flight from Los Angeles to San Francisco might be hit with a "weather" delay when California skies are clear because the aircraft was two hours late getting out of stormy NYC.

Airlines canceled just 1.8% of U.S. airline scheduled flights between June 1 and Aug. 30, a slight improvement over the same time last year, according to masFlight. The percentage of flights arriving on time—within 14 minutes of scheduled time at the gate—was

down slightly, to 77.2%, from 77.8% last year. But airline operations experts say that could have been a lot worse given nastier weather this summer.

New York Kennedy had the biggest improvement in on-time arrivals among the 30 largest airports this summer. Chicago O'Hare had the biggest drop in on-time performance.

Several airlines say they decided to issue waivers to ticket rules and penalties earlier, now often 72 hours before storms instead of 24 hours, and found that smoothed travel disruption.

Delta says it buffered crew schedules in the afternoons with more time in case of delays when storms hit, often taking the extra time from morning schedules less likely to be affected by thunderstorms. Delta hummed along this summer with nearly 82% of its flights arriving on time and only 0.8% canceled, according to masFlight.

Among the most improved: ultra-low-cost Spirit Airlines. Spirit canceled 1,441 flights last summer but only 478 this year through Aug. 30.

A few airlines did have a tough summer. American coped with a lengthy computer outage in June at a regional subsidiary that piled up delays in Charlotte, plus bad weather in its hubs in Miami, New York and Chicago. As hubs get bigger at consolidating airlines, problems can compound: One day in June, a thunderstorm popped up at Dallas-Fort Worth International Airport, forcing 60 American flights to divert in an 80-minute period.

"Weather, while it happens, boy it happened in some parts of our system like we haven't experienced before," says Robert Isom, American's president.

In addition, engine fan blade inspections required across the industry after a fatal accident on Southwest Airlines chewed up a lot of time for mechanics, delaying some nonessential summer prep work. "We didn't have our best year in making sure our fleet was as reliable as in the past," Mr.

Isom says. American's on-time rate of about 75% was lowest among big airlines. Its cancellation rate of 3.1% was highest among all carriers and nearly four times as high as Delta's rate of 0.8%.

Frontier struggled mightily, according to masFlight. Only 62% of Frontier flights arrived on time between June 1 and Aug. 30, compared with 76% last year in the same period. Last summer Frontier canceled 145 flights, this year, 943.

Kathleen Barton, who lives outside St. Louis, had her Frontier flight home from Las Vegas on Aug. 11 canceled because of hail damage to an airplane. The airline told her party that it couldn't rebook them for four days, and they were on their own for food and shelter. The group spent two nights in the Las Vegas airport before moving to a cheap motel.

"Four days is not acceptable. We all have jobs," she says. One person in the group of six was so worried about getting fired that they all pitched in to buy him a \$608 one-way ticket on another airline. Frontier says it didn't have another aircraft available to replace the canceled flight. After Ms. Barton made a stink on a local St. Louis television station, Frontier offered to reimburse her for hotel expenses.

"We appreciate how unexpected delays caused by weather are frustrating for passengers and work as quickly as conditions allow to help them get to their destinations," a spokesman says.

### TELEVISION

## A NEW TALK SHOW'S PLAN: NO POLITICS

BY JOE FLINT

**NORM MACDONALD** has a novel idea for his new Netflix show: Be entertaining.

At a time when talk-show hosts such as Stephen Colbert, Jimmy Kimmel and Seth Meyers spend more time on political jabs than jokes and interviews, Mr. Macdonald wants to offer an escape.

"The whole point is we're just supposed to be idiots who make you forget about this horrible fucking life, not remind you," Mr. Macdonald said, adding that he is tired of the commentary-masked-as-comedy approach now prevalent in most talk shows, particularly when it comes to President Trump.

"I'm getting really fatigued with Donald Trump and everything he has spawned on both sides," he said.

Mr. Macdonald, 58 years old, blames former "Daily Show" host Jon Stewart.

"Jon Stewart was brilliant, but when you do something brilliant and original you end up starting a trend that's not that great," Mr. Macdonald said. "Every talk-show host suddenly has to be a pundit."

And if they aren't, they may pay a price.

Mr. Macdonald saw this up close two years ago when his pal Jimmy Fallon was criticized for playfully mussing then-candidate Mr. Trump's hair on "The Tonight Show." Mr. Macdonald was a guest on that night's show and found the backlash odd.

"We were watching it backstage. Nobody thought anything of it," Mr. Macdonald said. "That's Jimmy. He's not Tim Russert," the late host of NBC's Sunday-morning political show "Meet the Press."

Although the sardonic Mr. Macdonald is probably best known for his mid-1990s stint as "Weekend Update" anchor of NBC's "Saturday Night Live," he doesn't wear his politics on his sleeve. He seldom uses current events as fodder for his stand-up act, and he doesn't want his news from a late-night host.

"I don't need a guy to take me through the Manchester bombings or anything. I can handle that. I just need to be entertained," he said.

All 10 episodes of "Norm Macdonald Has a Show" will air Sept. 14 on Netflix. Much like an earlier program Mr. Macdonald did for YouTube, on the new series he typically has one guest, no band and no audience other than the show's production team and crew lingering in the back.

He doesn't even deliver an opening monologue. Instead, he and his guest and longtime sidekick Adam Eget saunter onto the bare-bones soundstage near Netflix's Holly-

wood campus and settle in behind a nondescript desk. While late-night hosts tend to favor Armani or Hugo Boss, Mr. Macdonald's wardrobe can best be described as Banana Republic casual.

Guests include David Letterman, who is also a consultant on the show, Jane Fonda, Judge Judy Sheindlin and Chevy Chase.

The show is intentionally not topical. While Mr. Letterman and Ms. Fonda both have shows on Netflix, neither was mentioned during their interviews. Mr. Macdonald said he didn't want to "time-stamp" the show because at Netflix it has to live forever.

That is probably a smart move.

Netflix's previous efforts at the talk genre have all been topical and political and flopped. Most recently, it canceled "The Break With Michelle Wolf" and "The Joel McHale Show With Joel McHale."

"Maybe that helps us, but on further review it means no talk show has ever worked on that streaming platform," Mr. Macdonald said.

When Netflix's chief content officer Ted Sarandos met Mr. Macdonald, he told him he was his favorite comic.

"So I was like, 'Well why don't you give me \$20 million for a special?'" Mr. Macdonald said, referring to Netflix's big paydays for comics such as Chris Rock. "Turns

out he's also a businessman," recalled Mr. Macdonald.

Mr. Sarandos suggested turning Mr. Macdonald's critically acclaimed pseudo-memoir "Based on a True Story" into a movie, something still under discussion. At the same time, Mr. Letterman, who has his own talk show on Netflix, suggested to Mr. Macdonald that they work together on a show.

"You don't want to turn down the chance to work with Letterman," said Mr. Macdonald.

They went to pitch Mr. Sarandos. Mr. Macdonald said he was stumbling until "Letterman started talking and I shut up and the show sold real fast after that."

Mr. Letterman acts as sounding board for Mr. Macdonald who said it's like having the Godfather ask questions. Mr. Letterman declined an executive producer credit, choosing instead to take a random title as a joke in each episode, including locations scout and special counsel.

"Most guys will just take executive producer status when they have never been on the set—he's the opposite of that," Mr. Macdonald said of Mr. Letterman.

Mr. Sarandos went to almost every taping and gave Mr. Macdonald a vintage copy of "War and Peace" because the comic is a Tolstoy fan. But that doesn't mean a second season is a given.

"I said to him, 'So you love it?'" Mr. Macdonald said, "and he said, 'Yeah, I hope the people do.' I was like, 'Ahhh, he had to put that part in.'"



Norm Macdonald interviews Judge Judy on his Netflix series 'Norm Macdonald Has a Show.'

NETFLIX

## LIFE &amp; ARTS

## FASHION

# Oscar de la Renta Courts Millennials



Left, Oscar de la Renta co-creative directors Fernando Garcia and Laura Kim prepare for New York Fashion Week with model Alexandra Agoston. The singer Camila Cabello, below, in Oscar de la Renta at this year's MTV Video Music Awards.



BY RAY A. SMITH

**WHEN THE LATEST** Oscar de la Renta creations hit the runway Tuesday morning at New York Fashion Week, the brand known for exquisite cocktail dresses and evening gowns will be showing a bit more leg.

"It's definitely a sexier collection," said Fernando Garcia, co-creative director. "A little bit of a sexier touch. Some shorter lengths."

Laura Kim, his co-creative

director, added: "Much lighter than what we have had in the past."

"A sense of ease," Mr. Garcia said. The challenge for Oscar de la Renta and other American labels of a certain age is attracting young shoppers without alienating longtime customers. A more relaxed aesthetic is sweeping through the 53-year-old house, one of the last big fashion brands founded in the '60s, '70s and early '80s that shows at New York

Fashion Week.

Other American legacy labels, such as Ralph Lauren, Diane von Furstenberg and Carolina Herrera, haven't been able to connect with millennials and generate buzz like their European counterparts. In Italy and France, Gucci, Balenciaga and Saint Laurent have tapped into streetwear and youth culture and deployed creative social-media strategies.

Calvin Klein, founded in 1968, has proved an exception by reinventing itself

with designer Raf Simons and a robust social-media campaign. Still, no big American fashion labels were in a recent ranking of the top 10 luxury brands from Kantar Millward Brown, part of the advertising firm WPP.

To shake the perception of being a high-end house frozen in time, Oscar de la Renta is updating its clothes, opening a virtual store and launching a marketing campaign with stars of social media.

"At the end of the day we want to be more relevant to more people," said Chief Executive Alex Bolen, the son-in-law of the designer, who died in 2014 at 82.

Oscar de la Renta founded his label in 1965, outfitting well-to-do women with elegant and glamorous clothes. Mr. Bolen, 50, and his two creative directors said the company isn't willing to chase younger fans at the expense of older ones.

Ms. Kim, 36, and Mr. Garcia, 31, are adding more modern elements to the lineup. They spent years working with Mr. de la Renta before departing in 2015 to start their own label. In 2016, they returned as co-creative directors.

"We started by offering just items that the house didn't have before, like suiting, denim or evening tops, and softer goods like chiffon dresses," Mr. Garcia said. "And we've been doing it little by little so we don't alienate the very loyal customer that the brand has."

"Women are changing the way they dress now," Ms. Kim said. "I think we're just updating [the Oscar de la Renta customer's] wardrobe."

"Ten years ago, it was a cocktail dress down the runway. Now it's an embellished top with pants," Mr. Garcia said.

Lower prices aren't part of the strategy, Mr. Bolen said. Oscar de la Renta cocktail

timately whether this experiment will be a success, time will tell."

New York Fashion Week officially begins on Thursday, and with it, Oscar de la Renta is kicking off a marketing campaign featuring young influencers such as Camila Coelho, with 7.4 million Instagram followers, Aimee Song, with 4.9 million and Arielle Noa Charinas, with 1.1 million.

Other high-end fashion brands have used influencers for years. "It feels like this is the time that's right for us," Mr. Bolen said. Handbags in the campaign start at \$1,790, a level that may entice new customers.

Mr. Garcia and Ms. Kim are active on social media and persuaded Mr. Bolen to be. A year ago, Nicki Minaj attended the Oscar de la Renta show and posted about it on Instagram.

Her posts helped place the brand among the top five for social impact during New York Fashion Week, according to fashion-analytics firm Launchmetrics, and triggered more than seven million interactions.

But liking social-media posts doesn't necessarily lead to spending four figures on a dress. Robert Passikoff, founder and president of Brand Keys, which issues an annual index of clothing brands that consumers say they buy often, said younger shoppers don't cite Oscar de la Renta.

"There's the reality of how much does this stuff cost," Mr. Passikoff said. "But having said that, you do get a number of high-end brands that always show up on the list. Chanel always shows up on the list. Burberry shows up on the list."

"We work with the finest fabrics in the world and we work with the most talented artisans or embroiderers and so all of that comes at a certain price," Mr. Bolen said. "We want those who aspire to become affluent to know about us and know what we're doing and love what we're doing, so that someday they'll become our customers."



Gucci has cultivated younger customers through ties with social-media influencers such as 'GucciGhost,' above center, and by tapping into streetwear in its physical locations, below.



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## LIFE &amp; ARTS

## CULTURAL COMMENTARY

BY DIOGO COSTA AND LEANDRO NARLOCH

*Rio de Janeiro*

**A SIGNIFICANT PORTION** of Brazil's cultural and scientific heritage was destroyed in a fire Sunday night, the cause of which remains unknown. For six hours, Rio de Janeiro's firefighters tried without success to keep the blaze from spreading throughout the three stories of Brazil's oldest scientific institution, the National Museum.

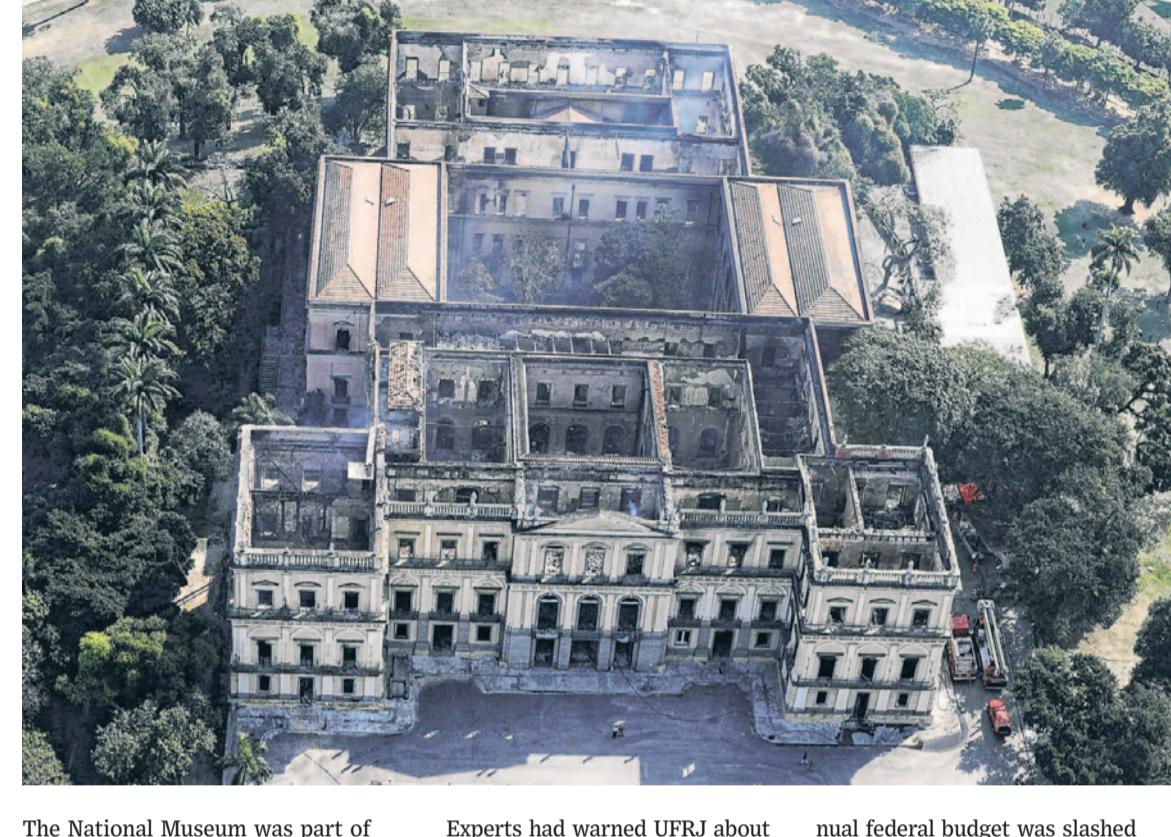
The damage is incalculable. The National Museum's natural and cultural collections housed about 20 million artifacts, 90% of which may have been gutted by the fire. The losses include one of the oldest archaeological collections in Latin America, with Greek artifacts, mummies from Egypt and the Atacama Desert, and thousands of pieces of native indigenous art. Many of its objects were personally acquired by Emperor Pedro II of Brazil, during his travels through the Middle East in 1876.

Visited by Albert Einstein and Marie Curie during the 1920s, the museum also had a wonderful natural history collection: more than five million insects, and thousands of crustacean, amphibian, reptile and mammal specimens. Rocks and meteorites, including the fifteen-ton Bendegó Meteorite found in 1784, are among the few pieces that survived the fire. The National Museum's fossils selection included the largest mounted dinosaur skeleton in the country. One of its highlights was the irreplaceable remains of Luzia, "the first Brazilian," Latin America's oldest human fossil, estimated to be 11,500 years old.

The museum's neoclassical building, now in shambles, had recently celebrated its bicentennial. It was home to three generations of monarchs, from its foundation by John VI of Portugal in 1818 until the end of the Brazilian monarchy in 1889. The National Museum's collections were moved to the former royal residence in 1892, where they remained until Sunday.

The tragedy exposes the need to rethink the governance of Brazil's cultural and scientific institutions.

# Dereliction and Destruction



The National Museum was part of the Federal University of Rio de Janeiro (UFRJ), the oldest and largest national university in the country. UFRJ has a track record of failing to take proper care of its properties. Since 2011, seven of its other buildings have been damaged by fire: a hospital; an engineering center; a students' residence; the Faculty of Fine Arts and Architecture; the Faculty of Literature and Languages; the Health Science Center laboratory; and the University Palace, a 19th-century chapel.

Experts had warned UFRJ about the National Museum's fire risk for years. The building suffered from a severe lack of maintenance, with recent visitors mentioning termites corroding the structure, peeling walls, falling plaster and exposed wires. There was no adequate fire-prevention equipment in the building. Funding for the museum, traditionally meager, was reduced even before recession hit the country and the current government introduced austerity measures. According to official numbers, the museum's annual federal budget was slashed roughly 40% from 2013 to 2015. To make matters worse, a report from the newspaper *O Globo* found that for the past three years UFRJ transferred only two-thirds of the museum's allocated budget.

While many of the world's leading universities have management executives handle their financial and human resources, the top decision-making positions in Brazil's public universities are held by faculty members periodically elected by students and employees. Such

internal political contests favor interest groups over long-term planning. Two decades ago, the World Bank agreed to give \$80 million for a complete renovation of the National Museum. According to Israel Klabin, a politician and businessman who took part in the negotiations, the grant was conditioned on the museum being run by an independent nongovernment organization with a corporate-style executive board, which would have required a general restructuring of personnel within UFRJ. The university did not accept the deal.

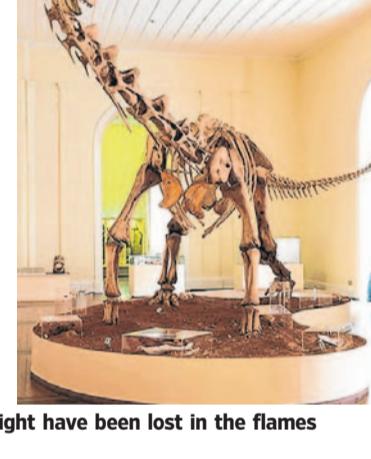
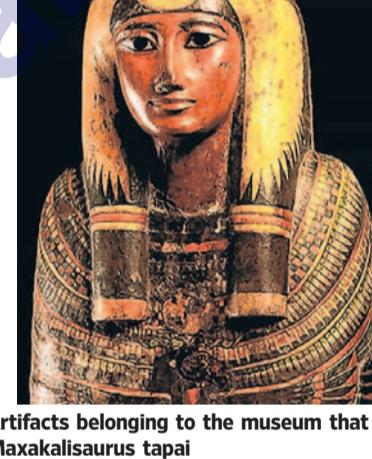
The kind of governance proposed by the World Bank has worked well in other institutions. The Museum of Tomorrow, a modern science museum opened in 2015 by Rio de Janeiro's city government, is managed by such an independent NGO. It has gathered support from private businesses such as Santander, Shell Oil and IBM, as well as from the government of Rio de Janeiro state. In its first year, the Museum of Tomorrow reached 1.5 million visitors. In comparison, only 192,000 people visited the National Museum in 2017—less than the 289,000 Brazilians who visited France's Louvre in the same year. The wider public did not see the years of deterioration endured by Brazil's oldest museum.

Institutions depending almost exclusively on government transfers and public-sector politics have few incentives to create exhibitions focused on attracting a great number of visitors. Without creative curatorship, the National Museum ended up looking more like a warehouse of precious artifacts than a proper museum—a warehouse that went up in smoke. If the tragic fate of the National Museum can teach Brazil one last lesson, it is that the country's historical institutions urgently need to fix their funding models and modernize their governance.

*Mr. Costa is public policy coordinator for Brazil's Novo Party and a doctoral candidate at King's College London. Mr. Narloch is a São Paulo-based journalist and author of "Guia Politicamente Incorreto da História do Brasil" (LeYa).*



Firefighters try to extinguish the fire at the National Museum (above left), and the aftermath of the blaze (top center). Artifacts belonging to the museum that might have been lost in the flames (above, from left): the skull of Luzia, Egyptian wooden coffin of Sha-Amun-em-su, a skeletal replica of a dinosaur called Maxakalisaurus tapai



## EXHIBITION REVIEW

# FURNISHING HIS PLACE IN DESIGN HISTORY

BY BARRYMORE LAURENCE SCHERER

*New York*

**BACK IN THE 1980S**, a Brooklyn antiques-dealer friend showed me a note he'd received from a young couple asking if he stocked any furniture in the "Chip 'n' Dale style." Disney orthography aside, they certainly knew the Chippendale name. Thomas Chippendale (1718–1779) secured his London reputation with the 1754 publication of his seminal design book, "The Gentleman and Cabinet-Maker's Director." Through three centuries of shifting taste and fashion, his remains the most famous name in the history of English furniture.

The Metropolitan Museum of Art is currently celebrating the tercentenary of Chippendale's birth with an engaging exhibition, "Chippendale's Director: The Designs and Legacy of a Furniture Maker." Organized by Femke Speelberg and Alyce Englund, curators respectively in the museum's drawings and prints and American departments, it features important examples of British and American Chippendale-style furniture, deftly placed in historical context through paintings, books and related works on paper from the Met collections.

Complex but admirably compact—and accompanied by a splendid illustrated essay (MMA Bulletin, Spring 2018) by Morrison H. Heckscher, curator emeritus of the American Wing—the show demonstrates how that publication propelled Chippendale from provincial obscurity to the summit of the English

luxury market and yielded a mid-Georgian cultural legacy that endures to this day.

An introductory group of side chairs encapsulates the span of that cultural legacy: An exuberant rococo chair (c. 1769) attributed to Philadelphia maker Benjamin Randolph suggests how enthusiastically colonial Americans took to Chippendale's book. A graceful c. 1772 chair in the Neoclassical style, its crest rail and delicately pierced fan-shape splat ornamented with a crisp medallion and relief-carved garlands, is among the few pieces that can be firmly attributed to the Chippendale workshop. One of an extant set of 14, it exemplifies the high quality of the shop's productions. Lastly, a molded plywood chair (1984) designed by Robert Venturi and Denise Scott Brown represents a contemporary ab-

straction of Chippendale elements, though its industrial ungainliness is less a tribute than a caricature.

Chippendale was born into a Yorkshire woodworking family, but nothing is known of his early life between his baptism entry in the local parish register and the first written mention of him—in the Earl of Burlington's account book—in 1747. Beginning in 1748, civic and church records reveal that Chippendale had moved to London, where he set up his cabinet business and where he brought out the first edition of his "Director" in 1754.

With 160 beautifully engraved plates of seating and cabinet pieces, mirrors and other "...Most Elegant and Useful Designs of Household Furniture" (per the book's original subtitle), the "Director" sold well enough to require a second edition

in 1755 and a third expanded edition issued in irregular installments between 1759 and 1762.

Design books had been issued in Europe since the 16th century, but Chippendale's "Director" was unprecedented in the English-speaking world in its scale and wealth of furniture designs, which he offered in three popular styles of the day. His Modern one presented a sophisticated British interpretation of curvilinear French Rococo with a wide variety of elaborate carved decoration. His whimsical Chinese style exploited the prevailing fascination born of the lively European trade in ceramics, textiles and tea from the Far East. And his Gothic style was inspired by Britain's revived interest in its medieval heritage, especially the spires, pointed arches and stone tracery of English cathedrals.

The show's wonderful examples underscore the imaginative eclecticism of Chippendale's designs as interpreted by cabinetmakers in London, Philadelphia and elsewhere. Among these is a rococo tea or china table of gloriously figured mahogany (British, c. 1755–60) whose lithe cabriole legs, arching stretchers and crisply pierced mahogany gallery—the fence-like rim enclosing the table top—closely resemble features of plate XXXIV of the 1754 "Director."

Nearby is a lacquered standing shelf (c. 1753–54) by the firm of Chippendale competitors William and John Linnell. With its fretwork sides and pagoda roof hung with little bells, this example of English chinoiserie evokes the fantastical European notions of the mysterious Orient reflected not just in decorative arts but in such contemporaneous literary works as "Turandot" (1762) by



Tea or china table of mahogany (British, c. 1755–60), above, and Robert Venturi and Denise Scott Brown's #662 'Chippendale' Chair (1984), top right



the Italian dramatist Carlo Gozzi, which would later inspire Giacomo Puccini's final opera.

One of the show's themes is the new importance accorded to drawing in 18th-century England, where recently established drawing academies were open not just to painters but also to decorative artists like Chippendale. Among the show's greatest treasures is a selection of Chippendale's own preparatory drawings for the "Director." Examples of masterly draftsmanship in pen, ink and gray wash, they come from the two volumes containing 228 original drawings purchased in 1920 by William M. Ivins Jr., then recently appointed curator of the Met's new department of prints. Now regarded as the most important existing 18th-century English furniture designs, they were offered with limited catalog description at a New York auction that year. Ivins recognized them as a bibliophile's dream and snapped them up. No wonder a palpable sense of curatorial exuberance pervades this show.

**Chippendale's Director: The Designs and Legacy of a Furniture Maker** The Met Fifth Avenue, through Jan. 27, 2019

*Mr. Scherer writes about music and the fine arts for the Journal.*



## OPINION

## Among the Trump Doubters

WONDER LAND  
By Daniel Henninger

Back when Donald Trump was defeating 12 or so Republicans for the 2016 presidential nomination, no matter what he said or what anyone wrote about him, his support among early primary voters usually hovered somewhere in the 30s. You could set your watch by a Trump critical mass of one-third voting for him.

This third, then and now, is the eternal Trump base. Look at presidential approval polls, and there they are. In the most recent Wall Street Journal/NBC poll, Mr. Trump's "strong" approvers were 31%.

These are the Trump believers. But during two weeks away from politics, I kept finding myself among the Trump doubters. To be sure, most of them were in Europe, the fountainhead of doubt. They would demand of their visitor: "Explain Trump."

The explanation went like this: There are two Trumps. There is Donald Trump the person, to whom one can attach 20 adjectives and nouns along a scale from obnoxious idiot to unappreciated genius. This is the Trump of Twitter.

The second Trump is the Trump presidency, which consists of hundreds of individuals appointed to execute his policies. In President Trump's first year, those policies included the immigrant travel ban, news of which spread

throughout the world. But with the help of a Republican Congress, his policies also included the reversal of the Obama era's multitudinous economic regulations and in December a 40% reduction in the corporate-tax rate, to 21% from 35%.

In the six months between December and everyone's summer vacation, the U.S. economy achieved full employment. We now have a labor shortage. Unemployment rates for blacks and Hispanics are at historic lows. After eight years of suppression, a still-powerful U.S. economy has been liberated.

With a couple of exceptions, this tale of two Trumps fell on deaf ears in Europe. They would reply: "But that doesn't explain Trump."

It is a familiar phenomenon—Donald Trump the person as a permanent political eclipse. Back in the spring, news stories appeared in which Democrats complained that Mr. Trump was "blotting out the sun." The media wasn't paying attention to *them*, not even the Trump-obsessed progs at MSNBC.

The Trumpian eclipse has been mesmerizing, but it's probably going to end with November's midterm elections. As always, the Trump third will punch in for candidates he endorsed in the primaries, but as in 2016, where will the GOP find enough voters to win in a general election? The answer, and the result, lies among the Trump doubters.

For about a month, I've been carrying in my head a conversation with a woman in New

York. Actually, it wasn't a conversation. She unloaded.

"You are looking," she said, "at a one-woman focus group." A financial analyst, she said she voted for Donald Trump and that she and her husband had benefited personally from President Trump's policies. She saw how the country's well-being was on the rise.

**They like his policies, but a persona giving off nonstop static may keep them home.**

But doubts about the president had become hard to shake. All the negative static, the Twitter, the constant storm of controversy, the omnipresent Trump persona. It was wearing her down. Would she cast a second Trump vote? "Maybe. Probably."

This woman wasn't one of the case-hardened Trump 33%, but she was part of the margin that provided his victory. Every Republican running in a competitive November race has to wonder how many of them are in their districts and whether they will vote.

Midterm elections are traditionally tough on the president's party, but for GOP candidates these should still be the best of times.

Here are three headlines from Tuesday's online Journal: "U.S. Factory Sector Clocks Strongest Growth in 14 Years," "Consumer Sentiment Boosted by Job Optimism: Future in-

come, employment confidence cited by consumers for their positive spending views." "U.S. Auto Sales Maintain Momentum for Now."

Last week, Mitch McConnell's Senate confirmed Mr. Trump's 60th judicial nominee. Voters concerned about the courts were another reason for Mr. Trump's victory.

This all qualifies as winning, which would be helping GOP candidates in tough races if not for one unchangeable reality: Mr. Trump is blotting out their sun, too.

Why should Mr. Trump's "fake-news" media opposition waste time covering an economic boom when they've got the clickbait of a president repeatedly tweet-mocking his own attorney general, publicizing the Mueller "witch hunt," fighting with fixer-lawyer Michael Cohen, and fiddling with the height of the White House flag after John McCain died?

Trump voters-turned-doubters probably will sink the GOP this fall. But if they need a reason to vote in November, try this: There may be 20 ways to describe Donald Trump, but just one will do for the outpourings during Brett Kavanaugh's confirmation hearing from Democratic Sens. Kamala Harris, Richard Blumenthal, Sheldon Whitehouse, Mazie Hirono, Cory Booker and Dick Durbin. Unbearable.

If the blue wave breaks in November, we will spend the next two years engulfed in the Democrats' moral condescension. Anything but that.

*Write henninger@wsj.com.*

BOOKSHELF | By Steven Poole

## The Yogabots Are Coming

## 21 Lessons for the 21st Century

By Yuval Noah Harari  
(*Spiegel & Grau*, 372 pages, \$28)

A dvertises for investment vehicles are obliged to remind prospective customers that past performance is no guide to the future. Yet we seem to have no qualms about taking a historian seriously as a cultural forecaster. Yuval Noah Harari was a medieval military historian until the breakout success of his wide-screen history of humanity, "Sapiens" (2014). Now he has become a guru whose opinions about the future of technology and politics are widely sought. But are the "lessons" of his new book, "21 Lessons for the 21st Century"—the rhetoric of the title rather recalls Jordan B. Peterson's "12 Rules for Life"—actually worth learning?

Mr. Harari begins by telling us that the public is disillusioned because of "the global elite" or "the global elites" or "liberal elites" (he seems unconcerned whether they are one or many, and what exactly their ideology is), and so we have been ushered into the "nihilistic" world of Donald Trump and Brexit. Technology is going to change every-

thing over the coming decades, he argues, and no one has any idea how things will work out, so it is time for some modesty. We should, he recommends, "switch from panic mode to bewilderment." Try telling yourself, he encourages the reader, "I just don't understand what's going on in the world."

The author, by contrast, writes as if he understands absolutely everything about what's going on in the world but needn't stoop to details. Many of the book's chapters have their genesis in occasional pieces of journalism, and much of the text is windy punditry. There are many generalizing statements next to which this skeptical reader penciled, in the jargon of Wikipedia, "citation needed."

"Liberals don't understand how history deviated from its preordained course," Mr. Harari writes, "and they lack an alternative prism through which to interpret reality." Disorientation causes them to think in apocalyptic terms." The idea that all "liberals" think in the same way is as unenlightening as the claim that all conservatives do.

Mr. Harari's idea of technology is similarly more concerned with broad sweep than fact and plausibility. He asserts that the alleged "increasing pace of change" today makes predictions impossible and proceeds to make predictions. He refers to fashionable concepts such as "the blockchain revolution" without explaining them and declares that robots will affect every job going, including the teaching of yoga. You may doubt that anyone will want to study with a yogabot, but never mind, because Mr. Harari is now enthusing about a future in which a poor person living in the jungle may consult "a hundred different AI doctors" on her smartphone and machines will be able to compose personalized pop songs to console you after a breakup. Mr. Harari is a great believer in the magical power of "algorithms," even as he doesn't seem to understand their limitations and dependencies. Google's chess-playing software AlphaZero, he says, "learned nothing from any human," which is untrue: It had to be given the rules of the game in the first place.

**The author of 'Sapiens' offers a grab-bag of predictions and prescriptions for the near future: don't sweat terrorism, do worry about your job.**

Thinkers in the predicting-the-future game generally choose one particular sci-fi scenario to lay their bets on: AI's becoming self-aware and choosing to destroy humans, say, or everyone uploading their consciousness into computers and enjoying an eternal digital-hallucinogenic trip. Mr. Harari, for his part, guesses that widespread genetic engineering, allied to the rise of artificial intelligence, will split our species into "a small class of super-humans and a massive underclass of useless *Homo sapiens*."

Much of this discussion will be familiar to readers of his previous book, "Homo Deus" (2017), and Mr. Harari repeats, too, his central ideas from "Sapiens." Religion is generally bad, and so is nationalism; terrorism is not much of a problem, but climate change and the possibility of nuclear war definitely are. "Fake news," meanwhile, is nothing new; in fact, the author argues, it is just the latest perverse efflorescence of exactly what has enabled the astonishing success of our species: our ability to make things up and invent stories that enable human cooperation. We are, indeed, a "post-truth species."

The problem with this thesis is that it rather conveniently ignores the existence of science, which rigorously constrains the kinds of stories we ought to believe in. The author has, however, embraced the dubious nostrums of popular evolutionary psychology: He repeatedly asserts that "we are still Stone Age animals" and so poorly adapted for modern life. But to say that is to ignore the enormous role of culture and tradition—indeed, stories—in the making of a modern human mind.

Near the end, Mr. Harari claims, bizarrely, that rationality "is a myth," having misinterpreted the findings of behavioral economics, which show only that humans don't always behave in ways that fit the highly restrictive economic definition of rationality. If rationality is a myth, it's hard to understand why he should recommend to his readers that "if you want reliable information, pay good money for it," excellent though that idea is. How can there be any such thing as reliable information if there is no such thing as rationality?

This book is marketed as history and promises to guide us through the present and near future, and yet by the conclusion its overriding tone is rather mystically navel-gazing. To find meaning in your life, Mr. Harari suggests, you should not identify with "the inner story of the self" but "observe the actual flow of body and mind." We should all invest in "advancing human consciousness" by deepening our capacity for compassion, and one way to do this, the author explains in the final essay, is through ancient meditation practices. This might well be fine advice, but Nostradamus it ain't.

*Mr. Poole is the author of "Rethink: The Surprising History of New Ideas."*

## What Kavanaugh Did at the White House

By Karl Rove

**I**t didn't take long for acrimony to emerge on Capitol Hill Tuesday. Democratic senators tag-teamed Judiciary Committee Chairman Chuck Grassley from the very start of Judge Brett Kavanaugh's Supreme Court confirmation hearing. As squads of shouting audience members added to the chaos, Democrats demanded Mr. Grassley adjourn the hearing or suspend the nomination until hell freezes over.

Sen. Kamala Harris insisted, "We cannot possibly move forward." Sen. Cory Booker questioned Mr. Grassley's "decency and integrity." Sen. Richard Blumenthal implored Judge Kavanaugh to "ask for a postponement" because "this process has been a great disservice to you."

To delay the hearings, Democrats are determined to get every document Mr. Kavanaugh touched as White House staff secretary under President George W. Bush. If they can't get the papers, they intend to smear Judge Kavanaugh by asking, as Sen. Patrick Leahy did, "What are we trying to hide?"

I worked in President Bush's White House with three staff secretaries: Harriet Miers, Mr. Kavanaugh and Raul Yanes. In that position, they reviewed virtually every document the president saw and kept copies as required by the Presidential Records Act of 1978.

More important, the staff

secretary was responsible for circulating documents to as many as a score of administration officials—drafts of memos, statements, speeches, schedules, briefing books, proclamations and scripts. The staff secretary would then serve as an impartial judge by reviewing and reconciling the comments on the documents. He would ensure that they were accurate, concise, clear, thorough and timely, giving the best possible expression to the views of the president's advisers.

**Democrats are fishing, but the documents they seek don't contain the nominee's views.**

Sen. Mazie Hirono may have been correct that in Democratic White Houses, staff secretaries routinely put their finger on the scale to push favored policy outcomes. Not in the Bush 43 West Wing. There, the staff secretary didn't advocate for a preferred outcome. If he did, he would have been removed from the position. Ms. Miers and Messrs. Kavanaugh and Yanes were facilitators, not policy makers. Their responsibility was to make sure documents expressed the views of the president's advisers as well as possible.

This made their job one of the West Wing's toughest. It required an ability to under-

stand what someone wanted to convey, and if necessary, to help say it in a better way. It took exceptional diplomatic skill to negotiate changes with high-powered White House aides. It involved extensive fact checking for accuracy and consistency with past documents. And there was lots of paper to deal with, all the time.

No wonder Judge Kavanaugh calls it "a formative experience" to have served in this intellectually and professionally demanding post. It is why he and his staff were among the brightest people in the White House.

The materials from Mr. Kavanaugh's time as staff secretary include highly sensitive presidential documents. Their release before the year set by federal law would violate Mr. Bush's executive privilege without providing any substantive insight into Judge Kavanaugh's views.

It can't be emphasized enough that these aren't policy recommendations from Mr. Kavanaugh. The material that passed through his hands came from policy makers in the administration. Careful textual analysis might yield evidence of Mr. Kavanaugh's talent in coaxing colleagues into more clarity, greater brevity, and deeper analysis, but would reveal nothing about his personal policy views.

The Judiciary Committee

Democrats auditioning for president know this. Since most have already announced

their opposition to Judge Kavanaugh's nomination, why should anyone believe their minds would be changed by anything in the unreleased papers? Most of these Democrats weren't seeking to conduct a thoughtful hearing of Judge Kavanaugh's judicial philosophy and fitness for the court. They were ingratiating themselves with their party's radical fringe through a made-for-TV stunt that undermined the Supreme Court's public standing.

Ms. Harris revealed her political intentions in a fundraising appeal Tuesday night. It declared, "Every moment is an organizing opportunity." With Sen. Dick Durbin defending the attempts of disruptive audience members to hijack the hearing as "the noise of democracy," the Democrats' antics will help normalize the intimidation of committee chairs and demonstrations in future congressional hearings.

The spectacle Democrats created demonstrates how weak their case is against Judge Kavanaugh. Unable to attack his conduct as a judge, they engaged in a desperate fishing expedition. The result? The Democratic disruptors look like fools—and Brett Kavanaugh will soon be the 114th Supreme Court justice.

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

## Bernie Sanders's Half-Truth on Wages

By Andy Puzder

**P**rogressives are attempting to discredit the Trump economy by claiming workers aren't seeing the benefits. Sen. Bernie Sanders recently claimed that the increase in wages last year "nets out to zero" because of inflation and that "the average American worker today, despite the strong economy, is not getting ahead."

Mr. Sanders has half a point. According to the Bureau of Labor Statistics' latest report on real earnings, as of July average hourly earnings had increased 2.7% over the preceding year, while inflation was 2.9%, due in large part to a surge in oil prices—a slight decrease in real terms.

But workers have benefited in other ways. The stronger economy has created opportunities to increase earnings by working more hours. Over the past year, the number of peo-

ple working part time because they were unable to find full-time employment decreased by nearly 700,000 while the number of people working full time increased by more than three million. For those already employed full-time, there are more opportunities to work overtime at 50% higher hourly

wages. The BLS credits increased hours with adding 0.3% to weekly earnings, for a combined earnings increase of 3%, slightly more than the 2.9% inflation rate.

None of this takes into account the effect of lower taxes. According to Sentier Research, an economic-research firm founded by former Census Bureau officials, median house-

hold income in July 2017 was \$60,879. In 2017 a married couple with no children filing jointly with income of \$60,879 would have taken a standard deduction of \$12,700 plus personal exemptions of \$8,100, resulting in taxable income of \$40,079. Their tax rate would have been 15%, for a federal income-tax liability of \$5,079. After paying payroll taxes of \$4,657, this couple would have taken home \$51,143.

This year, assuming the BLS's 3% increase in weekly earnings, the couple's income would rise to \$62,705. Following the tax cuts, their standard deduction would increase to \$24,000, for taxable income of \$37,705. Their federal income-tax rate would be 12%, for an income-tax liability of \$4,264. Their payroll taxes would rise with their income to \$4,797.

All told, the couple would take home \$53,644. That's an increase in take-home pay of \$2,501, or 4.9%—nearly 70%

higher than the 2.9% rate of inflation, assuming the inflation rate holds at around 2.9% for the rest of the year. With the expanded child tax credit, if this couple had one child, their take-home pay would increase 5.5%, or 90% higher than the inflation rate. Since the new withholding tables went into effect on Feb. 15, employees have seen the difference in bigger paychecks. Little wonder the Conference Board recently reported that consumer confidence surged in August to its highest level since October 2000, while the Commerce Department reported that consumer spending increased 0.4% in July, the sixth straight month of healthy gains.

The progressives are wrong. Capitalism is working, for everybody.

*Mr. Puzder is a former CEO of CKE Restaurants and author of "The Capitalist Comeback: The Trump Boom and the Left's Plot to Stop It."*

## OPINION

## REVIEW &amp; OUTLOOK

## Big Tech in the Dock

**T**witter and Facebook executives were grilled on Capitol Hill Wednesday, amid the growing debate over political bias in social media and search. The tech giants say they don't intentionally suppress conservatives, and perhaps that's true. But their nonchalance risks alienating users—and government intervention.

Complaints about anti-conservative bias by tech platforms have been growing for some time. While the evidence is mostly anecdotal, the seemingly synchronized and vaguely justified decisions by Apple, Facebook and Google to ban right-wing fabulist Alex Jones's Infowars in August for "hate speech" raised more doubts about their purported neutrality.

President Trump belly-flopped in as usual on Twitter. "They have it RIGGED," he tweeted last week. "Google & others are suppressing voices of Conservatives and hiding information and news that is good. They are controlling what we can & cannot see. This is a very serious situation—will be addressed!" Mr. Trump warned later at the White House that tech companies are "treading on very, very troubling territory" and had "better be careful."

White House economic adviser Larry Kudlow then said the Administration will investigate the tech giants, and on Wednesday The Journal reported the Justice Department will examine whether the social-media giants are "intentionally stifling" certain viewpoints.

\* \* \*

Consider conservative radio host Dennis Prager, whose "PragerU" educational videos on topics such as "Did Bush Lie About Iraq?" and "Is America Racist?" have been restricted by Google's YouTube unit. None of the 50 or so censored videos included violent, sexually explicit or hateful content that violated Google's Community Guidelines.

YouTube's algorithms and "community" of users can flag videos as objectionable, but Google guidelines require an internal review team to remove them. So Google employees ostensibly had to have agreed. PragerU has sued Google and claims in its lawsuit that YouTube "declined to provide any explanation for why the videos were restricted or demonetized because they purportedly can't share more details about our review process, as doing so could benefit channels that do not play by the rules (those who game the system)."

Conservative Doug Wead recently complained on The Federalist website that Google barred him from buying an ad to promote a Fox Business interview. He says a Google employee told him the crawler along the bottom of the video, which quoted Mr. Trump calling the Mueller investigation a "witch hunt," was hate speech.

Google has a serious problem if its employees can't distinguish news and opinion from hate speech. Infowars may have deserved to be banned, but the ill-defined justifications offered by the tech companies have unsettled even many conservatives who disdain Mr. Jones but worry that they could be next. This has allowed Mr. Jones to pose as a free-speech martyr, which he isn't.

Some conservatives also say their content is being discriminated against in Google News and search. Google says its algorithms aren't politi-

cally biased and incorporate dozens of variables, some of which are based on location and may change by the hour. Thus it would be difficult to prove its algorithms discriminate since each user's experience is unique.

Most discrimination is also likely to be incidental—for instance, favoring sites with the most clicks and links, which

may be liberal outlets that don't charge for content. But this underscores the bigger problem, which is that social media and search platforms wield significant influence over public debate, yet their editorial judgments are opaque and often arbitrary.

Google controls 90% of all search. When accused of bias, it hides behind automated and non-transparent algorithms. Look, Ma, no hands! All the while its employees exercise significant control over what users see and don't see. According to the PragerU lawsuit, human reviewers appear to enjoy carte blanche to block flagged content.

Facebook and Google also control 60% of digital ad revenues, and both have used their market dominance to undercut competitors. Facebook has blocked publishers from promoting their content on its news stream by tagging the ads as political.

\* \* \*

In 2012 Federal Trade Commission staff issued a report recommending a lawsuit against Google for anti-competitive conduct. The commission led by Obama appointee Jon Leibowitz voted against a lawsuit, but Google's competitors have continued to grouse about predatory practices.

Meantime, fury on the political left and right is converging and amplifying demands for government action. Missouri Attorney General Josh Hawley last year launched an investigation into Google's business practices, and other states may follow. Democratic Sen. Mark Warner of Virginia has proposed stripping platforms of some of their legal protection for user-generated content under Section 230 of the Communications Decency Act. Senator Ted Cruz has said the predicate for Section 230 immunity is "you're a neutral public forum."

The Trump FTC has said it will reopen the agency's probe of Big Tech. The commission could hamstring the monopolists with regulation—perhaps appointing government monitors to oversee content reviews—and watch out if Elizabeth Warren is elected President.

Then there's the private litigation threat. PragerU's charge that Google violated its free-speech rights is unlikely to prevail in court because Google isn't the government and can choose to exclude certain content under the law. But claims that Google engaged in unfair business practices by violating its own terms and conditions are stronger.

Count us among the skeptics that government has an answer to this, and we don't need an Internet version of the Fairness Doctrine (1949-1987). But history shows that Americans will eventually ask politicians to rein in businesses that appear to be unaccountable. The lords of Big Tech will pay a price if they create the perception that they are the censorship arm of the political left.

## Dianne, Get Your Gun

**S**enate Democrats claim to fear that Brett Kavanaugh will be too willing to overturn Supreme Court precedents, but it turns out that not all precedents are created equal. They're also complaining that Judge Kavanaugh might fail to overturn at least one precedent—the landmark 2008 *Heller* decision upholding an individual's right to bear arms.

Gun control is a favorite issue of California Senator Dianne Feinstein, who challenged Judge Kavanaugh at Wednesday's confirmation hearing for following the Supreme Court's *Heller* precedent too literally for her political tastes. The 2008 Supreme Court ruling struck down a Washington, D.C., ban on handguns. The district then banned so-called assault weapons including semi-automatic rifles such as the AR-15. In *D.C. v. Heller* (2011), Judge Kavanaugh dissented from his appellate-court colleagues by arguing that the rifle ban is unconstitutional.

Judge Kavanaugh's reasoning followed Antonin Scalia's originalist logic in *Heller* that the Second Amendment applies to guns in "common use." His colleagues applied a "balancing" test that allowed them to carve a giant hole in *Heller* and uphold a rifle ban.

"There is no meaningful or persuasive constitutional distinction between semi-automatic handguns and semi-automatic rifles," Judge Kavanaugh wrote in his circuit-court dissent. "Semi-automatic rifles, like semi-automatic handguns, have not traditionally been banned and are in common use by law-abiding citizens for self-defense in the home, hunting, and other lawful uses. Moreover, semi-automatic handguns are used in connection with violent crimes far more than semi-automatic rifles are."

This upsets Ms. Feinstein, who wants to ban semi-automatic rifles, and so she asked Judge Kavanaugh "what evidence or study did you use" to determine that assault weapons were in "common use"? Mr. Kavanaugh replied: "Semiautomatic rifles are widely possessed in the United States. There are millions and millions and millions of semiautomatic rifles that are possessed, so that seemed to fit common use."

Americans across the country use semi-automatic rifles for hunting and self-defense—so many that Dick's Sporting Goods reported weaker revenue last quarter after stopping sales of assault-style weapons. But according to Ms. Feinstein, the fact that large numbers of Americans buy and use these weapons doesn't mean they

are in common use.

"Common use is an activity," she said. "It is not common storage or possession. It is use. So what you said was that these weapons are commonly used. They are not." In colonial times long guns and rifles were commonly kept and carried to be used to defend against tyrannical government and billigerents. By Ms. Feinstein's Second Amendment interpretation, nearly any gun could be banned since they spend more time in storage than "use."

Judge Kavanaugh said he'd faithfully apply Scalia's *Heller* opinion, which allowed that some gun regulation may be permissible—for instance, he said, "dangerous and unusual weapons could be prohibited."

But states have been trying to undercut *Heller* left and right. New Jersey requires that individuals who wish to carry a handgun for self-defense prove to the state that they have a "justifiable need"—which has become a nearly impossible standard to meet. California prohibits large-capacity magazines.

The Supreme Court hasn't heard a major Second Amendment case since applying *Heller* to the states with its 2010 *McDonald* decision. But several challenges to state firearm restrictions are meandering through the circuits and could soon land at the High Court.

The Feinstein-Kavanaugh exchange neatly summarizes the stakes in modern judicial interpretation. Liberals want to use a balancing test that would gut *Heller* of practical meaning even if they don't formally reverse it. Judge Kavanaugh would follow the originalist "common use" standard that would make regulation harder, though not impossible, to justify. Liberals are all too happy to overturn Supreme Court precedents they don't like.

## The companies are tempting government intervention.

## LETTERS TO THE EDITOR

## Aisle-Crossing Seems to Go in One Direction

Regarding James A. Baker III's "John McCain and the Dying Art of Political Compromise" (op-ed, Aug. 30): While compromise appears to be a positive, perhaps someone should ask Mr. Baker what benefits political compromise has wrought? How about a budget discussion on compromise between a 0% annual increase and an 8% annual increase? If the politicians always split the difference and "compromise" on a 4% annual increase in next year's budget is the common outcome, is that a good thing? Apparently so, according to Mr. Baker.

Where has the trail of past compromises led us? Look no further than the national debt. After all the handshakes, ribbon-cuttings and photographs of the participants have been taken and presented to the public, what is left? Isn't the sum remainder of past compromises embedded in the national debt, now over \$21 trillion?

LARRY G. DEVRIES

Vancouver, Wash.

I can appreciate Mr. Baker's praise of John McCain's ability to compromise, but as a street-level taxpayer I recall that every time Sen. McCain crossed the aisle what came to my mind was capitulation. No agreement is better than a harmful agreement.

BRINT BROOKS  
Englewood, Fla.

Mr. Baker's argument might have been more compelling had he provided at least one example of the late Arizona Sen. John McCain's ability to cause liberals to sacrifice their principles in equal measure to his propensity to sacrifice those of conservatives.

DANIEL BURNS  
Reno, Nev.

Which Democrat could die and be praised for the same willingness to "reach across the aisle"? I haven't been able to come up with a single name.

DAVID G. DECKER  
Eagle, Idaho

## The I-Word That Dare Not Speak Its Name

Regarding your editorial "The Forbidden 'I Word'" (Aug. 24): The Democratic Party's agenda is its massive attempt to destroy the current successful Republican move away from President Obama's push for federal government control of the economy. A portion of this is boldly portrayed in Sen. Elizabeth Warren's "Companies Shouldn't Be Accountable Only to Shareholders" (op-ed, Aug. 15).

The Democratic Party's 43% (and growing) progressive wing openly and enthusiastically fights for federal government control of our society and economy. In their quest for power, progressives disregard how government control of everything devastates other countries that try it.

ELLERY BLOCK  
Westerville, Ohio

Most of the media hasn't a clue what the American public thinks, what makes them tick or what ticks them off.

When a president declares that he will "drain the swamp," impeachment becomes a milestone of progress—no longer seen as a stigma by the disillusioned masses. It's a badge of honor.

ANDREW BLEKE  
Atlanta

## Pension Cost and Intergenerational Fairness

In his Aug. 23 letter responding to your Aug. 13 editorial "Saving New Jersey, if That's Possible" highlighting the pension funding challenges of New Jersey, C.M. Kase suggests that all governmental agencies with public pensions should have them fully funded by the end of each year and any excesses applied to the following year. That is not the correct answer. It's unfair to taxpayers. This is mixing apples and oranges and using one pension funding situation to spoil the conversation on the health of all public pensions.

I agree that pensions should be fully funded, but not all at once. From bull markets to bear markets, the stock market fluctuates. Is it fair to one group of taxpayers to pay more than another into the public-pension fund because the market didn't do particularly well that year? I don't believe it

is, and that's why I've made a concerted effort to educate the public about intergenerational equity which makes sure the government's contributions to its pensions are level over time and therefore fair to all generations of taxpayers. To keep pensions in good health, governments need to do what most public workers already do for their pensions—make consistent contributions. The employee contributions, coupled with using the market to fuel the pensions and governments making regular and actuarially determined contributions to the pension funds, is the right formula. It's the formula that gets governments able to deliver on their pension promises. There are many states and cities already doing it right, like New York City.

SHERRY S. CHAN  
New York City Chief Actuary  
New York

## Arbitrary Detention Is Far Too Common in Guatemala

Regarding Mary Anastasia O'Grady's "The U.S. Funds Guatemalan Abuse" (Americas, Aug. 20): As president of Cacif (the business lobby) I appreciate the exposure of the situation in Guatemala regarding human-rights violations committed in several judicial processes and the arbitrary and prolonged detentions of well-respected Guatemalan citizens like Max Quirin and other members of the board of the Guatemalan Social Security Institute. In addition, many other arbitrary detentions keep taking place.

Regarding the case of Mr. Quirin: Why was the arrest warrant requested before following the administrative process established in the law? Why was Mr. Quirin arrested and incarcerated if there was not any substantial evidence, as no evidence was presented at the trial? Why was Mr. Quirin denied bail several times without any objective legal argument? Doubts have risen about the legality of the execution of arrest warrants in content and form that deserve closer attention from international public opinion.

We value the contribution that the U.S. has provided to Guatemala regarding the fight against corruption, but we are also of the opinion that the success of these efforts depend fundamentally on the true respect of human rights and the rule of law.

MARCO AUGUSTO GARCIA NORIEGA

Guatemala City, Guatemala

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to [wsj.ltrs@wsj.com](mailto:wsj.ltrs@wsj.com). Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.



"H.R. has logged four complaints against you for being boring."

## OPINION

# Blame Congress for Politicizing the Court

By Ben Sasse

Brett Kavanaugh has been accused of hating women, hating children, hating clean air, wanting dirty water. He's been declared an existential threat to the nation. Alumni of Yale Law School, incensed that faculty members at his alma mater praised his selection, wrote a public letter to the school saying: "People will die if Brett Kavanaugh is confirmed."

It's predictable now that every Supreme Court confirmation hearing will be a politicized circus. This is because Americans have accepted a bad new theory about how the three branches of government should work—and in particular about how the judiciary operates.

**When lawmakers hand power to bureaucrats, the people expect judges to act as superlegislators.**

In the U.S. system, the legislative branch is supposed to be the center of politics. Why isn't it? For the past century, more legislative authority has been delegated to the executive branch every year. Both parties do it. The legislature is weak, and most people here in Congress want their jobs more than they want to do legislative work. So they punt most of the work to the next branch.

The consequence of this transfer of power is that people yearn for a place where politics can actually be done.

When we don't do a lot of big political debating here in Congress, we transfer it to the Supreme Court. And that's why the court is increasingly a substitute political battleground. We badly need to restore the proper duties and the balance of power to our constitutional system.

If there are lots of protests in front of the Supreme Court, that's an indication that the republic isn't healthy. People should be protesting in front of this body instead. The legislature is designed to be controversial, noisy, sometimes even rowdy—because making laws means we have to hash out matters about which we don't all agree.

How did the legislature decide to give away its power? We've been doing it for a long time. Over the course of the past century, especially since the 1930s and ramping up since the 1960s, the legislative branch has kicked a lot of its responsibility to alphabet-soup bureaucracies. These are the places where most actual policymaking—in a way, lawmaking—happens now.

What we mostly do around this body is not pass laws but give permission to bureaucracy X, Y or Z to make lawlike regulations. We write giant pieces of legislation that people haven't read, filled with terms that are undefined, and we say the secretary or administrator of such-and-such shall promulgate rules that do the rest of our jobs. That's why there are so many fights about the executive branch and the judiciary—because Congress rarely finishes its work.

There are rational arguments one could make for this new system. Congress can't manage all the nitty-gritty



CHRIS WATKIN/REUTERS

Judge Brett Kavanaugh at his confirmation hearing Wednesday.

details of modern government, and this system tries to give power and control to experts in technical fields, about which most of us in Congress don't know much of anything.

But the real reason this institution punts most of its power to executive-branch agencies is because it is a convenient way to avoid responsibility for controversial and unpopular decisions. If your biggest long-term priority is your own re-election, then giving away your power is a pretty good strategy.

But when Congress gives power to an unaccountable fourth branch of government, the people are cut out of the process. Nobody in Nebraska, Minnesota or Delaware elected the deputy assistant administrator of plant quarantine at the U.S. Department of Agriculture. If that person does something that makes Nebraskans' lives difficult, where do they go to protest? How do

they navigate the complexity of this town to do executive-agency lobbying? They can't.

They don't have any ability to speak out or to fire people through an election. When the administrative state grows—when there is this fourth branch of government—it becomes harder for the concerns of citizens to be represented and articulated by officials who answer to the people. The Supreme Court becomes a substitute political battleground. It's only nine people. You can know them; you can demonize them; you can try to make them messiahs. Because people can't navigate their way through the bureaucracy, they turn to the Supreme Court looking for politics. They look to nine justices to be superlegislators, to right the wrongs from other places in the process.

When people talk about wanting "empathy" from the justices, that's

what they're talking about—trying to make the justices do something Congress refuses to do as it constantly abdicates its responsibility. The hyperventilating that we see in this process shows us a system that is wildly out of whack.

The solution is not to try to find judges who will be policy makers or to turn the Supreme Court into an election battle. The solution is to restore a proper constitutional order with the balance of powers. We need a Congress that writes laws, then stands before the people and faces the consequences. We need an executive branch that has a humble view of its job as enforcing the law, not trying to write laws in Congress's absence. And we need a judiciary that applies written laws to facts in cases that are actually before it.

This is the elegant, fair process the Founders created. It's a process in which the people who are elected can be fired, because the men and women who serve America by wearing black robes are insulated from politics. This is why we talk about an independent judiciary. This is why we shouldn't talk about Republican and Democratic judges and justices. This is why we say justice is blind. This is why we give judges lifetime tenure.

And this is why this is the last job interview Judge Kavanaugh will ever have. Because he's going to a job in which he's not supposed to be a superlegislator.

*Mr. Sasse, a Nebraska Republican, is a member of the Senate Judiciary Committee. This is adapted from his opening statement at Judge Kavanaugh's confirmation hearings.*

## Fannie and Freddie, Make Way for Ginnie Mae

By Jeb Hensarling

This is a not-so-happy anniversary in American history. Ten years ago Thursday, the federal government took over Fannie Mae and Freddie Mac, the failed government-sponsored housing enterprises that were at the center of the last financial crisis.

Leading up to the crisis, Fannie and Freddie were thinly capitalized and bought loans with as little as 3% down. They issued mortgage-backed securities encompassing roughly 50% of all first-lien mortgages and were embroiled in multiple scandals such as conflicts of interest and over-the-top lobbying. Today, propped up by taxpayers in conservatorship, they remain thinly capitalized, still securitize half of new mortgages, and are buying high-risk 3%-down loans.

And—surprise!—they are once again embroiled in similar scandals. As Yogi Berra said, it's déjà vu all over again.

Fannie and Freddie's quiet return to much of their precrisis market dominance has created a state of systemic risk. That's bad news for competition, innovation and taxpayers. With about \$190 billion in taxpayer bailouts to date and some \$5 trillion in obligations effectively guaranteed by the federal government, Congress must rein them in before they help

create another housing crisis.

Unfortunately reform has proved elusive. For almost 20 years, a small group in Congress has labored in vain to replace Fannie and Freddie's government-sanctioned monopoly and implicit guarantees. The new system we envision would be based on private capital, competition, innovation, consumer choice and market discipline. Yet prospects for such reform remain dim.

Because comprehensive market-based reform isn't achievable now, the prudent move is to shift toward a more rational system that puts private capital first and disperses risk. That's why, in addition to offering legislation to eliminate Fannie and Freddie, I also am putting forth a compromise approach for bipartisan consideration.

The compromise plan would permanently repeal the Fannie and Freddie charters, ending the monopoly model. In its place it proposes using Ginnie Mae, the government corporation that explicitly backs the payment of principal and interest to investors in Federal Housing Administration and other government-insured loans. The proposal would direct the corporation to guarantee qualified privately insured mortgage-backed securities.

Loan originators would have to acquire coverage from an approved

"credit enhancer," or private mortgage credit guarantor, to use the Ginnie Mae system. That would function as a private capital buffer on the loan, which could then be securitized by any of Ginnie Mae's more than 400 approved issuers with an explicit, full government guarantee of mortgage-backed securities.

### The entities that caused the last housing crisis haven't been reformed. My compromise would do so.

To protect taxpayers from new risks, the credit enhancer's guarantee would be market-priced and backed by the strength of its balance sheet, which requires banklike capital. Credit enhancers also would have to use risk transfers to disperse credit risk horizontally and participate in a rainy-day fund to protect against unexpected financial downturns. Eligible loans would have a minimum borrower down payment of 5% and a maximum loan-to-value ratio of 85%, and otherwise conform to the current Qualified Mortgage rules.

While by no means risk-free, this approach offers several improvements. First, it would create no new

government guarantee. The government always does a lousy job of pricing risk, so using existing structures decreases the political pressure of creating new subsidies. It also means greater investor familiarity with what a Ginnie Mae guarantee covers (the mortgage-backed security) and what it doesn't (the issuing entity). This would increase liquidity and lower system costs.

The plan also limits existing guarantees to catastrophic losses on loans already within the system. Taxpayers will be in the last-loss position behind layers of diversified private capital including: borrower down payments, private mortgage insurance, the credit enhancer's resources, and the new rainy-day reserve. This will dramatically reduce the number of bad loans dumped into the system.

Finally, the proposal would enhance competition and reduce the risk of institutions growing too big to fail. Abolishing government charters would allow multiple private guarantors to form as needed and to compete freely for loan originators' business. The diverse Ginnie Mae securitizing network would eliminate today's dual-issuer choke point. By not hard-wiring government guarantees onto all loans, the plan would promote innovation and nongovernment financing alternatives. These

include greater portfolio lending and an expanded private market in mortgage-backed securities.

These changes would mark dramatic improvements over the current system. But if the political will to enact reform stalls, the Trump administration can still effect change. The president will appoint a new Federal Housing Finance Agency director in January. The director has broad unilateral powers as conservator of Fannie and Freddie to reduce their size, scope and functions dramatically. If Congress fails to act by early next year, the new director can still institute these reforms administratively—and I call on them to do so.

Comprehensive housing-finance reform remains a great public-policy challenge. This compromise offers a way out of the dangerous status quo: codify into law an explicit government guarantee for mortgage-backed securities in exchange for placing the taxpayer in a catastrophic-loss position only, diffusing the credit risk beyond Fannie and Freddie, and creating market competition. Such a grand bargain may not be the optimal policy, but it's an achievable policy that could help avert the next housing crisis.

*Mr. Hensarling, a Texas Republican, is chairman of House Financial Services Committee.*

## British Jews Have Reason to Fear Corbyn's Labour Party

By Dovid Efune

Lord Jonathan Sacks isn't known to throw around accusations. So when the Commonwealth's former chief rabbi weighed in on Jeremy Corbyn, leader of Britain's opposition Labour Party, people took notice.

Rabbi Sacks last week described Mr. Corbyn as "an anti-Semite" who has "given support to racists, terrorists and dealers of hate." He called one Corbyn comment "the most offensive statement made by a senior British politician since Enoch Powell's 1968 'Rivers of Blood' speech," a vicious anti-immigration diatribe. Rabbi Sacks was referring to Mr. Corbyn's 2013 description of British "Zionists": "They don't want to study history and... they don't understand

English irony either." On Sunday Rabbi Sacks doubled down, telling the BBC that the prospect of Mr. Corbyn as prime minister was a "danger" to British Jewry.

In July, 68 leading U.K. rabbis had written an open letter to the Guardian accusing Labour's leadership of ignoring the Jewish community and the "severe and widespread" anti-Semitism plaguing the party. Shortly after, in an unprecedented move, the country's three leading Jewish newspapers published joint cover stories describing the potential of a Corbyn-led government as an "existential threat to Jewish life" in Britain.

Some members of Mr. Corbyn's own party have been unforgiving. A day after Rabbi Sacks's remarks were published, Labour veteran Frank Field

resigned from the party's group in Parliament over the issue. Another senior party member, Dame Margaret Hodge, furiously confronted Mr. Corbyn in July and called him a "racist and anti-Semitic." Dozens of other party leaders have expressed outrage over the matter.

But Mr. Corbyn and his acolytes are having none of it—and have engaged in concerted efforts to undermine their critics.

A Labour spokesman called Rabbi Sacks's comments "absurd and offensive." The party briefly put Ms. Hodge under investigation. Labourites who participated in a March protest over anti-Semitism were accused of attempting to smear the party leader and were threatened with dismissal from the party via a process known as "deselection." A letter endorsed by thousands of Corbyn supporters alleged that the gathering was the work of a "very powerful special interest group." For his part, Mr. Corbyn claimed in an interview: "I'm not an anti-Semite in any way, never have been, never will be."

His actions and words tell a very different story. He was long associated—unwittingly, he says, with Holocaust denier Paul Eisen. In 2012 he approved of a mural that grotesquely depicted Jewish bankers, and he did not reverse himself until earlier this year. He was long a member in Facebook groups that featured anti-Jewish conspiracies.

His worst blind spot, though, is his failure to distinguish between criticism of Israeli policies and an irrational and thoroughly bigoted hatred of Israel itself. It's an obsession that has led him to align with those who oppose the idea of Jewish self-determination in the Levant, as well

as those who have made their purpose to seek Israel's destruction, and even those who have murdered or championed the murder of Israelis and their supporters.

In 2010 Mr. Corbyn hosted an event on Holocaust Memorial Day in which the Israeli government was compared to the Nazis. In 2012 he appeared on Iranian television to celebrate the release of Palestinian terrorists by Israel in a painful prisoner exchange with Hamas. He referred to the returning convicts as "brothers."

### The opposition leader has called Hamas terrorists 'brothers' and disparaged even domestic 'Zionists.'

Perhaps the starker disclosure emerged last month: In 2014 he laid a wreath at the graves of terrorists involved in the murder of Israeli athletes at the Munich Summer Olympics in 1972. At the event he was pictured standing beside a leader of the Popular Front for the Liberation of Palestine, a group with a 50-year history of terrorism in Israel and overseas.

Most offensive are his efforts to redefine anti-Semitism in a way that carves out a comfortable nook for his own brand of the world's oldest hatred to thrive. When his party sought to establish a definition for anti-Semitism, Mr. Corbyn initially made sure to exclude commonly accepted language formulated by the International Holocaust Remembrance Alliance, or IHRA, a 31-member intergovernmental educational organization. The omitted language labels as anti-Se

mitic the demonization, delegitimization and use of double standards against Israel.

On Tuesday, as the matter threatened to tear Labour apart, the party grudgingly voted to accept the full definition. The decision included an accompanying declaration protecting the freedom of expression of Israel critics, which was panned by leading Jewish groups.

Mr. Corbyn himself, adding insult to injury, reportedly pushed for a statement allowing party members to refer to "Israel, its policies or the circumstances around its foundation as racist." The party's governing body overruled him.

On Sunday former Labour Prime Minister Gordon Brown had called for the party to "support unanimously, unequivocally and immediately" the IHRA definition of anti-Semitism. Mr. Brown is right. The party's actions fall far short of both unanimity and lack of equivocation. Mr. Corbyn has no business negotiating with or lecturing Jews on what forms of bigotry they should or should not endure. This wouldn't be tolerated with respect to any other minority group.

It's a shameful stain on the Labour Party that it has elevated Mr. Corbyn to within one election of leading the country. At this stage only a party revolt or a punishing defeat for Labour at the ballot box can restore a sense of comfort to the Jewish community in the U.K.

Until that time a dark cloud will hang over Britain's 270,000 Jews, and the entire country often described as America's closest ally.

*Mr. Efune is editor in chief and CEO of the *Algemeiner*, a New York-based newspaper.*

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## FBI Probes American Express

Investigation is focusing on pricing practices of firm's foreign-exchange unit

BY ANNAMARIA ANDRIOTIS

The Federal Bureau of Investigation has launched a probe into pricing practices within **American Express** Co.'s foreign-exchange unit, according to people familiar with the matter.

The investigation is in its early stages and is focused on whether the foreign-exchange international payments department misrepresented pricing to clients to win their business,

the people said.

The FBI began its investigation in August, the people said, after The Wall Street Journal, citing current and former employees, reported that AmEx's foreign-exchange unit had recruited business clients with offers of low currency-conversion rates before raising prices without warning.

An AmEx spokeswoman declined to comment on the FBI investigation. In July, AmEx said it took the allegations very seriously and would conduct a review. The unit's employees have been instructed to avoid deleting emails, people familiar with the inquiry. AmEx declined to comment on the OCC.

On July 30, the Journal reported that AmEx's foreign-exchange international payments

department routinely increased conversion rates without notifying customers, to boost revenue and employee commissions. The practice occurred until early this year and dated to at least 2004, current and former employees told the Journal.

AmEx's foreign-exchange business, which largely serves small and midsize businesses, accounts for less than half of a percentage point of the company's total revenue.

Sales representatives would approach potential customers with an offer to beat the prices they were paying banks or other financial institutions to convert currency and send

money abroad, according to current and former employees. The representatives didn't inform customers that the margin, a markup that AmEx adds to the base currency exchange rate, was subject to increase without notice, they said.

Employees in the unit would later increase the margin without telling customers, the current and former employees said.

Managers instructed sales representatives to keep the details of the payment arrangements vague when speaking with potential customers and to avoid putting pricing terms in writing, the current and former employees said.

## CBS Tries To Settle Feud Over Control

BY KEACH HAGEY AND JOE FLINT

**CBS** Corp. is in talks with Shari Redstone and her family's holding company, **National Amusements** Inc., to settle their litigation over control of the broadcaster, less than a month before the matter is scheduled to go to trial, according to people familiar with the matter.

A framework for the settlement would include CBS dropping its attempt to strip National Amusements of its voting control of the company by issuing shares as a dividend. In return, National Amusements would refrain from pushing for a merger of CBS and Viacom Inc. for an undisclosed period, according to people familiar with the discussions.

A deal would end a corporate feud that threatens to erupt into a courtroom battle, and go a long way to clarify who will call the shots at CBS at a pivotal moment in the media industry.

The potential settlement under discussion also could lead to a shake-up of CBS's board and push CBS's annual meeting—originally scheduled for last May, and delayed by the fight—to next spring, the people familiar with the discussions said.

The fate of CBS Chief Executive Leslie Moonves, who is being investigated by two independent law firms for allegations of sexual harassment reported by the New Yorker, isn't part of the settlement talks, some of the people said. Mr. Moonves has expressed regret for behavior that made

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## Indonesia Acts to Buttress Currency, as Stock Market Suffers Worst Day in Years



PAIN SPREADS: Downturns in Turkey and Argentina markets and a surge in the dollar have dented investors' appetite for emerging markets such as Indonesia's. The country has borrowed heavily in dollars and foreigners own large chunks of its stocks and bonds. B12

Indonesian stocks and emerging-market currencies fell on Wednesday, the latest setback in a yearlong slump.

### Daily swings in the Jakarta Composite Index



Sources: Thomson Reuters (index); FactSet (currencies)

## Bayer Tallyes Up More Weedkiller Lawsuits

BY RUTH BENDER

**BAYER** AG said the number of American plaintiffs alleging its recently acquired weedkillers cause cancer has risen sharply, adding to concerns about potentially lengthy and costly litigation stemming from its acquisition of **Monsanto**.

The German chemicals company on Wednesday also lowered its full-year earnings outlook because of delays in closing its \$63 billion purchase of Monsanto, which included a portfolio of herbicides that contain glyphosate, notably flagship product Roundup.

Bayer said it faced some 8,700 plaintiffs across the U.S. as of late August—mainly cancer patients who claim to have fallen ill after being exposed to the glyphosate-containing Monsanto herbicides. As of late July, the number of plaintiffs stood at about 8,000, up from 5,200 a few months earlier.

Last month, not long after Bayer closed the acquisition, Monsanto was ordered to pay a plaintiff \$289.2 million by a California state jury. It found that Monsanto's Roundup and Ranger Pro products presented a "substantial danger" to consumers, and that Monsanto knew or should have known of

potential risks and failed to warn users.

Bayer rejected the verdict as "wrong," and is seeking a review of the court decision.

It said it would appeal if necessary, a process the company said could take up to a year.

Such large jury awards are often ultimately reduced and in some cases overturned. Bayer hasn't disclosed any provision for liabilities linked to the cases.

The company argues some 800 studies have proven that the chemical is safe and doesn't cause cancer.

Bayer's shares opened 2.9% lower after the company reported its second-quarter re-

sults and reduced outlook, and the stock finished the day down 1.6%. The shares have lost over 15% since the August 10 weedkiller verdict.

"Despite overall reassuring results, the glyphosate litigation uncertainty will likely remain an overhang in the midterm," Jefferies analysts wrote in a note to investors.

Bayer said it hasn't seen a decline in demand for its glyphosate products because of the litigation and doesn't expect any as regulators haven't changed their stance that the chemical was safe. "Glyphosate has been used and trusted for over 40 years," said Liam Con-

don, head of Bayer's Crop Science business, which now includes Monsanto.

Roundup has come under increased scrutiny after a unit of the World Health Organization in 2015 said that glyphosate was probably carcinogenic.

Yet further studies have produced mixed results about the potential danger. The U.S. Environmental Protection Agency in September 2017 wrapped up a decadeslong assessment of glyphosate risks and found the chemical not likely carcinogenic to humans.

Bayer on Wednesday didn't say how much money it was

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## J.Crew Warms Up To Amazon Sales

BY KHADEEJA SAFDAR

**J.Crew Group** Inc. has decided to sell a limited selection of clothing on **Amazon.com**, betting the potential benefits outweigh the risks of partnering with the retail industry's biggest foe.

The merchandise on Amazon will be from J.Crew Mercantile, a line of less-expensive clothes that includes \$12.50 T-shirts and \$39.50 jeans, and will account for about 2% of J.Crew's total brand offering.

Still, the move marks a reversal for J.Crew, which has resisted selling items on the site. Retailers from Abercrombie & Fitch Co. to Gap Inc. have kept their merchandise off Amazon, while others such as Nike Inc. have only recently waded in. Some say they worry Amazon.com Inc. will use sales data to launch less-expensive imitations of their products, while others fear listing items on Amazon reduces shoppers' incentive to visit companies' physical stores.

J.Crew CEO James Brett said the brand has developed a "good understanding" with Amazon. "There are other discount retailers that have developed their own lower-priced versions of J.Crew," he said. "Amazon wanted to work directly with the people who created the concept."

J.Crew is selling merchandise directly to Amazon, making the online retailer responsible for listings as well as the warehousing and shipping of products. J.Crew said it provided photos and videos to help Amazon set up a brand page on its site, which will

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HEARD ON THE STREET | By Elizabeth Winkler

## Nike's Moral Arc Bends Toward Sneakers

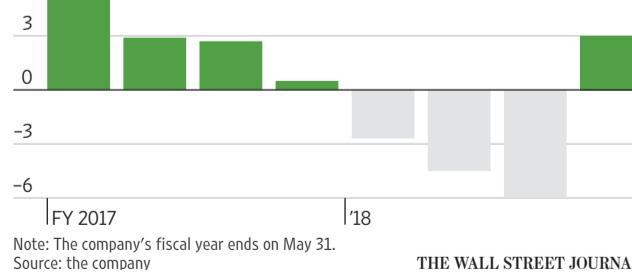


Has Nike decided to follow the example of Colin Kaepernick, the controversial NFL quarterback, and "believe in something, even if it means sacrificing everything," as he puts it? Or has the company calculated that generating some buzz would help reinvigorate a brand that was at risk of losing its spark?

Nike has struggled to generate excitement around new products and has seen sales drop in three of the past four quarters. A 4% sales increase in the most recent quarter and investor optimism that the iconic brand would return to solid growth has driven up the shares this year. But Nike's rebound is still tenuous, especially given the momentum behind rivals such as **Lululemon** and **Adidas**. It has been at risk of falling down the path of **Under Armour**, which lost its momentum as consumers

### Nike's Hail Mary

North American revenue growth, quarterly



Note: The company's fiscal year ends on May 31. Source: The company

THE WALL STREET JOURNAL.

gravitated elsewhere.

Grabbing attention by generating controversy may prove a smart move for Nike. "The opposite of love isn't hate. It's indifference," said Thomas Ordahl, chief strategy officer at Landor, a brand consulting firm. "That's kind of where they are. They've had cultural relevance but that's their biggest risk—not being relevant, fading into obscurity by becoming neutrally palatable."

Nike clearly knew the ad campaign could hurt its stock and draw criticism from the president. It did. But the decision is a sign that executives felt compelled to do something big. "They have to stay in the cultural conversation, which means being divisive," Mr. Ordahl said. "Staying on the sidelines isn't going to advance their cause."

The bigger risk for Nike was failing to meet expectations. Investors have given

Nike the benefit of the doubt because it is Nike, assuming that its genius marketers would eventually pull something out of the hat. They were right.

Even if the controversy over the ads grows, Nike's risk is limited. The company may lose some of its older, white customers who ruined their sneakers and socks by cutting out logos, but it is right to bet that younger, more progressive buyers are its future. Nike will also remain one of the NFL's biggest business partners, with a billion-dollar apparel deal as the league's official uniform maker. The campaign has the added benefit of neatly pasting over unpleasant #MeToo allegations at the company.

If, in the worst-case scenario, the shares slide further, investors can buy the stock on the selloff and wait for the controversy to subside. As the news cycle produces something new to fume about, it inevitably will.

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## J.Crew Changes Online Tack

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give shoppers more of a feel for the J.Crew brand than they would otherwise get browsing Amazon's regular listings.

In an email statement, Michelle Rothman, vice president of Amazon Fashion, said the company is offering customers a selection "from seasonal trends to everyday essentials across known and emerging brands" and will continue to enhance its assortment.

J.Crew has long relied on its own stores and website to control distribution, though the company began selling a limited selection of J.Crew apparel through Nordstrom Inc. in 2016. Former J.Crew Chief Executive Mickey Drexler said last year he wouldn't sell on Amazon. "No. 1, they own the customer," he said at a media conference, adding that Amazon would "take every best-seller and put it into their private label collection."

In an interview with The Wall Street Journal published last week, Mr. Brett discussed his plans to make the brand more accessible. He said the company will sell clothes at retailers such as Canadian chain Hudson's Bay. Last week, the J.Crew brand snapped a 15-quarter sales slump, posting a slight gain in quarterly sales at stores open at least a year and its website.

Amazon is increasingly the first place shoppers browse for fashion products. The online company gained 1.5% of the U.S. apparel market in 2017, making it the second largest apparel seller behind only Walmart Inc., according to Morgan Stanley.

While brands selling on Amazon can tap into its growing shopping base, the listings could discourage shoppers from entering stores, where retailers tend to have better luck converting traffic to sales.

"Brands always have to balance exclusivity and distribution," said Simeon Siegel, an analyst at Nomura Instinet. "Becoming ubiquitous could cheapen the brand equity they have worked hard to maintain."

Mr. Brett said he doesn't expect the expanded distribution to hurt store sales because it hasn't happened with Nordstrom. In addition, J.Crew is selling only a small portion of merchandise, which he said will introduce the brand to new shoppers.

Many retailers are still distrustful of how Amazon uses customer data and changes item prices. The e-commerce company has been quietly developing dozens of its own brands, including fashion lines like Lark & Ro. With its trove of data, Amazon can detect the optimal items to sell in competition with retailers.

Several years ago, when Amazon was finding it difficult to attract brands, Children's Place Inc. Chief Executive Jane Elfers said she approached the company because she was more motivated to expand her reach with digitally savvy mothers than she was worried about Amazon cannibalizing sales.

"Amazon thought we were nuts, because everyone was scared of them," Ms. Elfers said. "Five years later, the lightbulb seems to have gone on for many other retailers."

Some brands have opened up to Amazon because of the rise of unauthorized purchases from third-party sellers, which undercut their grip on pricing and distribution.

Nike, for example, has received reassurance that Amazon would police unsanctioned sales in exchange for joining the site.

J.Crew said it hasn't secured such a promise from Amazon.

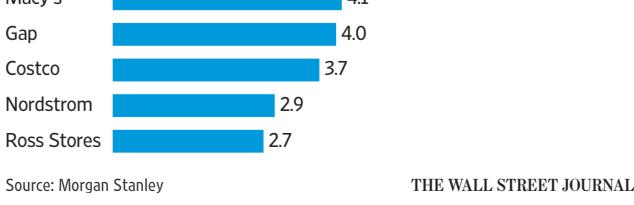
Mr. Brett said he actually advocates the reselling of J.Crew products. "If our garments can have a second and a third and fourth life, that's just better for the environment," he said.

—Suzanne Kapner contributed to this article.

## Price Check

Amazon.com is the second largest apparel retailer in the U.S.

Estimated market share of U.S. apparel sales for 2017, by retailer



Source: Morgan Stanley

## BUSINESS & FINANCE

# Walmart Tries Out Own Deliveries

BY KIMBERLY CHIN  
AND SARAH NASSAUER

**Walmart** Inc. is testing its own network of independent delivery drivers as it aims to offer home grocery delivery to 100 metro areas by year-end.

The retail giant said Wednesday it will begin using Spark Delivery, a crowd-sourced delivery-driver network named after Walmart's yellow star logo, to accomplish its grocery-delivery goals. The new delivery system will rely on drivers using their own cars to make deliveries. Walmart will use **Delivery Drivers** Inc. to help recruit, vet and

pay drivers for Spark Delivery.

The Bentonville, Ark.-based company has previously said it is forming partnerships with third-party delivery companies to expand grocery home delivery, including **Postmates** Inc. of San Francisco and Deliv Inc. of Menlo Park, Calif. Walmart will continue to use outside third-party delivery firms, the company said.

In the past, Walmart resisted the costly model of home delivery, instead expanding its curbside grocery pickup, a service that lets shoppers order online and then drive to a local store to pick up their items in the re-

tailer's parking lot. However, with rivals **Amazon.com** Inc., **Kroger** Co. and **Target** Corp. investing in similar home-delivery services, the company made a pivot earlier this year.

Testing of the Spark Delivery network, which is intended to rival Amazon Flex is under way in Nashville, Tenn., and New Orleans.

Walmart used to work with **Uber Technologies** Inc. as well, but the car-hailing service ended its same-day package-delivery service earlier this year.

In March, Walmart said it planned to bring the home delivery of groceries to about

40% of U.S. households by year-end. The retailer said it already has grocery-delivery services in nearly 50 markets, including Atlanta, Chicago, Denver, Miami and Seattle.

Jet, the online retailer Walmart purchased in 2016, has also become a focus of Walmart's grocery-delivery efforts. Earlier this year, Walmart said it plans to open a warehouse in New York City to enable same-day and next-day grocery delivery for Jet in the city. Jet also delivers food to homes in some cities, but in many cases orders arrive via a carrier such as **FedEx** Corp., usually within a few days.



The online company is ordering 20,000 Mercedes-Benz vans from Daimler, and intends to lease the vehicles to delivery companies.

## Amazon Beefs Up Its Fleet of Vans

BY LAURA STEVENS

**Amazon.com** Inc. said Wednesday it is ordering 20,000 Mercedes-Benz vans from **Daimler** AG as part of a broad plan to build its delivery fleet and have small businesses carry an excess supply of packages.

The online retail giant in June said it would for the first time invite entrepreneurs to create delivery companies, each employing as many as 100 drivers and leasing between about 20 and 40 vans emblazoned with Amazon's logo.

Amazon aims to handle more of its own deliveries to keep up with its surging growth, loosening its reliance on the U.S. Postal Service and companies such as FedEx Express.

The company expects to have more than 100 vans on the road by year-end and will take delivery on all 20,000 vans by the end of 2019, said Dave Clark, Amazon's senior vice president of world-wide operations.

The company won't own

any of the vans. Instead it will farm them out to fleet-management companies that will buy the vehicles and lease them to the small delivery-service providers.

Mr. Clark said several delivery-service providers have completed training in Seattle and have begun using the new vans to make deliveries. Based on its order, Amazon is indicating that it expects at least 500 delivery companies to join the program initially. Amazon received tens of thousands of applications, many of which the company continues to evaluate.

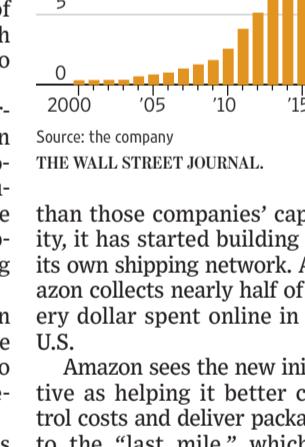
"We expected a lot of interest, but we really have been blown away at how many people—the fact that tens of thousands of people—have gone through the full process of application to get to the vetting stages," Mr. Clark said.

Amazon has long relied on FedEx, United Parcel Service Inc. and the Postal Service to handle the majority of its deliveries.

But as its online orders have grown at a faster rate

### Boxing Up

Amazon's shipping costs



than those companies' capacity, it has started building out its own shipping network. Amazon collects nearly half of every dollar spent online in the U.S.

Amazon sees the new initiative as helping it better control costs and deliver packages to the "last mile," which is typically the most expensive

piece of an online order's journey. In building out that network, it has relied on a contractor model, employing small companies that own vans to make the deliveries.

Amazon expects to compete with the delivery giants one day, but it has a long way to go, as the 20,000 new vans represent a fraction of the size of the biggest players' fleets. UPS says on its website it owns roughly 119,000 package cars, vans, tractors and motorcycles. FedEx says its Ground operation, which also uses a contractor model, has more than 60,000 vehicles, while its Express division has more than 100,000.

FedEx also owns and leases roughly 670 aircraft, while UPS owns about 245 and leases roughly 320. Amazon has previously said it has the option to lease about 40 planes.

Amazon announced Wednesday's news at a joint press conference with Mercedes-Benz during the opening of the auto maker's new factory in North Charleston, S.C.

## Bayer Faces More Lawsuits

Continued from page B1

setting aside to cover legal costs or potential payments for weedkiller lawsuits. "We continue to believe that we have meritorious defenses and intend to defend ourselves vigorously in all of these lawsuits," the company said.

A case was set to go to trial in Missouri in late October but Bayer Chief Executive Werner Baumann on Wednesday said it likely won't start until 2019. So far, the majority of cases were filed in Missouri, Delaware and California, Bayer said.

The Monsanto deal closed on June 7 following two years of regulatory review during which Bayer had to shed more assets than originally planned to get the green light. The Leverkusen-based company on Wednesday blamed its lowered earnings outlook on the longer-than-expected review. "The acquired business generates the majority of its sales and, above all, earnings in the first half of the year," Mr. Baumann said.

Bayer said it now expects

full-year core earnings per share of between €5.7 (\$6.6) and €5.9. It had previously targeted a flat result.

The company said its second-quarter net profit to €799 million from €1.22 billion a year earlier after Bayer further reduced its stake in plastics company Covestro AG.

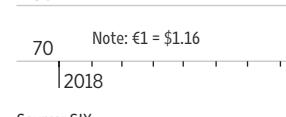
Sales for the quarter rose 8.8% to €9.48 billion from a restated figure of €8.71 billion, boosted by the integration of Monsanto, which offset weakness in the company's pharmaceuticals and consumer-health segments.

—Nathan Allen contributed to this article.

### Legal Woes

Bayer's shares have fallen since the Aug. 10 verdict against recently acquired Monsanto.

Bayer AG share price



Source: SIX

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## BUSINESS NEWS

# Billionaire Shared Meal With Accuser

The arrest of Chinese billionaire Liu Qiangdong last week in the U.S. on suspicion of rape followed a group dinner attended by Mr. Liu and the woman who alleges the assault, according to a person familiar with the woman's account.

Mr. Liu and the woman, a Chinese student at the University of Minnesota, sat at the same table Thursday at Origami, a Japanese restaurant in Minneapolis, the person said.

Mr. Liu, the 45-year-old chief executive of Chinese e-commerce company **JD.com** Inc., was arrested on suspicion of a rape that allegedly occurred at 1 a.m. Friday, according to Minneapolis police records. He was released without bail the next day and has returned to Beijing, where JD.com is based.

On Wednesday, amid the allegations, JD.com's American depositary shares fell 11%, their biggest one-day decline since the company went public in 2014.

Mr. Liu's attorney said his client didn't commit any wrongdoing.

"He is not going to be charged ever, ever. Amen!" said Earl Gray, a Minnesota-based criminal-defense attorney representing Mr. Liu.

Mr. Gray didn't respond when asked whether Mr. Liu and his accuser had dined and drunk together hours before

the alleged assault. JD.com didn't respond to a request for comment on the dinner.

No charges have been filed against Mr. Liu, also known as Richard Liu.

After his arrest late Friday, he was released Saturday when Minneapolis police determined they wouldn't be able to complete their initial investigation by Tuesday at 11 a.m. Under Minnesota law, police can detain individuals for up to 36 hours before filing charges. Sundays and holidays don't count, giving police extra time over the Labor Day weekend, but they determined that still wasn't enough, Minneapolis Police Department spokesman John Elder said Wednesday.

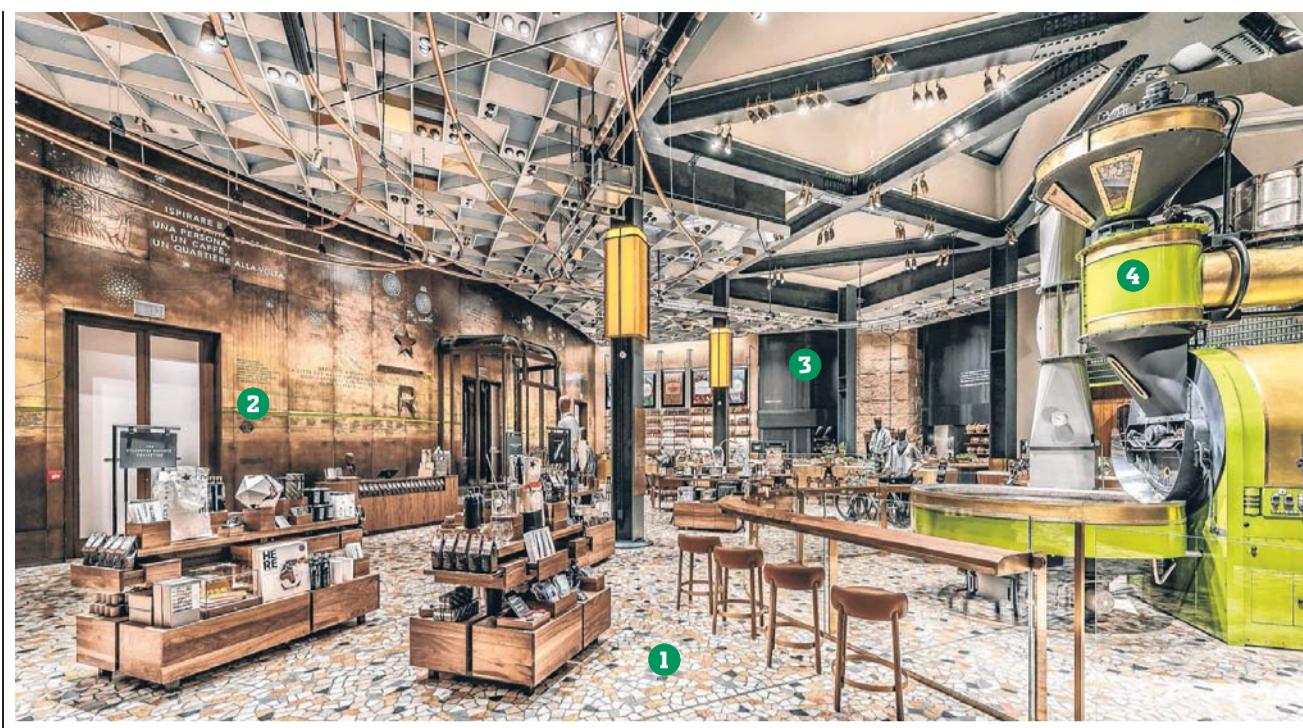
"When we have the opportunity, we want to ensure that we leave no stone unturned," Mr. Elder said. "We are very confident that as it comes time for us to reconnect to him in this investigation we will be able to do it."

Mr. Liu was in the city for a weeklong residency at the University of Minnesota. A group of about 20 people drank and dined at the restaurant Thursday night, say people who were present but couldn't identify Mr. Liu.

*—Chunying Zhang in Shanghai, Austen Hufford in Minneapolis and Shan Li in Beijing*



Liu Qiangdong, shown in March, was recently detained in the U.S.



**NEW DIGS:** The company refurbished an old post office in Milan for its cafe there, which opens Friday. It includes: 1. Marble floor made by an Italian artisan. 2. Company history engraved in brass. 3. Bakery with a wood-fired oven. 4. Large roaster.

## Starbucks Opens Up Italian Style

BY ERIC SYLVERS

MILAN—**Starbucks** Corp. opens a coffee shop on average every four hours somewhere in the world. But this store is different. It is in Italy.

On Friday, the Seattle-based chain will start selling its American take on coffee in the home of espresso. After amassing more than 25,000 coffee shops in 78 countries, Starbucks is coming to Milan with a "reserve roastery" in a converted post office on a central square near the city's famous Gothic cathedral.

It will be only Starbucks's third roastery after Seattle and Shanghai. In a sign of the expected difficulty in winning over tradition-obsessed Italians, there will be no Frappuccinos or other blended drinks on offer. It will be as much about theater as coffee. Customers can speak to a Starbucks employee manning a large custom-built roaster in the middle of the cafe, sip alcoholic drinks in the evening in a nod to Milan's traditional aperitivo and eat pizza and

pastries made in a wood-fired brick oven by noted Milanese baker Princi.

"It's a reflection of the fact that we come here with great respect for the Italian coffee experience," Starbucks Chief Executive Kevin Johnson said in an interview.

It is that experience that inspired Howard Schultz, who after a visit to Milan 35 years ago began the transformation that would turn Starbucks into the behemoth it is today.

Starbucks has been focusing on expanding abroad, especially in China, to offset stagnant sales in the U.S., where Starbucks is closing stores.

The Milan Starbucks is opening during a moment of ferment for the coffee industry. Coca-Cola Co. last week announced it would buy British coffee-shop chain Costa for \$5.1 billion while Nestlé SA this year bought the rights to sell Starbucks products in retail stores.

Milanese coffee drinkers will have to wait a little to get their first local Caramel Cocoa

Cluster Frappuccino. Starbucks plans to open its first normal coffee shops in the city by the end of the year. Mr. Johnson declined to say how much had been invested in the first Milan roastery or how many of the usual Starbucks cafes would be opened.

The multilevel Milan roastery features a bar with a 30-foot countertop cut from a single piece of Tuscan marble. Other draws include outdoor seating in one of Milan's most central squares, a glass ceiling and an entire wall depicting the U.S. company's history engraved in brass.

Later this year, Starbucks will inaugurate a similar roastery in New York near Manhattan's Chelsea Market with openings in Tokyo and Chicago planned for 2019.

For Italians who like to knock back their €1 (\$1.16) shot of espresso at speed, the American way of lingering in a Starbucks could be a tough sell.

Even tougher might be getting Italians, and Milan's tourists, to swallow the €1.80 price

of an espresso and the €5 capuccino, more than three times the going price in hundreds of other bars in Milan. And toughest of all could be getting the Italians to accept that a cappuccino can be "short," "tall" or "grande."

"It's going to be difficult to draw us away from our usual bar, but we'll definitely go see what Starbucks is offering," said Antonella Mazzei as she and two colleagues emerged from a cafe two blocks away from the new Starbucks. "Anything new is welcome and good for Milan."

Local bar workers are relatively sanguine about the arrival of Starbucks.

"We aren't worried about losing business because Starbucks is offering a completely different concept," said Marilena Muzzolini, who manages a cafe near the Starbucks. "I like Starbucks and I've been in Paris and London, but I don't go there for an Italian espresso and I don't think very many other Italians will either. You go to Starbucks for different things."

**Maria** 9:25 AM shared this file: [Mktg-Q2-budget](#) Spreadsheet from Google Drive

**Dev** 9:26 AM Looks good, thanks @maria ✓ 1

**Anna** 9:30 AM The boss says it's good... approved! ✓ 1

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## TECHNOLOGY &amp; MEDIA

WSJ.com/Tech

# Truckers Take On Digital Traffic

Tech investment push comes as a tight transportation market lifts customer costs

BY JENNIFER SMITH

Big trucking companies, scrambling along with their customers to keep up with fast-growing U.S. economic demand, are plowing millions of dollars into technology to build up business as digital freight middlemen.

Fleets are setting up online freight brokerages to connect shippers with available trucks even when that means turning shipments over to other truckers or independent drivers.

The growing investment is aimed at building on brokerage operations that many truckers have used to supplement their core transportation businesses. The truckers also are looking to compete more directly with the growing lineup of upstart companies that are using new technology to grab a slice of the U.S. freight market.

Like the Uber Freight unit at **Uber Technologies Inc.** and load-matching startups like Seattle-based Convoy, the trucking companies' platforms aim to automate tasks like phone calls and booking shipments. They also harvest information that trucking companies say can help find space for customers grappling with one of the tightest freight markets in years.

"This is a new way for us to think about getting efficiency into and waste out of a very large system that is under a lot of pressure today," said John Roberts, chief executive of **J.B. Hunt Transport Services Inc.**, one of the largest carriers in North America. The



**Companies are setting up online brokerages to connect shippers with trucks even if that means turning shipments over to other truckers.**

Lowell, Ark.-based company's online marketplace generated about \$137 million in the second quarter, up from \$96 million the previous quarter, and accounted for about 40% of its overall brokerage revenue.

The digital brokerage push comes as many U.S. manufacturers, distributors and retailers say tight transportation networks are driving up their operating costs, pushing down profit margins and in some cases holding back growth.

That has pushed more business to third-party brokers that don't own vehicles and make money off the spread between

what they charge shippers to move a load and the price they pay truckers to haul it.

Big logistics companies are benefiting from their own investments in technology. Minneapolis-based **C.H. Robinson Worldwide Inc.**, the biggest U.S. freight broker, took in more than \$5.5 billion in total revenue booking surface transport shipments in North America in the first half of the year, up 19.4% from the year before, and its income from those operations jumped 21.1% to \$358.6 million.

Domestic transportation management, which includes

freight brokerage and logistics companies that handle outsourced transportation services for shippers, was a \$71.7 billion business in 2017, according to research firm Armstrong & Associates, and grew 16% from the year before.

Freight-hauling companies are trying to up their game with technology. XPO Logistics Inc., which has both trucking and brokerage operations, launched digital freight marketplace this year that uses a mix of brokers and automation, and says 6,000 carriers signed on in the first three months.

Stand-alone brokers without

any trucks still control most of the freight brokerage market. C.H. Robinson notched \$2.9 billion in second-quarter revenue from truckload business and Chicago-based Echo Global Logistics Inc. had \$634.8 million in revenue, up 35% from the year-ago second quarter.

Truckers still earn the bulk of their income moving freight on their own equipment, but the middleman business is growing.

"We're going to create a lot more efficiency in the overall system by bringing those two groups together," J.B. Hunt's Mr. Roberts said.

# Uber Adds Features To Improve Safety

BY MIKE CHERNEY

**SYDNEY**—**Uber Technologies Inc.** introduced new features to its service Wednesday aimed at improving safety and efficiency.

The ride-hailing service said customers in Australia and New Zealand whose ratings fall below a certain level would be blocked from using its app, expanding on a similar change in Brazil earlier this year.

As well, Uber said it would begin rolling out changes to its app starting in the U.S. that it said address concerns about safety, including implementing voice activation and two-factor log-in and erasing riders' specific pickup and drop-off addresses in drivers' apps.

Riders whose ratings fall below a 4-out-of-5 will lose access, Susan Anderson, Uber's general manager for the region, said in an interview broadcast on the Australian morning TV show "Sunrise." Riders will receive notifications if their ratings fall below that level and be given an opportunity to increase their ratings before being removed, Ms. Anderson said.

Uber riders and drivers rate each other at the end of every ride. In Australia and New Zealand, the rating is based on a rider's last 500 trips or total trips if the number is less than 500. Uber said on its website the changes will start Sept. 19.

Uber didn't immediately respond to requests for comment and it wasn't clear whether Uber would roll out its new rider-score policy to other countries.

In an event in New York on Wednesday with Chief Executive Dara Khosrowshahi, Uber showed off the new safety features. Other changes include an emergency call button for drivers and real-time insurance information.

Ms. Anderson said the typical Uber rider in Australia has a rating of at least 4.5, and that the new policy would impact the "small percentage of riders who are persistently not treating drivers with respect."

"Drivers tell us that what they look for in riders is mutual respect and for people to treat them with courtesy," Ms. Anderson said on the TV program. "So say hello, say goodbye. You don't always need to be chatty, but be respectful."

Travis Kalanick, Uber's former chief executive, resigned after a bruising period that included a leaked video of him berating an Uber driver—which shifted the spotlight from drivers to the behavior of passengers. Some Uber drivers and those of other ride-sharing services have been accused of bad behavior around the world, including allegations of sexual misconduct.

—Greg Bensinger contributed to this article.

# New NFL Show Aims at Bettors

BY BENJAMIN MULLIN

Bleacher Report is launching an NFL show that aims to provide a resource for gamblers, part of what media executives believe will be a wave of such content following a Supreme Court ruling legalizing sports betting.

Former National Football League quarterback Chris Simms and sportscaster Adam Lefkoe will anchor the new program, "Simms and Lefkoe: The Show," which will be released weekly on Bleacher Report's app, social media and YouTube.

Messrs. Simms and Lefkoe plan to delve into the league's culture, with an eye toward appealing to casual fans but also those looking for insight on which teams will "cover the spread."

The show will also focus on NFL players, with guests in-

cluding New York Jets quarterback Sam Darnold, former NFL receiver Terrell Owens and Los Angeles Rams head coach Sean McVay.

Dave Finocchio, Bleacher Report's co-founder and chief executive, said that the Supreme Court decision in May legalizing sports gambling in the U.S. will trigger "a paradigm shift" in the media landscape, with viewers increasingly turning to sportscasters for guidance on the latest odds.

Advertisers interested in reaching those viewers will likely follow, which could be a boon for media companies.

"Based on what happened in the U.K. sports-betting market—and how the black market operates in the United States—the ability to bet on sports is going to make fans of the NFL more engaged than they have been," Mr.

GENE J. PUSKAR/ASSOCIATED PRESS

Finocchio said. "We think it's that big of a deal, and we want to be a part of the conversation around sports betting."

Bleacher Report, a site owned by **AT&T Inc.'s WarnerMedia**, isn't the first media organization to see opportunity in sports-betting-related content. The Ringer, a media company founded by

Bill Simmons, last year launched a betting podcast called "Against All Odds" hosted by comedian Sal Iacono.

The new Bleacher Report show will come with a twist: Mr. Lefkoe will be given \$5,000 to wager on football games over the course of the 2018-2019 NFL season, which gets underway Thursday. He

will find a fan each week to place a bet with, with Mr. Simms providing commentary on the team selected.

If the fans win, they will split the profit with Bleacher Report, with the company's share going into a pool that will be added to successive bets. If the fans lose, they won't have spent any of their own money on the wager.

Hall of Fame receiver Terrell Owens will be a guest on the Bleacher Report show.



Hall of Fame receiver Terrell Owens will be a guest on the Bleacher Report show.

# CBS Tries To Settle Legal Feud

**Continued from page B1** women uncomfortable, but denied retaliating or harming anyone's career when his advances were rebuffed.

CBS and National Amusements have been locked in litigation in Delaware Chancery Court since May.

CBS and five of its independent board members sued Ms. Redstone, her father, 95-year-old media mogul Sumner Redstone, and National Amusements, seeking to block a merger with Viacom and dilute National Amusements' voting control from nearly 80% to roughly 20%.

CBS argued that Ms. Redstone had misused her power as controlling shareholder, blocked acquisition approaches from potential suitors and intended to overhaul the CBS board to push through a merger with Viacom, which National Amusements also controls. Ms. Redstone denied these charges.

National Amusements changed CBS's bylaws shortly

before its board met to vote on the dividend, requiring a 90% supermajority to approve such a move. The CBS board voted 11 to 3 for the dividend, short of the new threshold.

After CBS filed its suit, National Amusements said it intended to neither force the merger nor overhaul CBS's board.

A key figure pushing for a resolution is Bruce Gordon, the lead independent director on the CBS board. Mr. Gordon reached out to other independent board members this week with a description of a potential settlement, a person familiar with the matter said.

Both sides have incentives to settle before the case goes to trial. Lawyers from both camps have spent the summer digging up documents that would be damaging for their opponents; a trial would cast a spotlight on such information.

For Ms. Redstone, a defeat in Delaware would effectively cost her family control of CBS.

Meanwhile, CBS and Viacom have been on the sidelines as rivals seek mergers meant to help prepare for a future in which the traditional lines of business are stagnating, with consumers cutting the cable-television cord and online streaming on the rise.

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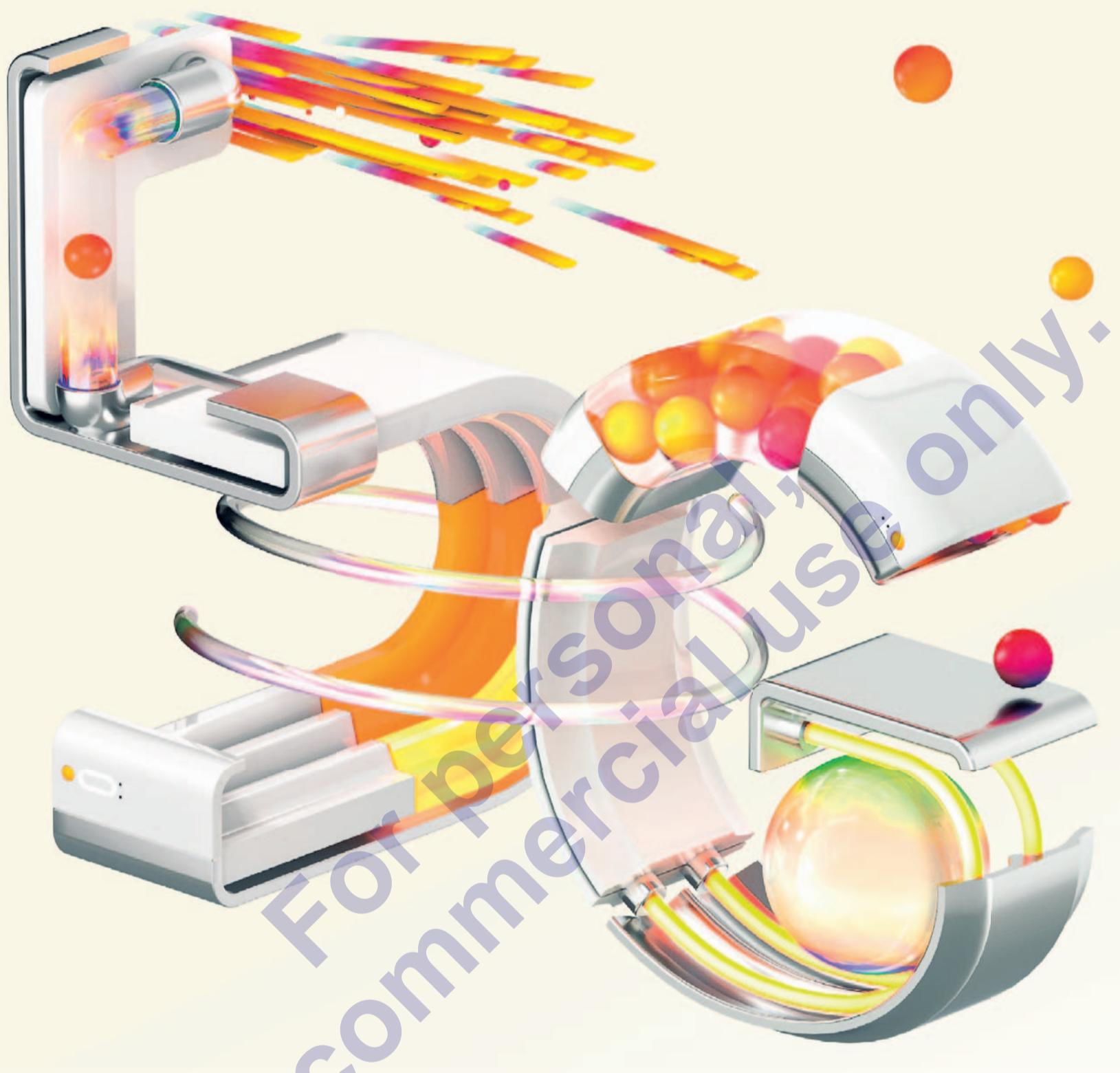
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## MANAGEMENT

# Scandal Puts M.B.A. Debt in Spotlight

Temple University understated burden its business students face after graduation

BY KELSEY GEE

When Temple University said in July that its business school had misreported student data for U.S. News & World Report's annual M.B.A. rankings, the school disclosed another troubling error: It had understated the debt load its typical business student carried after graduation.

U.S. News ranked the online master's in business administration at Temple's Fox School of Business as the nation's best for four years running, including in 2018, before Fox admitted in January to reporting inflated standardized-test scores. Since then, the university has found Fox staff submitted other incorrect information for six additional Fox programs, and in some instances did so "knowingly and intentionally."

Some of the inaccuracies concern student-debt records. Fox told U.S. News & World Report that 40% of its online M.B.A. students who graduated last year had loans, owing an average of \$16,275 apiece. According to the July report, Fox had included graduates with zero loans when calculating students' debt burdens from 2016 to 2018, which lowered the average amount. Temple declined to say how much debt its roughly 100 online M.B.A. graduates who had loans last year actually held for the \$60,000 degree.

Trying to calculate the financial burden of earning an M.B.A. or other graduate degree is a reason many would-be students say they turn to school rankings. Unlike undergraduate programs, master's and doctoral programs aren't required to publicly disclose how much students borrow or earn after graduating, making it hard to gauge the financial



MICHELLE GUSTAFSON FOR THE WALL STREET JOURNAL

**The Fox School of Business at Temple University used calculations that understated students' debt burdens from 2016 to 2018.**

payoff for a pricey degree.

"Their ranking was something I thought spoke positively about Fox's value—that this would be a good program for an affordable cost," said Chris Tanski, who borrowed \$7,000 to start his studies for the school's online M.B.A. in January.

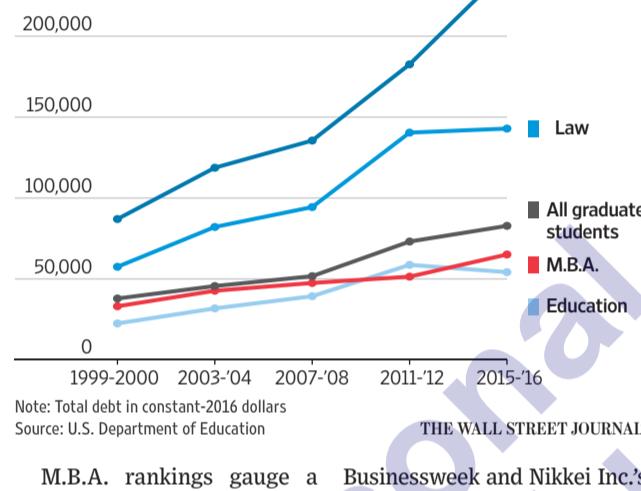
With more than \$100,000 in debt from pharmacy school before enrolling at Temple, Mr. Tanski said he decided to leave the Fox program when news broke of the rankings trouble because he was no longer confident the program would benefit his career.

"For how significant an impact student loans have on our lives and purchasing power for years afterward, we should at least be able to expect higher-education institutions to be transparent and ethical about their return on investment," he said. A Temple spokesman declined to comment, but said the university was committed to sharing its review findings openly and would make updates accordingly.

## Burden of Debt

The cumulative amount M.B.A. and other graduate students borrow to finance their education has climbed over the past two decades.

### Average debt load of graduates with loans



Note: Total debt in constant-2016 dollars

Source: U.S. Department of Education

THE WALL STREET JOURNAL.

M.B.A. rankings gauge a range of variables, from how much money graduates typically earn to student-acceptance rates and alumni satisfaction.

Bloomberg

Businessweek and Nikkei Inc.'s Financial Times also publish annual rankings, and The Wall Street Journal is developing a ranking of M.B.A. programs with Times Higher Education,

student-loan experts estimate 40% or more of that debt stems from graduate programs, whose students account for a fraction of overall borrowers but often take out much larger loans to become doctors or lawyers, or to break into the management ranks of business.

Among graduate students, law and medical students typically borrow in the greatest percentages and largest sums. They owed an average cumulative debt of \$143,000 and \$242,000 in 2016, respectively, while M.B.A. students with loans took out an average of \$65,000, according to the latest Education Department data. Yet business programs are much more popular. More than 187,000 master's degrees in business were awarded in 2016, compared with 55,000 law- and medical-school diplomas combined, according to federal data.

The U.S. Department of Education proposed new rules last month that would require universities to disclose average salaries and debt for every program they offer at the undergraduate and graduate levels. Only for-profit institutions are now required to collect and share that level of detail.

Traditional business-school programs range from tens of thousands of dollars at, for example, state universities, to well over \$200,000 for elite two-year programs. As those costs have risen, many business schools have raced to launch cheaper, more flexible programs in the past decade, including part-time and online M.B.A.s.

A group of current and former students now suing Temple said in an August court filing that they had taken out thousands in loans or had received employer funding to pursue an online M.B.A. at Fox. They "bargained for a top-ranking education and did not receive it," the filing said.

Both Temple and the students' lawyer declined to comment further on the lawsuit.

As tuition prices have surged, so have the risks of miscalculating a grad school's affordability. Student debt in the U.S. has nearly quadrupled since 2005 to \$1.4 trillion, most of it extended by the government. Economists and

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## ComScore Hires From 360i

BY ALEXANDRA BRUELL

**ComScore** Inc. named Sarah Hofstetter as president, as the company's new chief executive, Bryan Wiener, works to rejuvenate the troubled media measurement business.

The appointment reunites the two executives, longtime colleagues and friends who worked together for nearly two decades, most recently at 360i, a large digital ad and media agency owned by Japanese holding company **Dentsu**.

Ms. Hofstetter will be responsible for commercial strategy, including marketing and sales, as well as the movies reporting and analytics group that measures box-office sales. She will start on Oct. 4 and report to Mr. Wiener.

There is a "big opportunity" to "lift the industry up" through better cross-platform measurement, she said. "The bolts of the organization are phenomenal. They've got the technology, the engineering, the analytics and the brains."

The appointment comes as Mr. Wiener races to position comScore as a viable competitor to Nielsen Holdings, the largest TV ad ratings and brand measurement business in the U.S., after a series of corporate challenges involving accounting irregularities, as well as a management shake-up.

Mr. Wiener announced a new cross-platform measurement product shortly after joining comScore.

Ms. Hofstetter, known for her client-service acumen, will help Mr. Wiener rebuild comScore's relationships with advertising and agency customers who are frustrated with the industry's current measurement offerings.

She spent 13 years at 360i, where she advised numerous senior marketers at brands like Coca-Cola, Mondelēz International and NBCUniversal.

Jared Belsky, CEO at 360i, will continue to run the agency.

Sarah Hofstetter will join ComScore as president in October.

DIARMUID GREENE/SPORTSFILM/GETTY IMAGES

ComScore, like other measurement companies, is under pressure to offer marketers and media companies new tools that can track and analyze TV and digital video consumption as people increasingly ditch cable subscriptions for streaming services.

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DIARMUID GREENE/SPORTSFILM/GETTY IMAGES

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Special Advertising Feature

# ESG Matters... Now What?

*A five-step framework for tackling the ESG puzzle*



*By Dennis T. Whalen*

Leader, KPMG Board Leadership Center

This much is no longer up for debate: environmental, social, and governance issues factor into corporate performance. Numerous studies confirm that organizations with strong ESG records tend to have a more stable and loyal investor base, lower cost of capital, and better access to financing. An analysis by Boston Consulting Group finds that top performers in ESG enjoy valuation multiples 3 percent to 19 percent higher, all else being equal, than median performers, and margins up to 12.4 percent higher. We also know ESG issues matter to an ever-broadening swath of stakeholders, including many of the world's largest investment managers, as well as Millennials and iGens—increasingly influential and discerning consumers and employees.

Still, even for conscientious CEOs and boards of directors, integrating ESG into corporate strategy and culture isn't easy. ESG continues to mean different things to different people. Transforming it from an ancillary issue siloed in some distant corner of the enterprise to a broad core competency requires significant and sustained effort. And there's no single model corporations can pluck from the shelf.

These challenges are understandable. ESG is complicated because business is complicated. Issues affecting a corporation's performance and its impact on the greater good can vary dramatically from one enterprise to the next. Tensions inevitably exist between the long-term aim of some ESG initiatives and the short-term performance pressures on many corporate managers. In a recent KPMG poll of board members and senior executives, only 29 percent

were confident their company was aware of and effectively managing ESG issues that pose a material risk to their company's performance and reputation.

Still, getting ESG right is doable. The KPMG Board Leadership Center, in collaboration with Professor George Serafeim of Harvard Business School, has developed a five-step framework that can guide CEOs and corporate directors in shaping a company's ESG approach—understanding why it matters, what it looks like, and how it connects to long-term performance. The key components:

- **Level setting.** How issues are framed impacts our understanding of why they matter and how we address them. By agreeing on a definition of ESG and its importance, managements and boards can set

the stage for progress. And by framing the discussion in business terms—risk, opportunity, efficiency, financial performance—they can help short-circuit preconceptions, politics, and personal views.

- **Assessment.** A roadmap is essential to a productive strategy. After identifying ESG risks and opportunities material to their business, companies will want to focus on the two or three that are most strategically significant. These will vary from one enterprise to the next. At companies competing on the basis of differentiation and strong brands, for example, boards may find their time best spent monitoring issues that impact brand value. At companies competing on price, they may wish to focus on factors that impact cost structure.

- **Integration.** Too often, ESG initiatives remain peripheral to core corporate activities and so do not contribute directly to a company's competitive advantage. By integrating ESG programs into business strategy and the incentive programs driving it, companies can bring the same focus and discipline to them as they do to other strategic initiatives. Integration efforts should include two broad areas: employee selection and behavior, and organizational processes and routines.

- **Stakeholder communications.** Shaping the company's key ESG messages in the context of strategy and long-term value creation can reinforce the connection between ESG and corporate performance. Although no single framework has emerged for reporting ESG information, boards should understand how management decides what to disclose and how its accuracy is verified—and ensure that progress updates, results, linkage to strategy, and an explanation of how ESG initiatives benefit the company and its stakeholders become part of the company's communications. Keeping ESG front-and-center is particularly important in competing for talent because it matters to employees—from rank-and-file workers to senior executives.

- **Board oversight.** Make sure there's a "home" for ESG oversight, whether it's with the chairman, lead director, governance committee, ESG committee, or somewhere else in the board structure. Effective oversight hinges on having the right people in the boardroom, supported with quality information to enable appropriate oversight.

Our report, "ESG, Strategy and the Long View: A Framework for Board Oversight," explores these topics in greater detail. Get your copy at [KPMG.us/BoardLeadershipCenterESG](http://KPMG.us/BoardLeadershipCenterESG), or contact us at [us-kpmgmktblc@kpmg.com](mailto:us-kpmgmktblc@kpmg.com) to learn more about how KPMG can help your company close the gap between its ESG strategy and stakeholder expectations.



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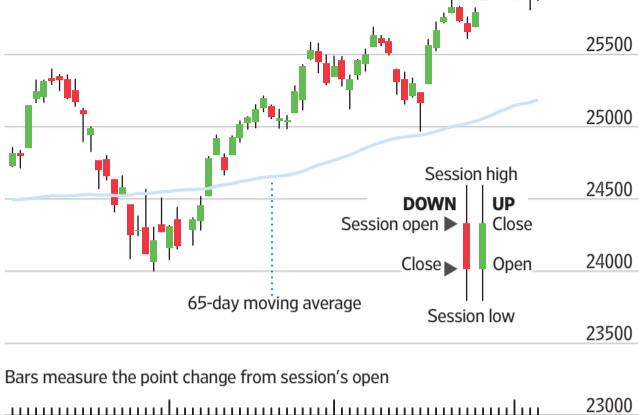
## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**25974.99** ▲ 22.51, or 0.09%  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.48 19.96  
 P/E estimate \* 16.78 18.53  
 Dividend yield 2.12 2.37  
 All-time high 26616.71, 01/26/18



Bars measure the point change from session's open

June July Aug. 23000

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

## S&amp;P 500 Index

**2888.60** ▼ 8.12, or 0.28%  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.53 23.86  
 P/E estimate \* 17.98 18.85  
 Dividend yield 1.81 2.00  
 All-time high 2914.04, 08/29/18



## Nasdaq Composite Index

**7995.17** ▼ 96.07, or 1.19%  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.81 25.75  
 P/E estimate \* 21.97 21.59  
 Dividend yield 0.94 1.11  
 All-time high: 8109.69, 08/29/18



## Major U.S. Stock-Market Indexes

	Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	3-yr. ann.
Dow Jones								
Industrial Average	26011.22	25871.04	<b>25974.99</b>	22.51	<span style="color: green;">0.09</span>	26616.71	21784.78	<b>19.1</b> 5.1 <b>17.3</b>
Transportation Avg	11401.40	11253.25	<b>11386.73</b>	67.24	<span style="color: green;">0.59</span>	11436.36	9310.15	<b>22.3</b> 7.3 <b>13.5</b>
Utility Average	740.14	730.72	<b>739.62</b>	8.72	<span style="color: green;">1.19</span>	774.47	647.90	<b>0.2</b> 2.2 <b>10.9</b>
Total Stock Market	30090.36	29896.77	<b>30032.16</b>	-99.65	<span style="color: red;">-0.33</span>	30290.78	25444.35	<b>17.8</b> 8.5 <b>14.3</b>
Barron's 400	782.66	775.69	<b>781.77</b>	-2.24	<span style="color: red;">-0.29</span>	786.73	639.65	<b>21.8</b> 10.0 <b>14.6</b>

## Nasdaq Stock Market

	Latest	52-Week	YTD	% chg	
Nasdaq Composite	8077.84	7962.35	<b>7995.17</b>	-96.07	<span style="color: red;">-1.19</span>
Nasdaq 100	7607.18	7498.38	<b>7523.26</b>	-99.06	<span style="color: red;">-1.30</span>

## S&amp;P

	Latest	52-Week	YTD	% chg	
500 Index	2894.21	2876.92	<b>2888.60</b>	-8.12	<span style="color: red;">-0.28</span>
MidCap 400	2041.12	2024.11	<b>2038.55</b>	-1.91	<span style="color: red;">-0.09</span>
SmallCap 600	1093.25	1082.07	<b>1091.76</b>	-1.82	<span style="color: red;">-0.17</span>

## Other Indexes

	Latest	52-Week	YTD	% chg	
Russell 2000	1732.73	1713.69	<b>1727.65</b>	-5.73	<span style="color: red;">-0.33</span>
NYSE Composite	12977.10	12908.01	<b>12968.55</b>	-1.31	<span style="color: red;">-0.01</span>
Value Line	588.27	583.46	<b>587.16</b>	-1.11	<span style="color: red;">-0.19</span>
NYSE Arca Biotech	5314.38	5252.40	<b>5284.16</b>	-15.28	<span style="color: red;">-0.29</span>
NYSE Arca Pharma	577.31	573.55	<b>577.03</b>	1.79	<span style="color: green;">0.31</span>
KBW Bank	111.54	110.75	<b>110.91</b>	0.05	<span style="color: green;">0.05</span>
PHLX® Gold/Silver	63.58	62.66	<b>63.07</b>	-0.36	<span style="color: red;">-0.58</span>
PHLX® Oil Service	140.95	137.54	<b>138.82</b>	-3.31	<span style="color: red;">-2.33</span>
PHLX® Semiconductor	1413.55	1392.21	<b>1403.82</b>	-7.11	<span style="color: red;">-0.50</span>
Cboe Volatility	14.30	13.23	<b>13.91</b>	0.75	<span style="color: green;">5.70</span>

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	8,625.3	288.92	-0.11	<span style="color: red;">-0.04</span>	289.85	288.00
Intel	INTC	3,711.5	47.66	-0.07	<span style="color: red;">-0.14</span>	47.80	47.50
Sirius XM Holdings	SIRI	3,554.3	7.01	0.01	<span style="color: green;">0.14</span>	7.04	6.98
Bank of America	BAC	3,371.0	31.15	-0.03	<span style="color: red;">-0.10</span>	31.20	31.03
Invesco QQQ Trust I	QQQ	3,298.8	183.46	0.01	<span style="color: green;">0.01</span>	185.86	183.42
iShares MSCI Emg Markets	EEM	2,834.8	41.76	0.04	<span style="color: green;">0.10</span>	41.82	41.50
Alibaba Group Holding ADR	BABA	1,696.7	164.41	0.18	<span style="color: green;">0.11</span>	164.96	164.06
Van Eck Vectors Gold Miner	GDX	1,599.6	17.90	0.03	<span style="color: green;">0.17</span>	17.90	17.86

## Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Cloudera	CLDR	978.9	16.19	1.78	<span style="color: green;">12.35</span>	16.50	14.40
Superior Energy Svcs	SPN	75.3	9.00	0.56	<span style="color: green;">6.64</span>	9.00	8.25
Spectrum Pharmaceuticals	SPPI	120.6	22.25	1.20	<span style="color: green;">5.70</span>	23.00	21.05
USA Compression Partners	USAC	75.0	17.27	0.82	<span style="color: green;">4.98</span>	17.27	16.45
CenterPoint Energy	CNP	215.2	30.00	1.08	<span style="color: green;">3.73</span>	30.00	28.72

## ...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
ProQR Therapeutics	PRQR	194.6	15.50	-2.05	<span style="color: red;">-11.68</span>	17.90	15.00
Guidewire Software	GWRE	55.9	89.52	-7.41	<span style="color: red;">-7.64</span>	99.10	88.00
Zscaler	ZS	266.1	41.40	-2.67	<span style="color: red;">-6.06</span>	47.15	41.40
Tenable Holdings	TENB	50.1	30.50	-1.75	<span style="color: red;">-5.43</span>	32.50	30.10
Tilray	TLRY	181.9	86.08	-3.79	<span style="color: red;">-4.21</span>	9	

## COMMODITIES

WSJ.com/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs;\$ per lb.							
Sept 2,5845	2,6020	2,5815	2,5925	0.0090	4,761		
Dec 2,6025	2,6215	2,5910	2,6100	0.0080	153,706		
Gold (CMX)-100 troy oz;\$ per troy oz							
Sept 1192.50	1196.00	1192.50	1194.90	2.20	101		
Oct 1192.00	1198.90	1191.60	1196.10	2.10	48,546		
Dec 1197.20	1204.20	1196.40	1201.30	2.20	362,530		
Feb'19 1204.00	1209.50	1203.60	1206.90	2.20	35,551		
June 1214.90	1220.10	1214.90	1218.30	2.50	9,123		
Dec 1234.40	1237.30	1233.70	1236.00	2.40	3,734		
Palladium (NYM)-50 troy oz;\$ per troy oz.							
Sept ...	...	971.60	-6.30	73			
Dec 968.10	975.90	955.40	961.20	-6.30	17,334		
March'19 965.40	968.70	952.70	955.40	-6.60	586		
Platinum (NYM)-50 troy oz;\$ per troy oz.							
Sept ...	...	783.10	6.10	28			
Oct 777.50	786.30	770.10	784.30	6.10	75,885		
Silver (CMX)-5,000 troy oz;\$ per troy oz.							
Sept 14,085	14,165	14,050	14,118	0.057	1,991		
Dec 14,190	14,265	14,125	14,220	0.040	186,976		
Crude Oil, Light Sweet (NYM)-1,000 bbls;\$ per bbl.							
Oct 69.40	69.59	68.56	68.72	-1.15	408,792		
Nov 69.07	69.27	68.27	68.42	-1.14	223,102		
Dec 68.81	69.00	68.02	68.17	-1.12	292,318		
Jan'19 68.64	68.75	67.84	67.94	-1.10	164,764		
June 67.08	67.37	66.46	66.67	-0.91	166,922		
Dec 65.32	65.54	64.72	64.96	-0.72	233,464		
NY Harbor ULSD (NYM)-42,000 gal;\$ per gal.							
Oct 2,2490	2,2575	2,2285	2,2345	-0.0202	130,876		
Nov 2,2527	2,2593	2,2316	2,2374	-0.0196	70,377		
Gasoline-NY RBOB (NYM)-42,000 gal;\$ per gal.							
Oct 1,9911	1,9963	1,9550	1,9648	-0.0294	147,878		
Nov 1,9755	1,9803	1,9437	1,9524	-0.0264	111,072		
Natural Gas (NYM)-10,000 MMBtu;\$ per MMBtu.							
Oct 2,817	2,843	2,786	2,795	-0.028	232,660		
Nov 2,835	2,861	2,804	2,813	-0.029	204,955		
Dec 2,927	2,954	2,898	2,907	-0.030	145,795		
Jan'19 3,015	3,041	2,987	2,995	-0.032	199,391		
March 2,879	2,903	2,855	2,862	-0.029	198,990		
April 2,603	2,620	2,597	2,603	-0.011	157,830		

## Agriculture Futures

Corn (CBT)-5,000 bu; cents per bu.							
Sept 356.00	356.00	351.00	351.75	-2.75	4,930		
Dec 368.50	369.75	364.00	365.25	-3.00	995,478		
Oats (CBT)-5,000 bu; cents per bu.							
Dec 246.00	251.00	245.75	246.50	.50	3,536		
March'19 252.00	254.25	252.00	251.25	...	257		
Soybeans (CBT)-5,000 bu; cents per bu.							
Sept 835.25	835.25	825.75	825.50	-6.50	866		
Nov 844.50	849.25	837.25	838.00	-6.25	437,821		
Soybean Meal (CBT)-10,000 tons;\$ per ton.							
Sept 308.40	309.30	305.70	306.20	-2.10	1,980		
Dec 311.20	312.50	308.20	309.70	-1.50	224,323		
Soybean Oil (CBT)-60,000 lbs; cents per lb.							
Sept 28.37	28.37	28.13	28.18	-21	1,997		
Dec 28.77	28.85	28.46	28.46	-22	251,165		
Rough Rice (CBT)-2,000 cwt;\$ per cwt.							
Sept 109.00	109.50	108.00	107.50	-14.50	240		
Nov 108.50	109.00	108.00	108.00	-2.50	6,386		
Wheat (CBT)-5,000 bu; cents per bu.							
Sept 566.00	570.50	563.00	564.00	-9.00	50		
Dec 584.75	593.75	580.00	580.25	-4.50	35,092		
Cattle-Feeder (CME)-50,000 lbs; cents per lb.							
Sept 151,875	152,500	151,250	151,725	...	4,303		
Oct 151,825	152,625	151,075	151,475	-350	17,807		
Cattle-Live (CME)-40,000 lbs; cents per lb.							
Oct 110,000	110,100	108,700	109,050	-825	115,345		
Dec 114,450	114,650	113,600	113,750	-521.75	78,592		
Wheat (KC)-5,000 bu; cents per bu.							
Sept 507.00	511.75	502.50	501.75	-6.25	192		
Dec 537.25	544.50	527.50	528.00	-9.00	151,962		
Wheat (MPLS)-5,000 bu; cents per bu.							
Sept 566.00	570.50	563.00	564.00	-9.00	50		
Dec 584.75	593.75	580.00	580.25	-4.50	35,092		
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## BIGGEST 1,000 STOCKS

**How to Read the Stock Tables**

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq Global.

The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

## Wednesday, September 5, 2018

## Net

## Stock Sym Close Chg

## A B C

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
BOK Fin	BOKF	103.65	0.29	ChinaPetrol	SNP	94.46	-2.75	Incite	INCY	74.23	0.39	MidAmApt	MAA	103.51	0.50	R&S	STER	112.97	-0.81	UPS B	UPS	124.66	0.32
BP	BP	42.78	0.6	ChinaAirlines	ZNH	31.69	-0.58	Infor	INFOY	20.71	-0.05	Middleby	MIDD	125.49	3.23	STMicroel	STM	19.13	-0.94	UnitedRentals	UR	156.62	-1.48
BT Group	BT	14.27	0.05	ChinaTelecom	CHA	48.59	-0.01	Ingersoll-Rand	IR	103.03	1.21	MitsubishiUfj	MUFG	5.99	-0.04	SumitomoMits	SMFG	168.04	-0.56	USB	USB	54.33	0.09
BWXT Tech	BWXT	60.92	-0.10	ChinaUnicom	CHU	11.89	-0.21	Ingredion	INGR	102.59	1.79	MizuhoFin	MFG	3.49	-0.03	SunComms	SUJ	100.90	-2.00	UnitedTech	UTX	132.78	0.88
BaldU	BIDU	216.24	-5.94	Chipotle	CMG	477.88	0.01	Insulet	PODD	102.69	-1.21	MohawkInds	MH	19.00	0.84	RalphLauren	RL	131.18	-0.06	UNH	UNH	167.64	-0.67
Ball	BLL	41.95	0.53	ChungWhaTel	CHT	34.84	-0.12	InteractiveBrks	INTC	47.72	-0.24	MotorolaMo	MH	13.78	-0.24	RaymondJames	RJF	93.28	-0.22	UniversalHealth	UHS	127.11	-1.03
BancBilBvBz	BVBA	62.44	0.01	Church&Dwight	CHD	57.70	1.22	Etsy	ETSY	47.39	-3.27	NationalGrid	NG	103.51	0.50	Raytheon	RTN	198.03	-0.31	VerEIT	VER	7.82	0.08
BankNY Melon	BMO	52.25	-0.15	CitrixSystems	CTXS	112.38	-1.04	Fastenal	FAST	230.79	-2.95	ExpressScripts	ESRX	89.83	-2.88	Intuit	INTU	218.69	-2.05	Syntac	SYMC	19.88	-0.16
BanKoNta	BNS	58.69	-0.19	Clorox	CLX	148.46	-0.14	FaithCorp	FCS	210.30	-1.30	IsraelChemicals	ICL	5.65	0.01	JPMorgan	JPM	161.70	-0.23	SynchronyFin	SYF	32.01	0.13
BarcodeChile	BCH	84.54	-0.20	Cigna	CI	184.93	-1.14	FairIsle	FIS	150.76	-0.53	Italtel	ITL	100.80	0.01	Synopsis	SNPS	100.67	-1.15	VailResorts	MT	289.73	-11.69
Barclay	BCL	71.91	-0.11	CimarexEnergy	XEC	86.13	2.00	Farnsworth	FAR	221.10	-0.46	IntuitiveSurgic	IRS	536.72	-19.21	Tysco	SY	75.00	-0.35	Vale	VALE	12.62	0.07
Barclays	BCS	27.91	-0.11	Cinclair	CIN	77.45	0.27	Fastenal	FAST	259.90	0.05	Invitahomes	INVH	22.24	0.08	Reliance	RS	88.03	0.97	ValeroEnergy	VLO	116.91	-3.33
BarclayCard	BSCM	7.67	-0.13	Cinifinity	CINF	101.95	0.01	FederallyReg	FRT	130.13	0.85	InvitadomCoors	A TAPA	67.52	-0.57	VarianMed	VAR	110.40	-1.10	Varien	ED	12.79	0.41
BarclayCard	BSCM	7.67	-0.13	CiscoSyst	CSCO	47.27	-0.14	FirstData	FDC	244.76	3.47	IPeru	IP	51.43	0.48	VeeSystems	VEEV	101.00	-3.25	Ventana	VEN	59.94	0.69
BarclayCard	BSCM	7.67	-0.13	Church&Dwight	CHD	57.70	1.22	FirstFlavors	IFF	127.72	-1.87	InterContinent	IHG	166.60	-0.34	VeeSystems	VEEV	101.00	-3.25	Verizon	VIA	33.10	0.05
BarclayCard	BSCM	7.67	-0.13	Chubb	CB	137.28	1.08	Flavor	FLV	161.78	-0.21	InterContinental	IHG	166.60	-0.34	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
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BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
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BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.01	VeeSystems	VEEV	101.00	-3.25	VeeSystems	VEEV	101.00	-3.25
BarclayCard	BSCM	7.67	-0.13	Fidelity	FIS	150.76	-0.53	Fluor	FLR	148.00	-0.21	Intertel	ITL	100.80	0.								

## BANKING &amp; FINANCE

# Bank Sues Fed, Seeking Account

By MICHAEL S. DERBY

A new bank is suing the Federal Reserve Bank of New York, saying it is unfairly preventing the firm from pursuing a novel business strategy.

**TNB USA Inc.**—run by a former top New York Fed staffer—said its primary business activity will be to enable large institutional money-market investors to earn higher interest rates from the Federal Reserve than they could otherwise, according to a complaint filed in federal court Friday.

But first TNB needs to open an interest-bearing account at the New York Fed, like those held by many large banks. The Fed hasn't granted or

rejected TNB's request, a process begun in August 2017, or provided a formal reason for not acting. TNB alleges in its court filing that New York Fed officials were prepared to open the account, but the Fed's Washington-based board of governors blocked it because of unspecified "policy concerns."

The plaintiffs attributed the decision to the board chairman, Jerome Powell, based on their conversations with New York Fed officials.

TNB is asking the U.S. District Court for the Southern District of New York to order the New York Fed to open the account. The suit cites a 1980 law saying such accounts shall

be available to any qualified depository institution that receives deposits other than trust funds.

The New York Fed declined to comment. A spokesman for

**TNB, run by a former top Fed staffer, says the New York Fed is thwarting its strategy**

the Fed board said, "We are aware of the lawsuit and are reviewing it."

TNB's chairman and chief executive, James McAndrews,

worked for the Fed for 28 years, mainly at the New York Fed, including his last six as its head of research until 2016. During that time Fed officials developed their current system for setting short-term interest rates, which is key to TNB's business model.

TNB has obtained temporary approval to operate as a bank from Connecticut's banking authority but doesn't plan to provide retail services.

Instead, its "sole business will be to accept deposits from the most financially secure institutions" and place that money in an interest-bearing Fed account.

If TNB could open a Fed account, its deposits there would

earn a rate set at 1.95%. This is the rate paid on money, called reserves, parked at the central bank by deposit-taking private-sector banks. Fed officials expect to raise this rate along with other short-term interest rates in coming years to keep the economy expanding on an even keel.

Under the Fed's current system for setting rates, institutional money-market funds cannot earn this rate on reserves. Instead, they can participate in a Fed program that now pays an interest rate of 1.75%. TNB's business model would enable the money-market investors to earn the higher rate on reserves, minus a profit for the firm.



Elad Roisman

## SEC Is Back At Full Strength

By DAVE MICHAELS

WASHINGTON—The Senate confirmed Elad Roisman to join the Securities and Exchange Commission, giving the regulator a fifth and final member as it prepares to impose restrictions on stockbroker advice while loosening the reins on some public companies.

Mr. Roisman, 37 years old, will join the SEC after working for several years on the Senate Banking Committee, where he was the panel's chief counsel. The Senate approved him 85-14.

The Republican will succeed Michael Piwowar, who stepped down in July and joined the Milken Institute on Wednesday as executive director of its center for financial markets.

The SEC is a 4,600-person agency largely run by its chairman, Jay Clayton, a political independent appointed by President Trump. The agency's four commissioners must vote to approve any new regulations as well as litigation or settlements that arise from enforcement investigations.

The SEC has had a full complement of five members for only six months of Mr. Clayton's tenure, which began in May 2017. The number dropped to four when Mr. Piwowar left.

Mr. Roisman will join the SEC when Mr. Clayton needs a majority of commissioners to approve rules that would impose new constraints on stockbrokers who deal with retail investors.

The SEC's proposal would require brokers to act in the best interest of clients, barring the picking of lackluster or unsuitable investments because they make more money for them or the brokerage firm.

The SEC's Democratic commissioners have shown unhappiness with the plan, saying the proposed requirements are so ambiguous that they won't change the status quo. Mr. Clayton argues they would go well beyond the current standard, boosting protections for investors.

But the Democrats' skepticism means Mr. Clayton would probably need Mr. Roisman's vote—as well as support from Republican Commissioner Hester Peirce—to finish the regulation.

"Chairman Clayton will soon have another Republican commissioner whose vote will be critical on controversial matters," said David Tittsworth, a lawyer at Ropes & Gray LLP who previously led the Investment Adviser Association.

Mr. Roisman also could have a hand in deregulatory proposals that make it easier for companies to raise capital by selling stock and debt.

Mr. Clayton wants to open private markets to more individual investors, while scaling back some requirements on small public companies. Speaking to an audience in Nashville, Tenn., last week, Mr. Clayton called for exempting more smaller companies from needing an audit of their internal controls designed to prevent accounting fraud or errors.

Mr. Roisman will become the latest SEC commissioner to join the regulator after working in the Senate. Ms. Peirce also is a former banking panel staffer. She and Mr. Roisman both worked at the SEC earlier in their careers.

# Price Tag Soars for a Trading Experiment

By ALEXANDER OSIPOVICH

A Securities and Exchange Commission experiment designed to stimulate trading in shares of smaller companies has cost investors more than \$300 million in the past two years, according to a study released Thursday.

The study by brokerage Pragma Securities LLC adds to a growing body of research that suggests regulators' Tick Size Pilot Program has added to investors' costs without doing much for the small and midsized companies it was meant to help. The program was mandated by the SEC after pressure from some members of Congress.

New York-based Pragma said total costs to investors could exceed \$350 million by the time the program concludes its two-year run in October.

Under the program, the "tick size" for hundreds of companies was changed from one to 5 cents. That means instead of seeing prices such as \$20.01, \$20.02 and so on for stocks in the program, investors would only see prices that were multiples of a nickel.

The program's supporters said forcing small-cap stocks to trade at five-cent increments would make it more profitable for brokers to buy and sell such securities, leading them to publish more research about smaller companies. That in turn could generate interest in the companies' shares, and ultimately encourage more firms to go public, the supporters said.

Executives of smaller public companies have long complained that they are ignored by Wall Street analysts. But critics say the program was costly to implement and hasn't yielded more research on small-caps or improved the climate for initial public offerings.

If anything, Wall Street has slashed sell-side analyst jobs, said Curtis Pfeiffer, Pragma's chief business officer. "We certainly don't see that there has been any increase in research



Nathan's Famous is among the hundreds of companies that saw the 'tick size' of their shares changed under a pilot program.

### Some Still Support Big Trading Ticks

Many investors have criticized the rising costs tied to a Securities and Exchange Commission pilot program that about two years ago expanded the tick size of trading in cer-

tain stocks to nickel increments from pennies.

The Tick Size Pilot Program still has supporters however, including some who say it would be faring better had it been designed to be permanent.

The program's initial supporters, which included brokerage Cowen Inc. and David Weild, a former Nasdaq Inc. ex-

ecutive, expected it to lead to wider bid-ask spreads—the difference between the buying and selling prices of shares.

When such spreads widen, investors generally face higher costs for trading in and out of stocks.

Mr. Weild says the plan would have had more benefits to counteract those expenses,

including more research on small companies, had tick sizes been widened further and made permanent.

"Nobody's going to hire research analysts on the basis of a two-year pilot," he said in an interview.

Cowen CEO Jeffrey Solomon said that the program's design was "overly complicated."

on small-cap stocks," Mr. Pfeiffer said.

Pragma, which is privately owned, sells technology for executing stock trades to banks, hedge funds and other institutional investors. Brokerage firms like Pragma had to bear additional costs to implement the SEC pilot program.

The firm's study is among the first attempts to calculate the total price tag of the pilot program for all investors. Pragma estimated such costs

by examining millions of trades it carried out for clients between January 2017 and June and extrapolating the added costs it experienced to the broader market.

Critics of the Tick Size Pilot Program include BlackRock Inc., an investment giant that manages more than \$6 trillion. An internal BlackRock analysis found that trading costs for stocks whose price increments were widened grew between 35% and 45% compared with

those that remained untouched, the asset-management giant told the SEC in a letter in May.

Retail brokers such as Charles Schwab Corp. and TD Ameritrade Holding Corp. have also complained.

In April, the SEC's trading and markets head said he wouldn't recommend extending the wider tick sizes beyond the program's conclusion in October. An SEC spokesman declined to comment.

Companies such as hot-dog seller Nathan's Famous Inc. and clothing retailer Children's Place Inc. were chosen to have their "tick sizes" changed under the program. Class B shares of News Corp., parent company of The Wall Street Journal, also switched to five-cent increments.

In all, the program affected some 1,200 companies. Other smaller companies were put in a control group, with no change to their pricing.

# Investor Makes Push At Marijuana Firm

By CARA LOMBARDO

that is in one year or 10 years," he said in an interview.

Molson Coors declined to comment.

Quebec-based Hexo grows and distributes medical marijuana under brands including Time of Day with products like Good Morning and Bedtime. It also will begin selling recreational marijuana when it becomes legal in Canada in mid-October.

Shares of Hexo, which trades on the Toronto Stock Exchange and has a market value of just over 1.1 billion Canadian dollars (\$870 million), have surged in the past year.

Riposte, which has invested in Hexo for nearly a year, said it believes the company is in an enviable position, having secured the Molson Coors joint venture and a government contract as the preferred recreational cannabis supplier in Quebec. But its stock still trades at a discount to peers, which "significantly hampers the company in the race for global growth and expansion," Riposte says in a draft letter to Hexo's board that was viewed by The Wall Street Journal.

The letter could be sent as soon as Thursday.

"It's very likely we'll get acquired at some point, whether



Lianjia operates 8,000 plus retail outlets offering real-estate brokerage services in 28 Chinese cities.

# China's Lianjia Boosts Funds

By JULIE STEINBERG AND LIZA LIN

One of China's largest real-estate brokerages is planning to raise about \$2 billion from investors including **Tencent Holdings** Ltd. and private-equity firm **Warburg Pincus LLC**, according to people familiar with the matter.

The private fundraising round is likely to value Beijing-based Lianjia at about \$13 billion, the people said.

Lianjia, whose formal name is **Homelink Real Estate Agency Co.**, was founded in 2001 and has scores of

branches in Beijing, Shanghai and other Chinese cities. The company also has a website and mobile app that lets Chinese home buyers and renters search listings of new and secondhand properties. Besides facilitating sale and rental transactions, Lianjia offers services such as real-estate financing, home decor and property management.

Chinese internet giant Tencent is investing \$1 billion in Lianjia's latest financing round, while U.S. private-equity firm Warburg Pincus is putting in \$500 million, according to some of the people.

The investment will give

Tencent exposure to China's booming housing market, helping diversify beyond its core businesses of gaming and social media, one person familiar with the transaction said.

Lianjia representatives declined to comment.

Lianjia operates more than 8,000 retail outlets offering real-estate brokerage services in 28 Chinese cities. Earlier investors in the company include property developers China Vanke Co. and Sunac China Holdings Ltd.

—Zhou Wei contributed to this article.

## MARKETS

# Tech Stocks Retreat as Executives Testify

Social-media firms at center of Capitol Hill hearing but selloff hits other shares, too

BY AKANE OTANI

Technology stocks tumbled across the board Wednesday as executives from Facebook Inc. and Twitter defended before Congress their efforts to prevent election meddling, the latest episode showing the vulnerability of investors' bets on megacap technology companies.

"Social media, cybersecurity, cloud—all of these things have done exceptionally well this year," said Frank Cappelletti, executive director and technical analyst at Instinet. As a result, when even a handful of tech companies are swept up in controversy, there is the potential for "that much more fallout," he said.

Investors had already been skittish on the technology sector before Wednesday's rout.

The group tumbled in March as controversy over

which didn't send a representative to the hearing, lost 1%. Streaming giant Netflix Inc. slumped 6.2%, while chip maker Nvidia Corp. and "Candy Crush Saga" owner Activision Blizzard Inc. each lost more than 1%.

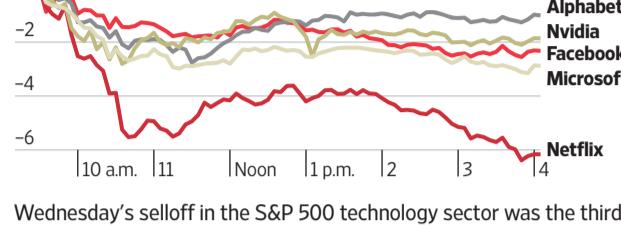
In all, 59 of the 73 companies in the S&P 500 technology sector posted losses on the day, a striking retreat for the best-performing group in the broad index this year. The tech-heavy Nasdaq Composite shed 1.2% and recorded its biggest decline in three weeks, while the broader S&P 500 fell just 0.3% and the Dow Jones Industrial Average rose 0.1%.

"Wednesday's selloff in the S&P 500 technology sector was the third such broad downturn in recent weeks.

## Fallout

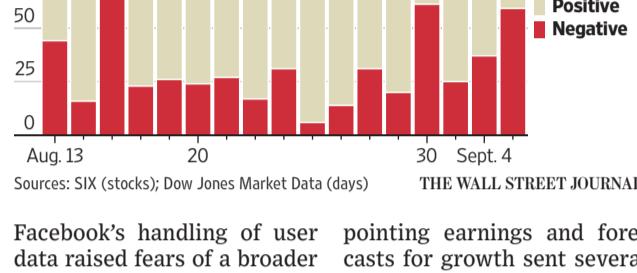
Investors dumped shares of everything tech-related Wednesday, from social-media firms to chip makers, as lawmakers scrutinized Facebook's and Twitter's response to foreign meddling in the 2016 elections.

### Share-price performance



Wednesday's selloff in the S&P 500 technology sector was the third such broad downturn in recent weeks.

### Number of S&P 500 tech sector companies in positive and negative territory for that day



Sources: SIX (stocks); Dow Jones Market Data (days)

Facebook's handling of user data raised fears of a broader reckoning.

Over the summer, disappointing earnings and forecasts for growth sent several stocks, including Facebook, Netflix and Intel sliding again.

Each time, the tech sector quickly rebounded, something investors say suggests a rally driven largely by momentum trading—when investors pile into the stocks that have run up the most, regardless of fundamental factors like earnings and valuations. When the trend reverses, it can spark a broad pullback, as was the case Wednesday.

"There is an increasing sense by many that some of the more trendy tech names can only go up, which is putting some managers in a position where they feel they need to add to positions in the megatech stocks to keep up," said Craig Birk, chief investment officer of Personal Capital.

The prospect of a prolonged reversal has led global fund managers to rank bets on the FAANG BAT group—which includes tech companies in the U.S., as well as Chinese firms Baidu, Alibaba Group Holding Ltd. and Tencent Holdings Ltd.—as the most-crowded trade for seven consecutive months, according to Bank of America Merrill Lynch's monthly fund-manager survey.

That possibility has also pushed analysts at firms including RBC Capital Markets and Morgan Stanley to adopt a more cautious stance on technology stocks, citing the risk the rally has been overdone, as well as the recent shift among investors toward bond-like sectors of the stock market.

Yet growing wariness among investors has done little to dent the technology sector's rally.

Technology stocks in the S&P 500 remain up 18% in 2018, by far the best-performing group in the broad index, which is up 8%.

Elsewhere, the Stoxx Europe 600 declined 1.1%. Hong Kong's Hang Seng dropped 2.6%, with Tencent Holdings among the worst performers. Early Thursday, the benchmark was down 0.2%.

Australia's S&P ASX/200 fell 1% Wednesday in its biggest drop since March and was down an additional 0.9% early Thursday.

♦ Heard on the Street: Social media's pricey brake job.... B13

# Indonesia Acts to Bolster Stumbling Rupiah

BY SAUMYA VAISHAMPAYAN

The pain sweeping emerging markets hit Indonesia, where shares suffered their worst day in nearly two years on Wednesday, and the government unveiled measures to shore up a currency that has sunk two-decade lows.

**CURRENCIES** in Turkey and Argentina and a surge in the dollar have dented investors' appetite for emerging markets. Among Asian countries, Indonesia is particularly vulnerable because it has borrowed heavily in dollars and because foreigners own large chunks of its domestic stock and bond markets.

The benchmark Jakarta Composite index fell 3.8% to 5683.5, its biggest one-day drop since November 2016. It had tumbled as much as 4.8% during the trading session. Most Asian markets also declined, along with developing countries elsewhere such as South Africa.

During the Asian trading day, the rupiah was at 14,930 per dollar, according to Thomson Reuters—levels last seen during the Asian financial crisis two decades ago. The yield on the 10-year government bond rose to 8.49%, the highest since January 2016. Yields rise as bond prices fall.

Rob Carnell, head of research for Asia at ING, said Indonesia is the most obvious target for investors to desert in Asia during a broader emerging-market sell-off, pointing to the country's dollar debts and current-account deficit.

Indonesia is "the nearest we've got to an Argentina or



The rupiah is trading at levels last seen during the Asian financial crisis. The government bond yield was at its highest since 2016.

South Africa or Turkey in the region, although I'd stress they're considerably stronger than any of those countries," he said.

During the day, Bank Indonesia said it had sold dollars and bought government bonds. The central bank has repeatedly intervened in currency and bond markets and raised interest rates by more than 1 percentage point since May to defend the currency. For the year, the rupiah has slumped more than 9% against the dollar.

The government said

Wednesday that the construction of several power plants that haven't secured financing commitments would be delayed by up to four years to help strengthen the rupiah. The energy and resources ministry said savings on the imports of capital goods could save \$8 billion to \$10 billion.

Separately, the government increased the import tax by up to four times on more than 1,100 consumer goods.

Finance Minister Sri Mulyani Indrawati said the increase would help reduce imports.

She said the goods that

now carry a higher import tax of between 7.5% and 10%, compared with between 2.5% and 7.5% previously, include electronic appliances and luxury vehicles. "We are facing an unusual situation that needs an unusual response," she said.

Stock markets across the region traded lower, with Hong Kong falling 2.6% and markets in Shanghai, Singapore, and Manila all dropping more than 1.5%. Even India's Sensex, which has hit a string of recent highs recently, shed 0.8%.

South Africa, another vul-

nerable emerging market, also suffered. The rand weakened to 15.5941 per dollar, its lowest since 2016, and the FTSE JSE All-Share index fell 0.7%.

A dollar rally and signs the Federal Reserve would continue lifting borrowing costs have sucked cash back to the U.S. from emerging markets.

That has reversed a trend where extremely low interest rates had sent investors into riskier markets in search of juicy returns.

—Joko Hariyanto and I Made Sentana contributed to this article.

# Treasurys End Flat On Brexit Report

BY AKANE OTANI

U.S. government bond prices erased earlier gains to finish unchanged Wednesday as a report suggested the U.K. and Germany were making progress on a Brexit deal.

The yield on the benchmark 10-year U.S. Treasury note settled at 2.902%, unchanged from Tuesday afternoon but well off session lows.

Yields climb as bond prices fall.

Yields bounced off the lows they hit early Wednesday after Bloomberg reported the U.K. and Germany had abandoned key demands on Brexit—something that analysts suggested could potentially ease the way to a deal and diminish the haven appeal of Treasurys.

The move, which jolted Treasury yields, also sent the pound jumping against the dollar and the euro. Worries about the U.K. being unable to reach a trade deal, necessitating a "hard Brexit," have kept investors cautious about the pound throughout much of the year.

Bond yields pared their climb later in the session as selling accelerated across technology stocks.

The government bond market has faced pressure at the start of the month as investors have awaited a wave of expected corporate bond issuance. Corporate issuance tends to pick up in September following a summer lull.

# Oil Forecasts Steady, a Sign OPEC Output Will Curb Prices

BY CHRISTOPHER ALESSI

to \$68.72.

The August forecasts come as the Organization of the Petroleum Exporting Countries and its partner producers, including Russia, have begun to ramp up crude production after more than a year of holding

back output.

"More OPEC and Russian barrels are hitting the market," and that is "putting a cap on prices," said Christian Malek, head of oil research for Europe and the Middle East at JPMorgan.

OPEC and Russia agreed in late June to begin increasing production as much as one million barrels a day starting in July. The oil cartel and its production allies had been holding back crude output by roughly 1.8 million barrels a

day since the start of last year—part of a coordinated deal to rein in a supply overhang that had weighed on prices since late 2014.

The decision to boost output came after Brent temporarily breached the \$80-a-barrel threshold in May for the first time in more than 3½ years on expectations of reduced crude exports from Iran, an OPEC member. That prompted concerns among major producers, including the Saudis and the U.S., that high price levels could dent consumer demand and hurt global growth.

"In the near term, softening demand growth driven by global trade risks and surging Saudi/Russian production have put downward pressure on prices," Jason Gammel, an oil analyst at Jefferies, said in an email. "We expect, however, that the effects of Iranian sanctions on global supply and dwindling spare capacity will lead to a price rally by 4Q," he added.

President Trump in May pulled the U.S. out of a 2015 international agreement to curb Iran's nuclear program, setting the stage for the reimposition of economic sanctions on the Islamic Republic that are expected

to paralyze its oil industry.

Iranian exports are already falling at a faster rate than expected, with officials at the state-run National Iranian Oil Co. provisionally expecting crude shipments to drop to around 1.5 million barrels a day in September, down from around 2.3 million barrels a day in June, according to people familiar with the matter.

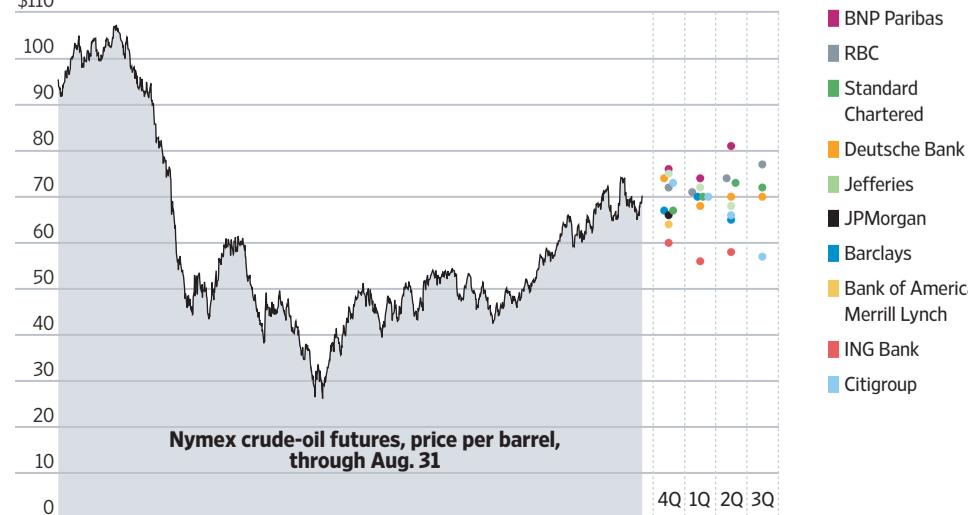
"Sanctions on Iran are likely to remain the biggest influence" on the oil market, said Warren Patterson, an analyst at ING Bank. He estimated that roughly 500,000 barrels a day of Iranian crude would come off the market in the fourth quarter. "This leaves the global market still in balance, [but] a bigger decrease would push the global market into deficit."

Looking ahead to next year, JPMorgan's Mr. Malek said he expected oil prices to come down slightly amid higher production from Saudi Arabia.

The banks in the Journal's August poll now project prices in 2019 will be lower than their forecasts in the July survey, with Brent coming down to an average of \$74.55 a barrel, from a prior estimate of \$75.63 a barrel.

## Looking Ahead

Where investment banks in August's survey see the price of U.S. crude-oil futures in the next few quarters



Sources: Dow Jones Market Data (oil price); the companies (forecasts)

## MARKETS

# Silver's Skid Hints at Economic Weakness

By IRA IOSEBASHVILI

A fall in the price of silver and other metals is troubling investors, who believe the drop may signal weakness in the global economy.

Silver prices hit their lowest levels since early 2016 earlier this week and are now off 17.2% for the year. Prices lost about 6.9% in August alone, even as the dollar declined that month.

Normally, a weaker dollar tends to buoy commodity prices, which are denominated in the U.S. currency. They typically become more expensive to foreign buyers when the dollar rises.

Silver prices rose 0.4% to \$14.11 a troy ounce in New York on Wednesday.

The metal's slide is a worrying development for some market participants who are concerned it signals a weaker environment for global manufacturing. Although classified as a precious metal, silver is used in a range of industrial applications, from electronics to jet-engine manufacturing, which makes it especially sensitive to global economic currents.

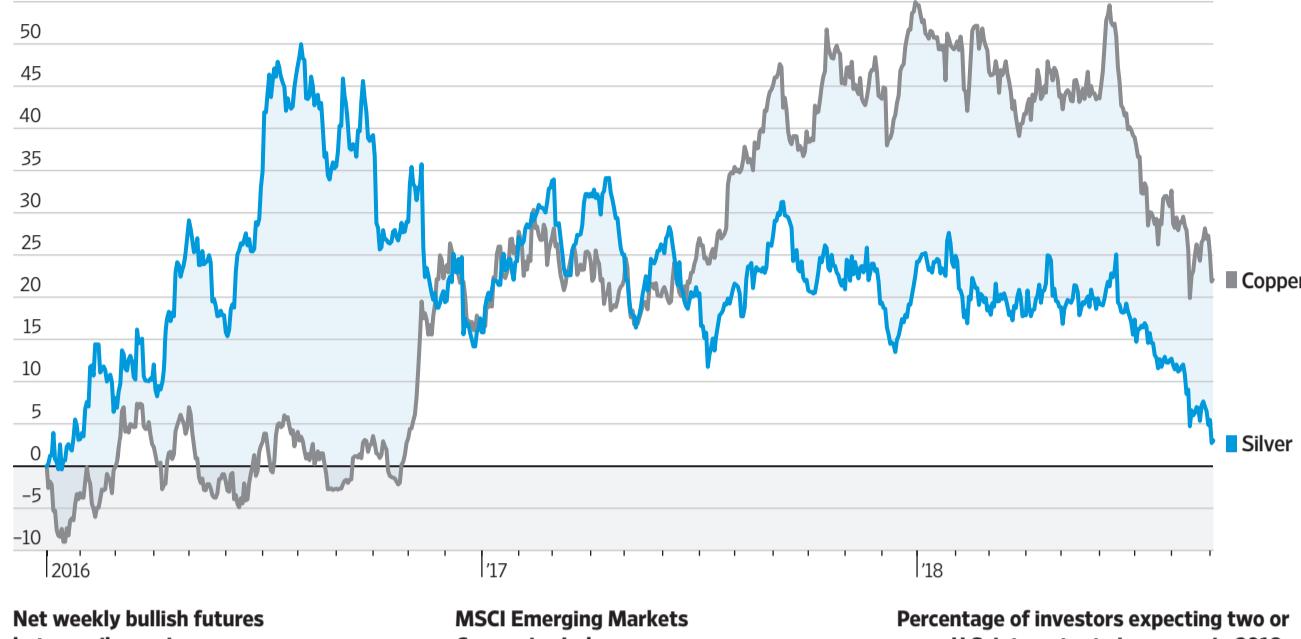
Silver's decline is part of a broader metals sell-off, with an intensifying trade conflict between the U.S. and China and turbulence in emerging markets in the background. Copper prices are down around 21% this year, while gold has lost 8.5%.

At the same time, silver has been shaken by a climb in the dollar that has pressured most commodity prices, with the exception of oil. The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, is up 4.5% this year.

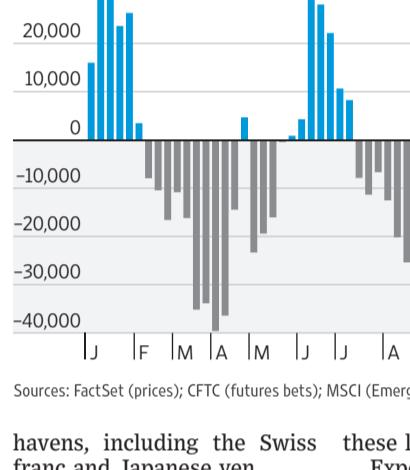
While investors often gravitate toward silver and gold when markets get rocky, the dollar's rally lately has discouraged them from buying metals. Instead, some have steered toward other popular

Investors are growing concerned that a decline in the price of silver and other metals could be a sign of slowing global growth.

## Percentage change in prices since 2015

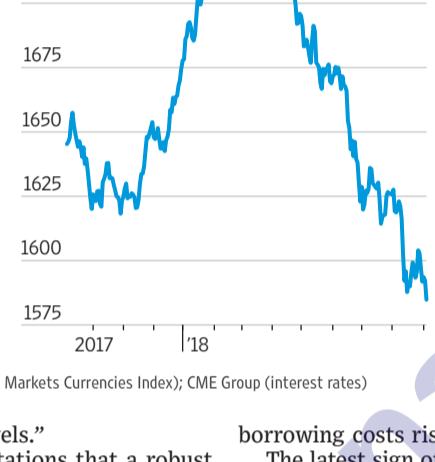


## Net weekly bullish futures bets on silver prices



Sources: FactSet (prices); CFTC (futures bets); MSCI (Emerging Markets Currencies Index); CME Group (interest rates)

## MSCI Emerging Markets Currencies Index



## Percentage of investors expecting two or more U.S. interest rate increases in 2018



THE WALL STREET JOURNAL.

havens, including the Swiss franc and Japanese yen.

"Silver prices are getting hit from two sides," said George Gero, managing director at RBC Capital Markets. "Buyers and bargain hunters are looking for lower prices to re-enter the market. But not at

these levels."

Expectations that a robust U.S. economy will keep the Federal Reserve on pace to deliver two more rate increases this year also have weighed on prices. Silver and gold struggle to compete with yield-bearing investments when

borrowing costs rise.

The latest sign of economic strength came Tuesday when data from the Institute for Supply Management showed that American factory activity accelerated in August. New orders, production and employment in the sector grew.

Federal-funds futures—which traders use to place bets on the course of interest rates—recently pointed to a 72% probability of the Fed raising interest rates two or more times by the end of the year, compared with nearly 67% a month ago, according to

CME Group.

Signs that the trade conflict between the U.S. and China is taking a turn for the worse will likely push investors into the safety of the dollar, lifting the U.S. currency which will weigh more on gold, investors said.

Investors will keep a close eye on developments in this week's North American Free Trade Agreement talks between Canada and the U.S.—viewed by some as an indicator of how the U.S. will handle its trade friction with China.

A constructive outcome from those talks will likely take the pressure off metal prices, said Peter Hug, global trading director at Kitco Metals.

Still, Mr. Hug worries about risks in emerging markets, where currency crises have rocked Argentina and Turkey in recent months.

These nations are among a handful of developing countries that are finding it more difficult to service unwieldy amounts of dollar-denominated debt that they took on in past years, when U.S. rates were lower.

Worries in emerging markets are likely to mount—South Africa's economy slipped into a recession in the second quarter, data showed Tuesday, while Turkey has been shaken by soaring inflation.

Portfolio flows into emerging markets slowed sharply in August to \$2.2 billion from \$13.7 billion in July, the Institute of International Finance said.

Precious metals like gold and silver may finally get a boost if rising risks push nervous investors to diversify their haven holdings, Mr. Hug said.

"There are some serious risks of contagion in the financial markets," he said. "It feels to me like something is about to happen."

## HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

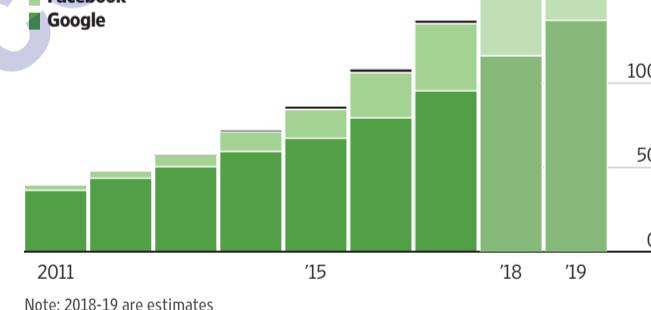
WSJ.com/Heard

Email: [heard@wsj.com](mailto:heard@wsj.com)

## Social Networks' Pricey Brake Job

## Click Rates

Annual advertising revenue, in billions



Note: 2018-19 are estimates

Sources: the companies (revenue); FactSet (estimates)

tiny. How that will affect their fast-growing ad businesses is still unknown. Combined ad revenue for Google, Facebook and Twitter surged 27% last year to \$137.4 billion. The previous year saw combined revenue rise 26%.

Those ad businesses were the product of a largely hands-off approach in which users supplied the content and the eyeballs while advertisers supplied the revenue. But even Google and Facebook can no longer afford such a model. Nor can these pressing problems be fully solved with automation.

Facebook, which reported operating margins of 50% last year, has warned that growing costs will put long-term margins toward the mid-30% range.

Twitter says it plans to increase its employee base by 10%-15% this year, versus 6% last year, in large part to improve security. In today's social-media world, not all eyeballs are welcome.

—Dan Gallagher

## OVERHEARD

Executives at **Goldman Sachs** are surely familiar with the saying "it takes two to make a market." They are also aware that it actually takes significantly more than two if money is to be made as a middleman.

Back in October, the bank created a stir by announcing that it was exploring a cryptocurrency trading desk. Fans saw it as a sort of vindication after **JPMorgan Chase** boss **James Dimon** said weeks earlier that he would fire any of his traders who tried to transact in bitcoin.

Mr. Dimon has since moderated his stance, but on Wednesday, Goldman shifted its position, too, scrapping its plan.

Public interest explains why. According to Google trends, it peaked in December, right when the price of bitcoin did, crashing since. The customer is always right, and at the moment there aren't enough of them to bother.

## Big Pharma Catches Up With Biotech

It was a great summer for Big Pharma stocks. Investors shouldn't expect that trend to reverse this fall.

A broad index of biotechnology stocks is up about 15% this year. This time, however, major pharmaceutical companies are joining the rally.

**Pfizer** is up nearly 20% since the start of the summer. It, along with similar-size rivals such as **Eli Lilly** and **Merck & Co.**, are trading near two-decade highs.

There are no obvious explanations for the sudden investor interest. While second-quarter earnings were strong, they were hardly memorable. New clinical-trial results or large-scale deal making don't explain the rally either.

But the absence of clear catalysts doesn't foreshadow a reversal. Even after the rally, Pfizer and Merck trade at about 13 and 15 times forward earnings estimates, respectively, compared with 17 times for the S&P 500. And the Trump administration's plan to reduce drug prices has focused primarily on middlemen instead of manufacturers.

Policies aimed at pharma are more subtle than investors had feared. The Centers for Medicare and Medicaid Services last week announced it will give Medicare insurance plans more flexibility in deciding whether to reimburse for drugs approved to treat multiple diseases starting in 2020. That has the potential to affect sales of certain blockbuster drugs. Yet fears of wholesale price controls, which torpedoed the sector ahead of the 2016 election, have faded away.

Given that backdrop, the pharma rally would have to go much higher before investors should worry about any potential negative side effects.

—Charley Grant

It remains unclear what, if any, onerous regulations may eventually befall companies such as **Google**, **Facebook** and **Twitter**. What is clear is that the hands-off business models that made these companies their fortunes must change.

That was driven home Wednesday as Facebook Chief Operating Officer Sheryl Sandberg and Twitter CEO Jack Dorsey appeared before the Senate Intelligence Committee to answer questions on what steps their respective companies are taking to safeguard their networks from misinformation and foreign influence.

Larry Page, CEO of Google-parent **Alphabet Inc.**, declined an invitation to attend.

While Ms. Sandberg and Mr. Dorsey handled themselves well, lawmakers still raised the specter of new regulations. Committee Chairman Sen. Richard Burr (R., N.C.) noted that the aforementioned problems are "not going away," while Vice Chairman Mark Warner (D., Va.) expressed skepticism

that the companies involved can solve the problems on their own. He added that "the era of the Wild West in social media is coming to an end."

Later in the day, the Justice Department confirmed a plan to discuss the question of anticonservative bias by social-media companies. Facebook shares fell 2.3% Wednesday, while Twitter

slid 6.1%. Alphabet, whose advertising business isn't so closely tied with social media, was down about 1%.

Investors are right to be a little wary. While no clear consensus has emerged on what regulations are likely, what is clear is that the platforms on which millions of Americans spend their time must become accustomed to a permanent level of scrutiny.

not derailed.

This is a good time to be in the trucking business. The U.S. economy is growing strongly and the American Trucking Associations' measure of truck tonnage was up 8.6% from a year earlier in July. Moreover, shipping capacity across the economy is constrained. That plays to Knight-Swift's strengths since Knight has historically done well at retaining drivers.

A safety rule that went into effect late last year requiring drivers to track hours with electronic logging devices has further constrained capacity across the industry. That is because ELDs have made it harder for drivers to skirt the rules, reducing the hours they

spend on the road and creating headaches for smaller operators who didn't put the devices in place until the last minute. Both Knight and Swift began using ELDs years ago.

All of this creates a good backdrop for an inexpensive stock. Knight-Swift shares trade at about 13 times expected earnings, well below peers such as **Werner Enterprises** and **Heartland Express**. And it compares with a price/earnings ratio of 25 for Knight before the merger was announced, and 16 for Swift.

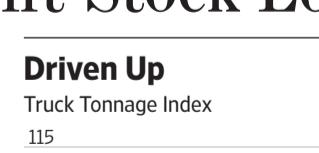
It might not take much improvement for investors to decide to shift Knight-Swift's share price into higher gear.

—Justin Lahart

## Knight-Swift Stock Looks Like a Cheap Set of Wheels

## Driven Up

Truck Tonnage Index



Source: American Trucking Associations

by 19% to \$6.1 billion. By the time the deal was completed last September, the resulting company, **Knight-Swift Transportation Holdings**, was valued at \$7.2 billion. Today, that is back to \$6 billion.

Making the Swift side of

the business more efficient hasn't come as quickly as investors hoped. In late July, Knight-Swift's stock fell 10% after the company reported earnings below analysts' estimates, largely because of problems with Swift's refrigerated business. Worse, Knight-Swift's management resisted detailing what those problems were.

But while the operating ratio for that business deteriorated from a year earlier, operating ratios for Swift's other businesses improved and the Knight side continued to do well. With management focused on making Swift more efficient, the synergies that investors expected may merely have been delayed,

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to see what we have in store.



# U.S. COLLEGE RANKINGS

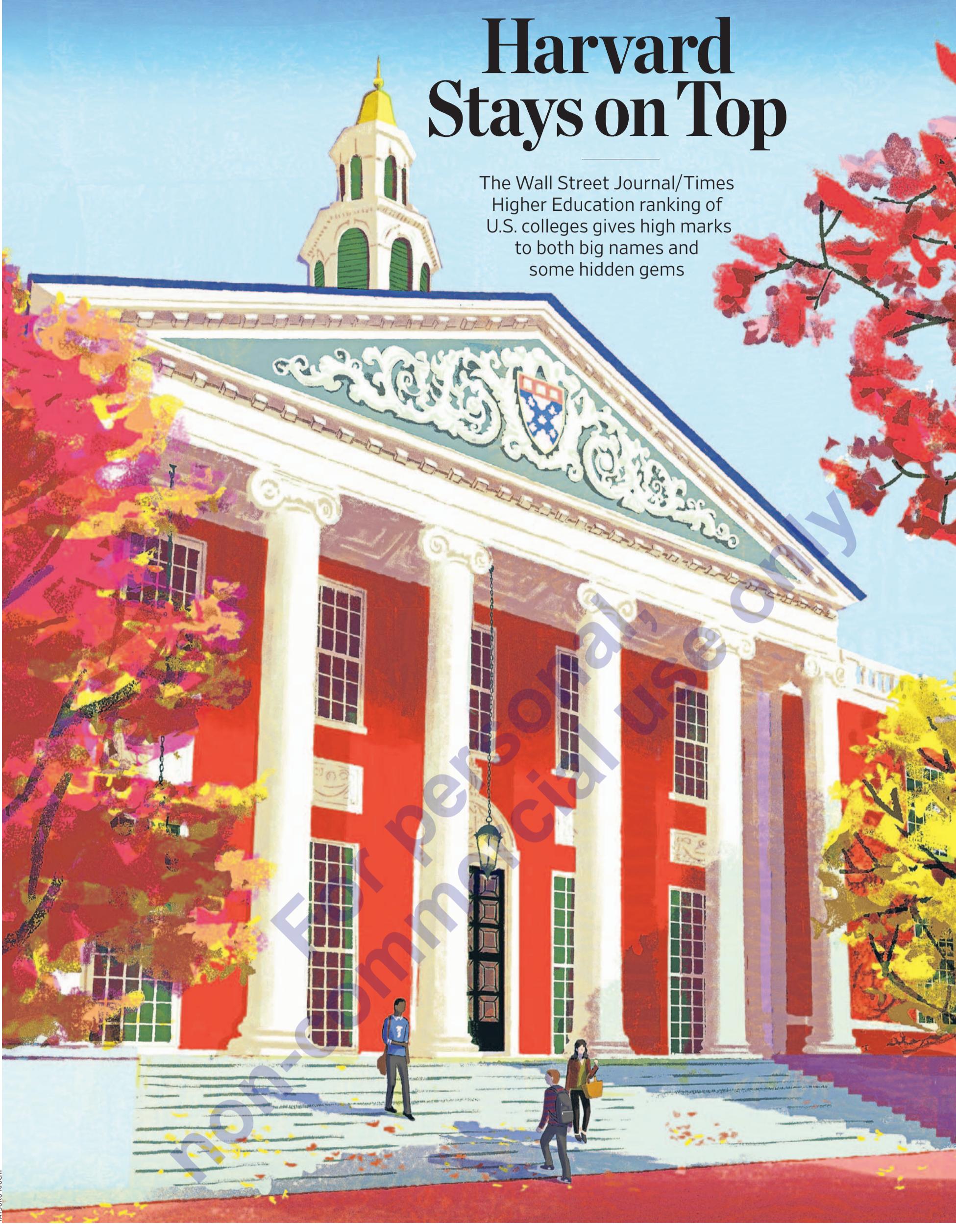
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THE WALL STREET JOURNAL.

Thursday, September 6, 2018 | R1

## Harvard Stays on Top

The Wall Street Journal/Times Higher Education ranking of U.S. colleges gives high marks to both big names and some hidden gems



BY MELISSA KORN  
AND DOUGLAS BELKIN

**C**ambridge is king. Size doesn't matter. And money talks. Those are some of the broad takeaways of this year's Wall Street Journal/Times Higher Education College Rankings, which award Harvard University the top spot for the second straight year, followed by its Cambridge neighbor, the Massachusetts Institute of Technology.

Yale University, Columbia University and the California Institute of Technology round out the top five.

The top 50 schools in this year's rankings show that institutions small and large can

deliver a great education. Caltech achieved its No. 5 ranking with just around 1,000 undergraduates, while the University of Southern California, with about 20 times as many, landed at No. 17. Thirteen liberal-arts schools, most with undergraduate enrollments below 3,000, made the top 50. And nine universities with at least 20,000 undergraduates were in that elite tier.

The WSJ/THE rankings emphasize how well a college will prepare students for life after graduation. The overall ranking is based on 15 factors across four categories: Forty percent of each school's overall score comes from student outcomes, including a measure of graduate salaries, 30% from the school's academic resources, 20% from how well it engages its students and 10% from the diversity of its students and staff.

The rankings include 189,000 responses

from students to survey questions including how challenging they find their classes, how often faculty encourage them to apply classroom instruction to the real world, and whether they have opportunities to collaborate with classmates.

"We have entered an age of more accountability," says Rep. Virginia Foxx (R., N.C.), chairwoman of the House Education and the Workforce Committee. Rep. Foxx says families should go into the college-search process more aware of the full costs, including eventual loan payments, and what they get in return, including job prospects. "Whatever program people go into, there ought to be value added to it," she says.

This year's rankings include some minor jostling at the top. Yale moved to No. 3 from No. 6, swapping places with Stanford University. Brown University moved up four

spots, into a tie for No. 7, while Cornell University slipped to No. 11 from No. 10. The University of California, Berkeley jumped seven spots to tie for No. 33, thanks in large part to a bump on student outcomes.

The rankings also unveil some hidden gems: Alverno College in Milwaukee tied with Harvard for students reporting that they are inspired by their classmates, while the University of Montevallo in Alabama is on par with MIT for students saying their college experience was worth the expense.

### Financial forces

Money goes a long way in pushing a school to the top of the WSJ/THE overall ranking—both the school's resources and its graduates' financial success.

Harvard, Yale and Duke University tied

Please turn to the next page

### INSIDE

**What Our Rankings Measure**  
We consider the factors most important to parents and students, with an emphasis on the outcomes students can expect from their education, R2

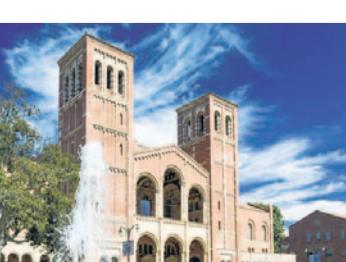
**Who's Ahead in the End**  
Where schools rank when it comes to students' financial outcomes after graduation, R2



**The Best Values**  
The institutions that offer the most bang for the buck, R3

**Public Schools Make Gains**  
More public schools made the top 100 this year, R3

**Liberal-Arts Leaders**  
The Northeast has most of the top liberal-arts colleges, R3



**The Rankings**  
Nearly 1,000 schools are evaluated in four main categories: student outcomes, academic resources, student engagement, and diversity, R5-10

**The Engaged Student**  
Schools with a religious affiliation are leaders in being both inspirational and challenging, R10

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

## What Our Rankings Are Measuring

BY DAVE PETTIT

College rankings are one starting point on the way to identify the schools that are the right fit. With this year's rankings, we've added new tools to help you set off on the right course.

The Wall Street Journal/Times Higher Education College Rankings are now in their third year, and their guiding principles remain unchanged: We look at schools the way parents and prospective students do. We consider the factors most important to them.

So we continue to put the greatest emphasis on two crucial factors: the outcomes students can expect from their college education and the resources schools deploy on academics. We also consider the quality of teaching and level of engagement students have with their school, as determined in large part by an extensive student survey. And we look at the diversity of the learning environment.

With that as the starting point, the WSJ/THE college rankings this year have made it easier for parents and students to zoom in on factors they find of greatest interest. A measure has been added that identifies schools that offer the best value. The premise is simple: We take a school's overall quality score and divide it by the average price paid for tuition, fees, room and board, to see how much quality is purchased for the money spent.

Other ways to slice the data have been added. The rankings start as a single list of nearly 1,000 colleges and universities, which allows for comparisons of all types of schools side-by-side, using the same set of metrics. Starting this year, we've included new ways to analyze specific types of institutions, such as liberal-arts schools focused on undergraduate education in the arts and sciences.

Also, using the interactive ranking tool on WSJ.com, the rankings can be easily scanned to find schools based on some of the basic factors prospective students take into account in their college search: the schools' undergraduate enrollment size, whether they are located in a big city or a small-town or rural environment, and the areas of study they offer.

We've also made it easier to find data on college costs: the average net price parents and students pay for the first year in school and the typical student debt they are left with at graduation, both based on Education Department figures.

The Journal and its partner, Times Higher Education, took a novel approach when they launched these college rankings three years ago, focusing on outcomes, teaching and the learning environment. The goal of the WSJ/THE college rankings is to offer context and insight needed to help make an informed college choice. It's a decision that often has lifelong implications.

**Mr. Pettit** is a Wall Street Journal editor in New York. He can be reached at [dave.pettit@wsj.com](mailto:dave.pettit@wsj.com).

## CREATE YOUR OWN, AND JOIN A CALL

You can customize the rankings at [wsj.com/collegerankings](http://wsj.com/collegerankings).

You're invited to join a member conference call on the rankings with WSJ staffers, Thursday, Sept. 6 at 2:30 p.m. EDT. To register, go to [wsj.com/rankingscall](http://wsj.com/rankingscall).

For a full explanation of our ranking methodology, go to <http://wsj.com/college-ranking-methodology>

## 2019 COLLEGE RANKINGS

WSJ THE

REPRINTS

To repurpose this logo and content, visit [wsj.com/college-ranking-reprint](http://wsj.com/college-ranking-reprint) for more information.



Duke University

ASHLEY YARBOR/REPLAY PHOTOS/GETTY IMAGES

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**Mr. Pettit** is a Wall Street Journal editor in New York. He can be reached at [dave.pettit@wsj.com](mailto:dave.pettit@wsj.com).

## Who's Ahead in the End

Where schools rank when it comes to financial outcomes after graduation

BY DOUGLAS BELKIN

A NATIONAL SURVEY of college freshmen spanning half a century offers this broad takeaway: A generation ago, students attended college to search for meaning and find themselves. Today, they enroll with the aim of landing a good job after graduation and making money.

The Wall Street Journal/Times Higher Education College Rankings take this pragmatic view into account and weigh financial outcomes as the most important factor in the overall ranking.

Outcomes scores are derived from graduation rates, income after graduation, debt repayment and academic reputation. The outcomes evaluation is 40% of a school's total score.

With their rarefied social networks, door-opening reputations and top-flight academics, it isn't surprising that the schools with top outcomes are all brand-name institutions. Yale University, Harvard University and Duke University tied for the top spot, with Princeton University at No. 4 and the Massachusetts Institute of Technology and Columbia University tied at No. 5. The California Institute of Technology and Dartmouth College, tied at No. 7, Stanford University and the University of Pennsylvania round out the top 10.

Less predictable and perhaps more revealing is the value-added measure of salaries, which is rolled into outcomes. Added value was calculated by

comparing predicted salaries—based on factors including students' SAT scores and family income and an institution's population of first-generation college students—to the actual outcomes for graduates 10 years after enrollment. We used a Brookings Institution analysis of value-added college outcomes as a guide on this measure, recognizing that high graduate salaries alone don't indicate school success.

Only six of the top 30 schools overall—Harvard, Duke, Yale, Georgetown University, the University of Notre Dame and the University of Southern California—finished in the top 50 in financial added value. Instead, the list was dominated by schools that offer specialized education in fields like medicine, aeronautics and design.

Embry-Riddle Aeronautical University—whose Prescott, Ariz., campus, ranked No. 250 overall, and Daytona Beach, Fla., campus, No. 207 overall, tied for 19th in added value—and the ArtCenter College of Design in California, 129th overall and 11th in added value, fared exceptionally well. At the very top of the added-value list is the Albany College of Pharmacy and Health Sciences, No. 266 overall, followed by the Massachusetts College of Pharmacy and Health Sciences, No. 282 overall. Graduates at ACPHS earn an average of \$117,333 10 years after enrollment based on the average of multiple years of data, nearly \$30,000 more than predicted—and nearly \$43,000 more than graduates from Yale.

Dr. Bogner says students are encouraged to work during the school year. At least one internship is required, but three are encouraged, starting after freshman year.

If there is a "special sauce," Dr. Bogner says, it's that students choose to attend Molloy because they know "this is where you come to get a practical, realistic education that will prepare you for success in the world."

On the other end of the spectrum are highly regarded schools that fared poorly in financial added value.

For example, Bryn Mawr College, a private women's liberal-arts college in Pennsylvania, was ranked No. 50 overall but 379th for financial added value. "We tend to attract students who are really committed to social justice and to lives of purpose that

"If you look at an Ivy League school you probably have a pretty well-heeled group of legacy families coming through," says Greg Dewey, president of ACPHS. "We have a lot of rural middle-class kids, and some of them are making a big jump" in terms of income.

Molloy College in Rockville Centre, N.Y., is ranked 209th overall, but 18th in added value with an average salary of \$56,967—more than \$10,000 more than predicted.

That's no accident, says Molloy's president, Drew Bogner. The college's programs, instruction and even the campus culture are designed to help students succeed in the world of work before and after graduation. Nursing, business and education top the list of most popular majors.

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## TOP SCHOOLS FOR STUDENT OUTCOMES

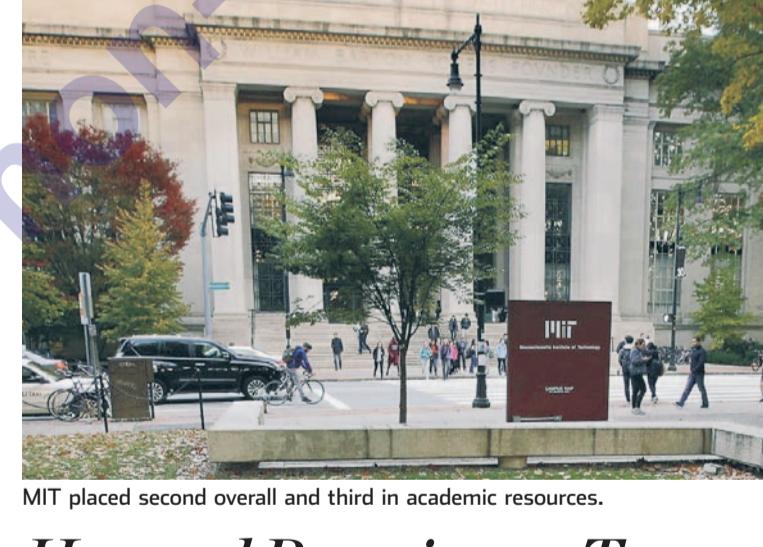
The schools ranked highest for graduation rate, teaching reputation, graduate salaries and student debt

- |                                       |
|---------------------------------------|
| 1. Duke University                    |
| Harvard University                    |
| Yale University                       |
| 4. Princeton University               |
| 5. Columbia University                |
| Massachusetts Institute of Technology |
| 7. California Institute of Technology |
| Dartmouth College                     |
| 9. Stanford University                |
| 10. University of Pennsylvania        |

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL

involve deep social commitment," says Bryn Mawr President Kim Cassidy. "That isn't always the most lucrative pathway."

**Mr. Belkin** is a Wall Street Journal reporter in Chicago. He can be reached at [doug.belkin@wsj.com](mailto:doug.belkin@wsj.com).



MICHAEL Dwyer/ASSOCIATED PRESS

MIT placed second overall and third in academic resources.



## THE TOP 10

These schools achieved the highest overall scores in the Wall Street Journal/Times Higher Education College Rankings

- |  |
|--|
| 1. Harvard University                    |
| 2. Massachusetts Institute of Technology |
| 3. Yale University                       |
| 4. Columbia University                   |
| 5. California Institute of Technology    |
| 6. Stanford University                   |
| 7. Brown University                      |
| Duke University                          |
| 9. Princeton University                  |
| 10. University of Pennsylvania           |

Source: Wall Street Journal/Times Higher Education College Rankings  
THE WALL STREET JOURNAL

University of California, Davis Provost Ralph Hexter. "But students can find a niche here; we feel they are getting a tremendous education."

UC Davis was No. 41 in this year's ranking, fifth among public schools, behind the University of California, Los Angeles at No. 25, the University of Michigan, Ann Arbor at No. 28, the University of California, Berkeley at No. 33 and the University of North Carolina at Chapel Hill at No. 37.

The U.S. Military Academy in West Point, N.Y., made its debut in the rankings this year at No. 58 overall and 10th among public institutions. Previously, the academy wasn't included because some data required for the rankings weren't available. That is the case this year as well for the other U.S. service academies.

Of course, no school is best for everyone. Some students will thrive in intimate liberal-arts programs, others may shine at sprawling research universities. Rural settings fit some students, while a big city appeals to others. These rankings—including 968 institutions—are best used as a starting point for families considering their college options. They can be sorted online by each of the major categories, and this year there is also a separate list focusing on liberal-arts colleges and one for the schools that provide the best value, based on their ranking and price.

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

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## Harvard Remains on Top

*Continued from the prior page* for the top spot in the student-outcomes category, based in part on how much of a difference they make in what their graduates earn 10 years after enrollment. Princeton University came in at No. 4 for outcomes, and MIT and Columbia tied for No. 5.

On the flip side, graduates of Rice University, Grinnell College and Colorado College—among many others—are earning less 10 years after enrollment than expected based on a range of factors.

Part of that is timing, says Colorado College Provost Alan Townsend. "They come out of school, they'll do some interesting, world-opening thing, then go off to graduate school," he says. "At 10 years out, they're just launching their career."

Money also matters in the resources category. Schools with significant endowments can afford generous financial-aid packages, hire enough faculty to offer small classes, support a robust range of extracurricular programs and give students hands-on research opportunities.

The top three schools in terms of resources—Caltech, Harvard and MIT—have vast research arms and low student-faculty ratios.

MIT Vice Chancellor Ian Waitz calls the offerings at his school a "candy store" of learning opportunities, with more than 90% of undergraduates participating in research projects. "We invest a great deal in the students here," he says.

## Student engagement

Still, the wealthiest schools don't dominate every category of the WSJ/THE rankings.

Student-engagement scores, which take into account survey responses to questions including how much students interact with faculty and whether they'd recommend their school to others, tend to favor religious colleges, where a common faith and sense of shared purpose is baked into the schools' missions.

Dordt College in Sioux Center, Iowa, topped the engagement list, followed by Oklahoma Baptist University. Cedarville University in Ohio,

Texas Christian University and Harding University in Arkansas tied for the No. 3 spot.

## Public schools

Money, or lack of it, is a big issue for public schools, thanks to budget cuts around the country.

Still, public schools fared slightly better in this year's overall ranking than they did last year; 24 public universities cracked the top 100, compared with 21 last year.

"There is no question there are many more larger classes here than at the superelite private schools," says

## 2019 COLLEGE RANKINGS

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## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# The Small School With the Best Value

For the first time, our rankings look at institutions that offer the most bang for the buck

BY MELISSA KORN

HARVARD UNIVERSITY, the Massachusetts Institute of Technology and Yale University rank as the best schools in the nation.

But in terms of value for the money, Berea College, the University of North Carolina at Chapel Hill and the University of Washington, Seattle top the list. Purdue University, in West Lafayette, Ind., and the University of California, Los Angeles round out the top five, with Harvard coming in sixth.

This year, for the first time, the Wall Street Journal/Times Higher Education College Rankings calculated which schools among the top 250 overall provide the best value, by dividing each school's overall score by its average net price—including tuition, fees, room and board—for students who received federal or institutional aid.

Berea College, a liberal-arts school in Kentucky that landed at No. 231 in the overall ranking, leads the list for best value because its expectation that students work on campus and its hefty endowment allow it to charge no tuition and keep its average net price at \$2,862 for first-year students, according to federal data for 2015-16. (The rankings don't include preliminary calculations for more-recent years, as those haven't yet been fully reviewed by the Education Department.)

Student jobs at the school range from clearing brush on hiking trails to crunching numbers in the business office, allowing Berea to employ a leaner full-time staff and put more of its \$1.2 billion endowment toward supporting students, says President



Berea College in Kentucky charges no tuition but expects students to work on campus.

Lyle D. Roelofs. "Everything is built to support this kind of population," he says, noting that most students are from families in the nation's lowest income quartile.

The University of North Carolina at Chapel Hill, No. 37 overall, is the No. 2 best-value school. Its Carolina Covenant ensures debt-free graduation for students whose families earn less than double the federal poverty level, just under \$50,000 for a family of four last year, and other aid programs help even middle-income students. The school's average net price was just over \$10,000.

Seven of the top 10 best-value schools are public institutions. Those private schools that are to-

ward the top of the list tend to have significant endowments, meaning they can devote substantial resources to financial aid.

Harvard expects no contribution from parents who earn less than \$65,000, and asks families with incomes between \$65,000 and \$150,000 to contribute no more than 10% of their income. "If we're going to pursue excellence wherever it is, we have to make sure we remove all barriers, perceived and real," says Jake Kaufmann, Harvard's director of financial aid.

Of the schools in the top 250 overall, the four worst-value schools are art programs, with relatively low student-engagement scores and high

net prices, and middling spots in the outcomes category of the rankings.

A spokeswoman for the California Institute of the Arts, No. 249 for value, says the school has a very low student-faculty ratio, robust career services and state-of-the-art equipment. Net price there tops \$50,000. The spokeswoman says that given their creative focus and different career paths, art schools can't be compared directly to liberal-arts programs.

Though the U.S. Military Academy ranks in the top 250 overall, at No. 58, it isn't included in the best-value list because its average net price isn't available for the Education Department's Integrated Postsecondary



## THE BEST VALUES

The schools among the top 250 overall that provide the best value, based on overall score and average net price

1. Berea College
2. University of North Carolina, Chapel Hill
3. University of Washington, Seattle
4. Purdue University, West Lafayette
5. University of California, Los Angeles
6. Harvard University
7. University of Illinois, Chicago
8. Georgia Institute of Technology
9. Rutgers University, Newark
10. Stanford University

Source: Wall Street Journal/Times Higher Education College Rankings

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Education Data System database. Students don't pay tuition, room or board, but must commit to military service upon graduation.

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UCLA again was the highest-ranked public school, at No. 25 overall.

## Public Schools Make Gains

Despite lagging behind private colleges in terms of resources, more public schools made it in the top 100

BY DOUGLAS BELKIN

TWO DOZEN PUBLIC universities cracked the top 100 overall in this year's Wall Street Journal/Times Higher Education College Rankings, even as the privatization of public education passed a significant milestone: Students in a majority of states are now paying more in tuition to attend public colleges or universities than the government contributes.

The top five public schools varied little from last year. The University of California, Los Angeles again led the pack, at No. 25 overall, followed by the University of Michigan at No. 28, the University of California, Berkeley at No. 33, the University of North Carolina at Chapel Hill at No. 37 and the University of California, Davis at No. 41.

New to the top 100 overall this year are the University of Connecticut, which jumped to 97th from 105th, and the University of California, Irvine, which climbed to 99th from 139th. The U.S. Military Academy in West Point, N.Y., which didn't provide enough information to qualify for last year's survey, made its debut at No. 58 overall.

The growth in the number of public schools ranked in the top 100, from 21 last year, comes despite a persistent gap in resources.

Among the top 100 schools in the resources category of the rankings, only five are public. Among



### THE TOP PUBLIC SCHOOLS

The public schools that achieved the highest overall ranking

1. University of California, Los Angeles
2. University of Michigan, Ann Arbor
3. University of California, Berkeley
4. University of North Carolina, Chapel Hill
5. University of California, Davis
6. Purdue University, West Lafayette
7. University of California, San Diego
8. University of Illinois, Urbana-Champaign
9. University of Virginia
10. United States Military Academy

Source: Wall Street Journal/Times Higher Education College Rankings

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Amherst College in Massachusetts was the top liberal-arts school, at No. 22 overall.

## Northeast Tops in Liberal Arts

The highest-ranked colleges largely fit the stereotype: They're small, private, pricey and rural

BY DOUGLAS BELKIN

AMHERST COLLEGE in Massachusetts earned first place among liberal-arts colleges in the first breakout of those schools in the Wall Street Journal/Times Higher Education College Rankings.

The nearly 200-year-old school reached the top of the heap with strong showings in the outcomes and resources categories in the rankings. Amherst was followed by Williams College, Pomona College, Wellesley College and Swarthmore College.

Many of the top schools embody what most people picture when they envision a liberal-arts college: small, private, pricey and deeply rooted in the rural Northeast. Only two of the top 100 are public. Nineteen of the top 25 are in the Northeast.

There are hundreds of liberal-arts colleges scattered across the country, and they are simultaneously one of the U.S. education system's most prized innovations and among its most endangered. The schools boast small class sizes and long traditions of academic rigor, but because many are in far-flung rural communities and are dependent on student tuition, scores are struggling to survive.

The result is a divergence between the elite liberal-arts colleges and their less prestigious peers. Midtier schools like Hartwick College in New York and Wartburg College in Iowa are working hard to fill classes, while brand-name schools like Amherst and Wil-



### THE TOP LIBERAL-ARTS SCHOOLS

The colleges focused on undergraduate arts-and-sciences education that achieved the highest overall ranking

1. Amherst College
2. Williams College
3. Pomona College
4. Wellesley College
5. Swarthmore College
6. Claremont McKenna College
7. Carleton College
8. Middlebury College
9. Haverford College
10. Smith College

Source: Wall Street Journal/Times Higher Education College Rankings

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October 9, 2018 | Chicago, IL

October 25, 2018 | Dallas, TX

November 14, 2018 | Tokyo

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December 12, 2018 | London

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## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# The Wall Street Journal/ Times Higher Education Ranking of U.S. Colleges

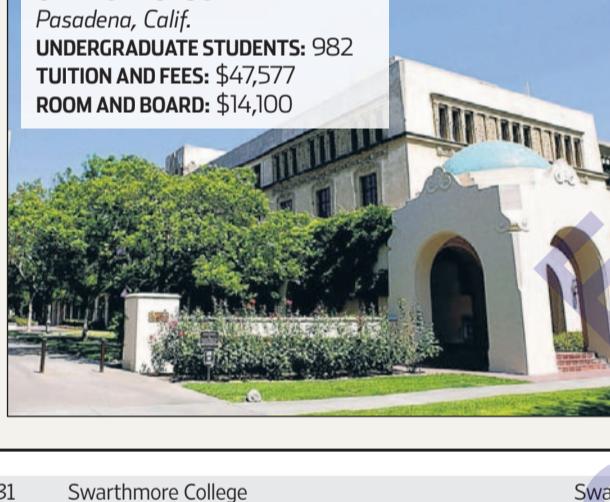
These rankings are based on 15 indicators in four areas. Outcomes, 40% of the weighting, includes things like graduates' salaries and student debt. Resources, at 30%, is mainly a proxy for schools' spending on instruction and student services. Engagement, drawn mostly from a student survey and with a 20% weighting, examines views on things like teaching and interactions with faculty and other students. Environment, at 10%, assesses the diversity of the university

community. Average Net Price is the published total cost of attendance minus the average total grant and scholarship aid received from government sources and the school. It reflects the average cost for full-time, first-time undergraduates who received grant or scholarship aid. For public schools, in-state or in-district costs are used. The Salary column is earnings 10 years after entering college, reflecting multiple years of data, while the Default Rate shows the percentage of people

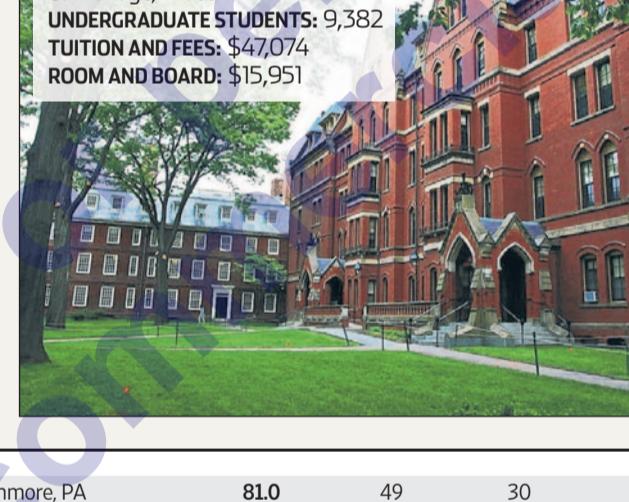
in default on their loans after their repayment period begins. These salary and debt data are available only for people who had federal aid; at wealthier schools, the percentage of students with federal aid may be much lower than at other schools. In the ranking, a value-added analysis is applied to salary and debt. The full ranking of nearly 1,000 schools is at [wsj.com/collegerankings](http://wsj.com/collegerankings). Details of the methodology are at <http://on.wsj.com/college-ranking-methodology>.

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
1	Harvard University	Cambridge, MA	93.2	1	2	142	134	\$16,205	\$91,200	0.7%	Private
2	Massachusetts Institute of Technology	Cambridge, MA	92.0	5	3	304	118	21,576	91,667	1.0	Private
3	Yale University	New Haven, CT	90.9	1	13	68	105	18,319	74,467	1.5	Private
4	Columbia University	New York, NY	90.8	5	9	170	54	22,973	75,433	1.6	Private
5	California Institute of Technology	Pasadena, CA	90.5	7	1	640	246	26,839	75,333	0.0	Private
6	Stanford University	Stanford, CA	90.4	9	16	52	46	16,695	84,200	1.1	Private
7	Brown University	Providence, RI	90.0	15	6	6	141	25,264	60,833	1.8	Private
7	Duke University	Durham, NC	90.0	1	15	68	180	19,950	77,100	0.7	Private
9	Princeton University	Princeton, NJ	89.9	4	4	536	167	17,732	77,833	2.9	Private
10	University of Pennsylvania	Philadelphia, PA	89.8	10	10	106	153	22,944	80,100	1.2	Private
11	Cornell University	Ithaca, NY	89.5	11	13	52	193	30,014	72,200	0.8	Private
12	Dartmouth College	Hanover, NH	89.4	7	12	25	292	21,177	68,300	0.9	Private
13	Northwestern University	Evanston, IL	88.5	17	7	34	270	29,326	64,800	1.1	Private
14	University of Chicago	Chicago, IL	88.0	12	10	499	141	31,068	64,100	1.4	Private
14	Rice University	Houston, TX	88.0	24	7	34	134	22,061	62,900	0.6	Private
16	Carnegie Mellon University	Pittsburgh, PA	87.4	13	20	16	193	35,250	76,667	1.4	Private
17	University of Southern California	Los Angeles, CA	87.2	24	20	6	69	32,932	68,067	2.0	Private
18	Washington University in St Louis	Saint Louis, MO	87.1	20	16	34	246	28,824	63,800	1.2	Private
19	Vanderbilt University	Nashville, TN	86.9	23	5	68	406	23,150	62,033	0.6	Private
20	Emory University	Atlanta, GA	86.3	24	19	170	78	24,804	59,967	1.5	Private
21	Johns Hopkins University	Baltimore, MD	86.1	19	22	345	118	27,352	68,300	1.1	Private
22	Amherst College	Amherst, MA	85.0	13	30	609	105	19,055	57,600	1.3	Private
23	Williams College	Williamstown, MA	84.7	16	25	536	167	18,167	55,467	1.3	Private
24	Pomona College	Claremont, CA	83.5	39	24	217	46	18,140	53,533	0.0	Private
25	University of California, Los Angeles	Los Angeles, CA	83.1	22	119	16	8	14,236	59,167	2.1	Public
26	University of Notre Dame	Notre Dame, IN	82.5	24	28	68	500	26,683	70,367	0.9	Private
27	New York University	New York, NY	82.2	39	44	68	78	35,147	59,067	2.0	Private
28	University of Michigan-Ann Arbor	Ann Arbor, MI	82.1	20	91	12	309	16,107	58,467	1.3	Public
29	Wellesley College	Wellesley, MA	81.7	43	25	217	141	20,013	57,767	0.9	Private
30	Georgetown University	Washington, DC	81.2	33	50	142	246	26,625	85,800	0.9	Private

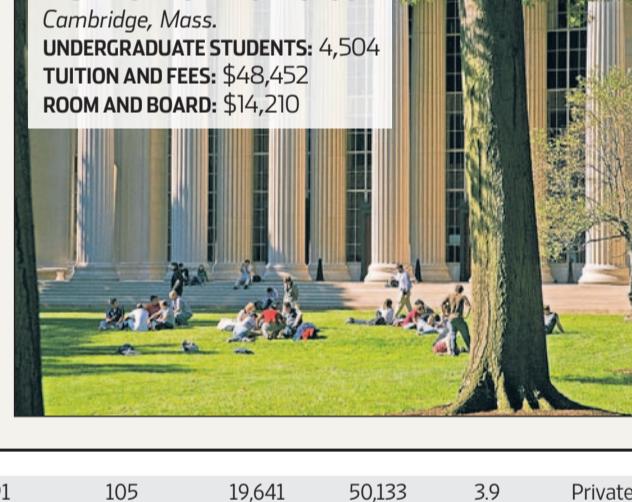
## TOP SCHOOLS FOR RESOURCES



**1. CALIFORNIA INSTITUTE OF TECHNOLOGY**  
Pasadena, Calif.  
**UNDERGRADUATE STUDENTS:** 982  
**TUITION AND FEES:** \$47,577  
**ROOM AND BOARD:** \$14,100



**2. HARVARD UNIVERSITY**  
Cambridge, Mass.  
**UNDERGRADUATE STUDENTS:** 9,382  
**TUITION AND FEES:** \$47,074  
**ROOM AND BOARD:** \$15,951



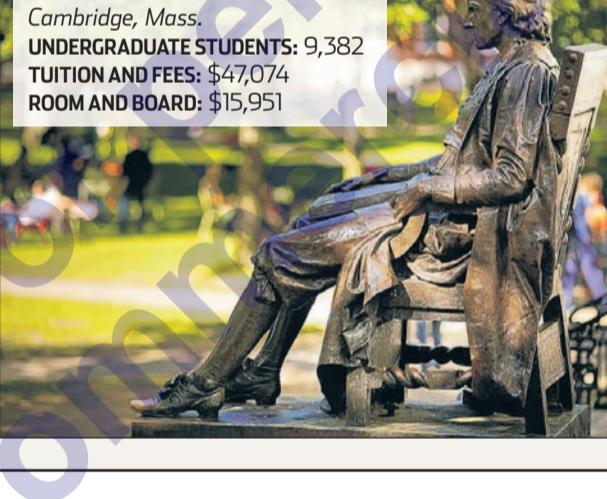
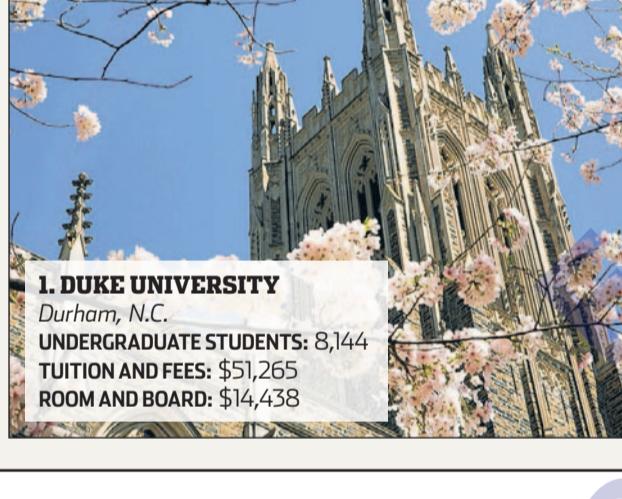
**3. MASSACHUSETTS INSTITUTE OF TECHNOLOGY**  
Cambridge, Mass.  
**UNDERGRADUATE STUDENTS:** 4,504  
**TUITION AND FEES:** \$48,452  
**ROOM AND BOARD:** \$14,210

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
31	Swarthmore College	Swarthmore, PA	81.0	49	30	91	105	19,641	50,133	3.9	Private
32	Tufts University	Medford, MA	80.6	48	18	246	323	28,076	66,433	1.2	Private
33	University of California, Berkeley	Berkeley, CA	79.3	30	181	126	24	17,160	61,767	2.1	Public
33	Claremont McKenna College	Claremont, CA	79.3	50	28	246	225	30,527	68,333	0.0	Private
35	Carleton College	Northfield, MN	79.2	44	47	217	292	28,587	49,400	0.6	Private
36	Boston University	Boston, MA	78.6	52	58	68	210	31,539	60,700	1.4	Private
37	Middlebury College	Middlebury, VT	78.4	42	37	499	450	21,437	54,700	0.8	Private
37	University of North Carolina at Chapel Hill	Chapel Hill, NC	78.4	29	99	246	417	10,077	51,833	1.8	Public
39	Case Western Reserve University	Cleveland, OH	78.3	53	32	459	225	33,124	68,500	1.6	Private
39	Haverford College	Haverford, PA	78.3	50	25	459	323	21,144	56,167	0.0	Private
41	University of California, Davis	Davis, CA	78.2	35	171	201	8	16,039	56,600	2.2	Public
41	Smith College	Northampton, MA	78.2	58	40	304	153	24,258	44,000	1.2	Private
43	Purdue University West Lafayette	West Lafayette, IN	78.1	37	92	68	338	11,693	53,967	2.5	Public
44	Bowdoin College	Brunswick, ME	78.0	47	38	142	535	24,888	56,267	0.0	Private
45	University of California, San Diego	La Jolla, CA	77.9	32	186	387	13	14,770	59,067	2.2	Public
46	Wesleyan University	Middletown, CT	77.3	64	35	345	193	20,490	49,500	2.2	Private
47	University of Miami	Coral Gables, FL	76.5	68	78	34	78	37,424	54,900	2.4	Private
48	University of Illinois at Urbana-Champaign	Champaign, IL	76.4	31	306	34	93	16,683	56,933	1.8	Public
48	Lehigh University	Bethlehem, PA	76.4	65	38	126	356	27,478	76,900	1.7	Private
50	Bryn Mawr College	Bryn Mawr, PA	75.2	87	35	577	127	31,900	52,367	1.0	Private
51	University of Rochester	Rochester, NY	74.9	93	32	170	281	34,170	56,467	1.7	Private
51	University of Virginia	Charlottesville, VA	74.9	24	192	304	476	15,945	59,800	1.3	Public
53	Colgate University	Hamilton, NY	74.8	73	44	217	406	22,463	61,033	1.5	Private
53	University of Richmond	University of Richmond, VA	74.8	78	42	91	465	22,400	60,467	1.3	Private
55	George Washington University	Washington, DC	74.7	60	102	170	210	39,562	65,		

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
75	Washington and Lee University	Lexington, VA	71.7	73	41	304	894	\$23,867	\$74,267	3.5%	Private
76	Grinnell College	Grinnell, IA	71.6	108	47	684	270	30,010	44,333	1.8	Private
77	Bates College	Lewiston, ME	71.0	87	68	459	535	24,055	53,600	1.7	Private
78	Brandeis University	Waltham, MA	70.5	119	60	536	292	32,148	56,967	1.2	Private
79	Oberlin College	Oberlin, OH	70.3	116	50	424	465	42,105	39,633	3.1	Private
80	University of Pittsburgh-Pittsburgh campus	Pittsburgh, PA	70.2	60	167	217	518	23,572	49,233	3.8	Public
81	University of Maryland, College Park	College Park, MD	70.0	36	458	142	210	15,757	60,433	2.4	Public
82	Franklin & Marshall College	Lancaster, PA	69.9	107	62	499	518	23,182	53,700	1.4	Private
83	University of California, Santa Barbara	Santa Barbara, CA	69.7	56	386	246	54	15,149	51,967	2.3	Public
83	Denison University	Granville, OH	69.7	127	70	304	388	32,023	48,833	1.9	Private
83	Rensselaer Polytechnic Institute	Troy, NY	69.7	73	158	746	180	37,434	79,733	1.1	Private
83	Scripps College	Claremont, CA	69.7	143	78	459	193	37,860	48,233	0.0	Private
87	Rhode Island School of Design	Providence, RI	69.6	92	97	800	309	39,389	46,133	1.3	Private
87	William & Mary	Williamsburg, VA	69.6	57	167	609	518	16,734	55,600	1.1	Public
89	Macalester College	Saint Paul, MN	69.4	127	70	499	338	28,528	45,833	0.8	Private
89	Michigan State University	East Lansing, MI	69.4	62	301	68	338	14,970	50,400	3.5	Public
91	College of the Holy Cross	Worcester, MA	69.3	85	80	499	713	26,965	64,000	1.2	Private
92	Connecticut College	New London, CT	69.1	113	65	499	535	27,790	52,033	1.1	Private
93	Union College	Schenectady, NY	68.8	86	80	746	657	38,621	63,000	2.3	Private
94	Occidental College	Los Angeles, CA	68.7	121	105	724	134	31,990	49,433	0.6	Private
94	Ohio State University	Columbus, OH	68.7	68	260	52	417	17,971	43,067	4.9	Public
94	Texas A&M University-College Station	College Station, TX	68.7	63	346	6	323	15,455	54,100	2.3	Public
97	University of Connecticut	Storrs, CT	68.6	96	171	142	292	19,064	54,567	2.4	Public
98	Worcester Polytechnic Institute	Worcester, MA	68.5	89	134	304	450	40,666	80,167	1.2	Private
99	University of California, Irvine	Irvine, CA	68.4	127	260	142	1	13,780	55,133	1.8	Public
100	Gettysburg College	Gettysburg, PA	68.3	103	77	424	713	34,636	52,733	1.8	Private
100	Southern Methodist University	Dallas, TX	68.3	145	105	126	388	37,499	54,700	2.8	Private
100	Trinity University	San Antonio, TX	68.3	234	50	170	246	28,569	53,933	2.4	Private
103	Rose-Hulman Institute of Technology	Terre Haute, IN	68.2	73	126	499	643	41,691	79,100	0.2	Private
104	Babson College	Wellesley, MA	68.1	78	209	640	246	27,453	87,867	1.7	Private
104	Pennsylvania State University	University Park, PA	68.1	111	158	25	369	25,055	47,900	5.2	Public
106	Saint Louis University	Saint Louis, MO	68.0	175	68	217	518	33,222	54,467	2.8	Private
106	Virginia Polytechnic Institute and State University	Blacksburg, VA	68.0	58	342	34	500	17,190	59,133	1.4	Public
106	Wheaton College (Massachusetts)	Norton, MA	68.0	163	84	304	369	32,821	45,733	3.1	Private
109	Spelman College	Atlanta, GA	67.9	91	171	459	309	32,399	46,400	6.0	Private
110	Kenyon College	Gambier, OH	67.8	136	64	536	600	28,192	44,233	2.0	Private
111	Trinity College	Hartford, CT	67.6	111	86	800	476	23,414	56,533	2.8	Private
112	Pitzer College	Claremont, CA	67.5	214	99	217	105	25,521	45,833	1.5	Private
112	Syracuse University	Syracuse, NY	67.5	83	283	142	309	31,823	57,200	2.9	Private
114	DePauw University	Greencastle, IN	67.4	148	82	640	436	30,863	48,733	1.8	Private
114	University of Minnesota Twin Cities	Minneapolis, MN	67.4	78	293	52	436	16,242	48,633	2.1	Public
116	Dickinson College	Carlisle, PA	67.2	102	92	778	600	34,409	53,400	1.1	Private
117	University of Denver	Denver, CO	67.0	130	115	345	417	32,940	52,300	2.1	Private
118	Howard University	Washington, DC	66.9	199	86	609	210	22,712	46,433	7.6	Private
119	Santa Clara University	Santa Clara, CA	66.7	108	194	459	246	37,657	68,300	0.9	Private
120	University at Buffalo	Buffalo, NY	66.6	205	123	283	93	15,987	49,333	3.3	Public
120	Creighton University	Omaha, NE	66.6	168	86	106	692	30,353	57,000	1.3	Private

## TOP SCHOOLS FOR OUTCOMES

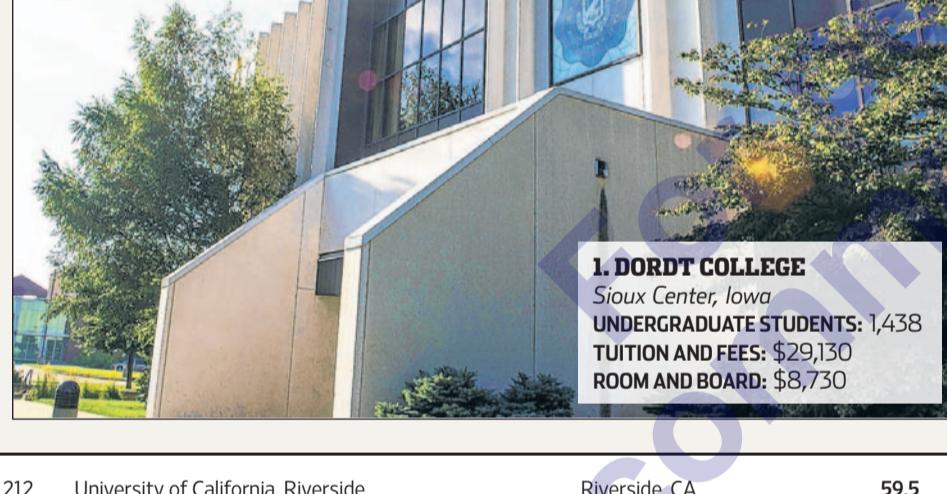


120	University of the Pacific	Stockton, CA	66.6	193	123	499	86	33,794	67,967	2.9	Private
120	Skidmore College	Saratoga Springs, NY	66.6	212	55	459	476	23,941	44,400	1.4	Private
124	Villanova University	Villanova, PA	66.4	89	147	345	734	33,270	74,033	1.4	Private
125	Bentley University	Waltham, MA	66.2	96	194	459	436	35,579	77,467	1.5	Private
126	Loyola Marymount University	Los Angeles, CA	66.1	229	115	246	93	40,946	55,167	2.5	Private
126	Ohio Northern University	Ada, OH	66.1	130	109	16	851	24,348	58,433	2.3	Private
126	Reed College	Portland, OR	66.1	200	55	868	450	27,805	36,433	1.0	Private
129	ArtCenter College of Design	Pasadena, CA	65.9	193	140	609	69	43,814	53,900	6.6	Private
130	Whitman College	Walla Walla, WA	65.7	202	49	387	767	34,272	44,467	0.0	Private
130	The College of Wooster	Wooster, OH	65.7	148	119	387	518	29,813	45,400	1.8	Private
132	Hobart and William Smith Colleges	Geneva, NY	65.6	168	84	459	657	38,805	49,467	1.4	Private
132	University of Illinois at Chicago	Chicago, IL	65.6	206	186	304	36	11,571	51,633	2.7	Public
134	Allegheny College	Meadville, PA	65.5	163	98	640	548	26,517	48,933	1.5	Private
135	Brigham Young University-Provo	Provo, UT	65.3</td								

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

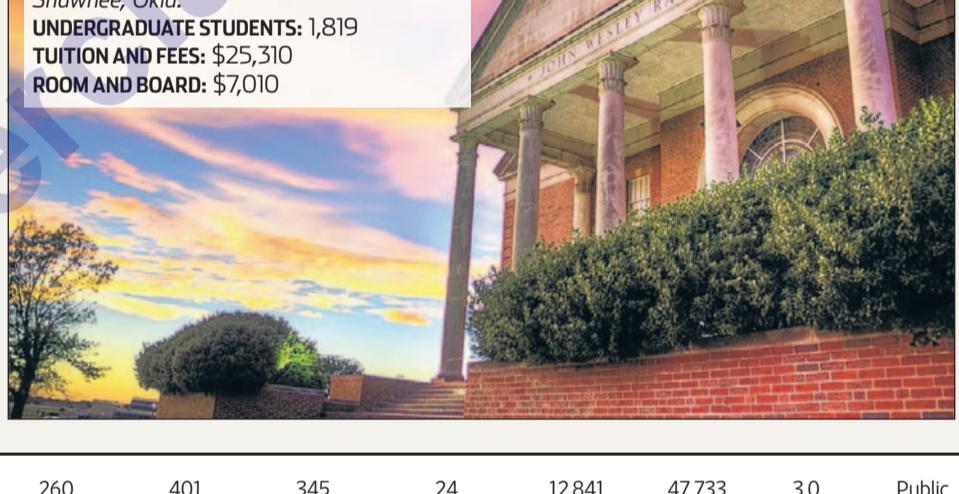
RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
166	Sewanee-The University of the South	Sewanee, TN	<b>62.5</b>	217	86	577	783	\$30,726	\$39,800	2.6%	Private
166	Washington & Jefferson College	Washington, PA	<b>62.5</b>	151	158	609	713	27,139	49,800	2.9	Private
168	Temple University	Philadelphia, PA	<b>62.4</b>	214	324	52	127	21,237	47,433	5.1	Public
168	Virginia Military Institute	Lexington, VA	<b>62.4</b>	100	171	868	874	16,195	59,667	3.9	Public
170	Centre College	Danville, KY	<b>62.3</b>	176	119	577	851	25,519	44,133	0.4	Private
171	Baylor University	Waco, TX	<b>62.2</b>	217	200	12	569	36,294	48,900	3.3	Private
172	Knox College	Galesburg, IL	<b>62.1</b>	252	128	746	210	23,301	40,500	2.1	Private
173	St Lawrence University	Canton, NY	<b>62.0</b>	210	115	499	713	31,590	45,833	0.5	Private
174	Butler University	Indianapolis, IN	<b>61.9</b>	189	147	25	940	33,290	54,033	2.4	Private
174	Loyola University Chicago	Chicago, IL	<b>61.9</b>	186	308	217	323	34,934	51,100	3.0	Private
174	SUNY Binghamton University	Vestal, NY	<b>61.9</b>	96	537	459	118	16,540	58,333	2.2	Public
177	Ursinus College	Collegeville, PA	<b>61.8</b>	136	238	577	629	31,537	52,433	2.1	Private
178	Clarkson University	Potsdam, NY	<b>61.7</b>	124	200	898	614	31,181	68,533	2.5	Private
178	Colorado School of Mines	Golden, CO	<b>61.7</b>	119	268	778	569	25,097	77,500	0.8	Public
178	Drake University	Des Moines, IA	<b>61.7</b>	179	206	217	692	28,088	56,067	2.1	Private
178	Elon University	Elon, NC	<b>61.7</b>	209	138	106	823	34,168	46,667	1.8	Private
178	Loyola University Maryland	Baltimore, MD	<b>61.7</b>	136	223	684	629	34,152	63,300	2.0	Private
183	Bryant University	Smithfield, RI	<b>61.5</b>	103	350	459	587	36,490	64,200	1.1	Private
183	Cornell College	Mount Vernon, IA	<b>61.5</b>	214	128	304	692	27,915	41,333	1.9	Private
183	University of San Francisco	San Francisco, CA	<b>61.5</b>	222	324	577	24	35,054	60,400	2.8	Private
186	Bradley University	Peoria, IL	<b>61.4</b>	206	244	12	629	26,773	51,667	2.8	Private
186	Chapman University	Orange, CA	<b>61.4</b>	168	332	304	388	40,709	51,267	3.3	Private
186	Saint Mary's College	Notre Dame, IN	<b>61.4</b>	176	140	536	836	25,991	46,067	0.6	Private
189	Lawrence University	Appleton, WI	<b>61.3</b>	279	107	424	548	29,230	41,867	2.6	Private
189	Susquehanna University	Selinsgrove, PA	<b>61.3</b>	153	223	536	692	26,561	50,833	3.9	Private
189	University of Utah	Salt Lake City, UT	<b>61.3</b>	172	355	34	476	11,322	49,933	3.2	Public
192	Stonehill College	Easton, MA	<b>61.2</b>	124	213	424	917	31,010	58,667	1.9	Private
193	University of Detroit Mercy	Detroit, MI	<b>61.1</b>	322	99	499	388	22,382	44,633	4.5	Private
194	Mercer University	Macon, GA	<b>61.0</b>	285	220	170	180	20,692	46,700	4.7	Private
195	Muhlenberg College	Allentown, PA	<b>60.9</b>	148	177	640	905	36,679	55,867	3.1	Private
196	Fairfield University	Fairfield, CT	<b>60.8</b>	115	316	142	894	38,527	69,100	1.6	Private
196	College of Saint Benedict	Saint Joseph, MN	<b>60.8</b>	130	283	304	836	26,867	48,267	0.4	Private
196	Saint Mary's College of California	Moraga, CA	<b>60.8</b>	239	306	217	180	35,696	58,000	2.7	Private
199	Wofford College	Spartanburg, SC	<b>60.7</b>	163	163	536	940	25,648	48,833	3.2	Private
200	Juniata College	Huntingdon, PA	<b>60.6</b>	168	268	345	713	28,142	45,500	2.1	Private
200	Providence College	Providence, RI	<b>60.6</b>	121	301	283	836	35,238	59,333	1.9	Private
202	Saint John's University	Collegeville, MN	<b>60.5</b>	113	286	499	863	25,625	57,033	1.2	Private
203	Fordham University	Bronx, NY	<b>60.4</b>	190	328	424	338	38,008	56,333	2.9	Private
203	Samford University	Birmingham, AL	<b>60.4</b>	239	155	12	894	29,544	45,967	2.1	Private
205	Texas Christian University	Fort Worth, TX	<b>60.3</b>	247	223	3	677	33,362	49,667	3.7	Private
206	University of Oklahoma	Norman, OK	<b>60.2</b>	186	420	106	309	17,966	47,333	4.3	Public
207	Embry-Riddle Aeronautical University, Daytona Beach	Daytona Beach, FL	<b>60.1</b>	222	249	800	225	32,731	61,600	5.8	Private
208	Wheaton College (Illinois)	Wheaton, IL	<b>60.0</b>	210	186	459	713	27,840	43,433	1.3	Private
209	Molloy College	Rockville Centre, NY	<b>59.7</b>	176	362	499	417	27,839	56,967	3.6	Private
210	Florida Institute of Technology	Melbourne, FL	<b>59.6</b>	426	119	577	93	31,582	56,500	10.7	Private
210	Ohio Wesleyan University	Delaware, OH	<b>59.6</b>	332	109	170	657	27,967	42,400	2.7	Private
212	California Polytechnic State University, San Luis Obispo	San Luis Obispo, CA	<b>59.5</b>	83	718	52	450	18,530	61,933	1.6	Public

## TOP SCHOOLS FOR ENGAGEMENT



**1. DORDT COLLEGE**  
Sioux Center, Iowa  
**UNDERGRADUATE STUDENTS:** 1,438  
**TUITION AND FEES:** \$29,130  
**ROOM AND BOARD:** \$8,730

**2. OKLAHOMA BAPTIST UNIVERSITY**  
Shawnee, Okla.  
**UNDERGRADUATE STUDENTS:** 1,819  
**TUITION AND FEES:** \$25,310  
**ROOM AND BOARD:** \$7,010



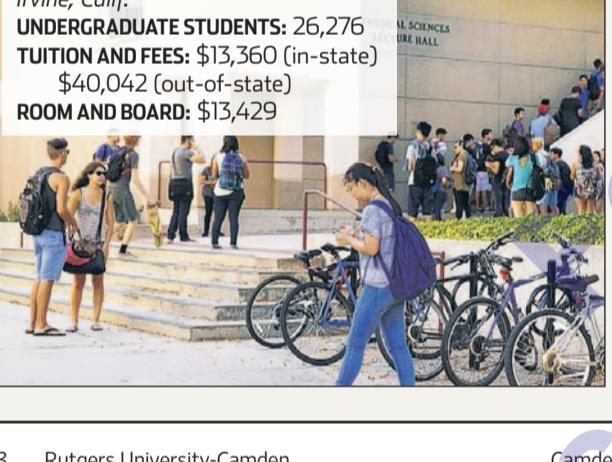
212	University of California, Riverside	Riverside, CA	<b>59.5</b>	260	401	345	24	12,841	47,733	3.0	Public
214	University of Portland	Portland, OR	<b>59.4</b>	136	346	609	643	31,736	54,033	1.0	Private
214	Saint Anselm College	Manchester, NH	<b>59.4</b>	143	213	640	967	32,148	54,533	2.9	Private
216	Quinnipiac University	Hamden, CT	<b>59.3</b>	136	350	459	713	37,439	58,233	1.6	Private
217	University of Arizona	Tucson, AZ	<b>59.2</b>	222	458	91	118	16,466	44,733	6.7	Public
217	Clemson University	Clemson, SC	<b>59.2</b>	136	420	91	734	17,797	50,367	3.2	Public
217	Gonzaga University	Spokane, WA	<b>59.2</b>	190	268	304	801	33,586	53,300	1.5	Private
217	Otis College of Art and Design	Los Angeles, CA	<b>59.2</b>	354	147	936	54	39,413	44,300	3.8	Private
217	Pratt Institute	Brooklyn, NY	<b>59.2</b>	332	138	847	167	44,244	40,867	4.2	Private
217	University of Scranton	Scranton, PA	<b>59.2</b>	182	260	126	946	33,701	55,933	2.5	Private
223	Albion College	Albion, MI	<b>59.0</b>	260	147	246	836	20,695			

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

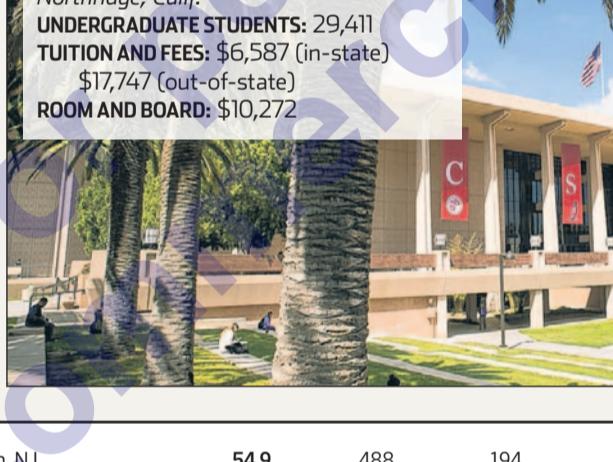
RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
257	DePaul University	Chicago, IL	57.4	252	465	170	180	\$32,084	\$50,733	3.8%	Private
257	Earlham College	Richmond, IN	57.4	582	74	536	153	22,567	33,400	5.1	Private
257	Elizabethtown College	Elizabethtown, PA	57.4	229	223	577	836	28,518	48,267	3.8	Private
257	The College of New Jersey	Ewing, NJ	57.4	196	443	459	450	22,421	56,333	1.8	Public
257	University of Washington-Bothell	Bothell, WA	57.4	310	337	684	63	8,940	53,533	2.7	Public
262	Valparaiso University	Valparaiso, IN	57.3	292	293	68	587	22,626	48,600	3.7	Private
263	University of Dayton	Dayton, OH	57.2	243	366	52	614	34,019	51,500	1.9	Private
263	Southwestern University	Georgetown, TX	57.2	314	249	304	436	25,622	48,200	2.7	Private
263	University of Washington-Tacoma	Tacoma, WA	57.2	378	249	746	93	8,539	53,533	2.7	Public
266	Albany College of Pharmacy and Health Sciences	Albany, NY	57.1	344	65	968	643	29,929	117,333	0.8	Private
266	Florida State University	Tallahassee, FL	57.1	179	633	52	356	16,506	44,300	4.9	Public
268	Coe College	Cedar Rapids, IA	56.9	250	278	459	713	21,870	43,433	1.9	Private
268	Drew University	Madison, NJ	56.9	474	126	724	193	25,167	50,667	4.9	Private
268	SUNY University at Albany	Albany, NY	56.9	276	406	800	78	15,114	50,533	4.8	Public
271	Dominican University of California	San Rafael, CA	56.8	381	155	909	292	34,339	51,667	5.3	Private
271	La Salle University	Philadelphia, PA	56.8	257	410	283	356	26,772	52,800	4.9	Private
271	University of Oregon	Eugene, OR	56.8	276	410	246	270	15,355	42,167	3.9	Public
274	University of Alabama at Birmingham	Birmingham, AL	56.7	400	238	424	180	16,092	40,067	5.7	Public
274	University of Hartford	West Hartford, CT	56.7	484	128	283	338	30,233	45,733	6.4	Private
276	Iowa State University	Ames, IA	56.6	182	578	68	535	13,623	47,867	2.9	Public
276	Oregon State University	Corvallis, OR	56.6	243	489	170	309	19,484	46,433	3.9	Public
278	Clark University	Worcester, MA	56.5	408	181	684	281	26,350	43,800	3.7	Private
279	Westminster College (Utah)	Salt Lake City, UT	56.4	381	186	106	677	24,606	46,567	3.0	Private
279	Xavier University	Cincinnati, OH	56.4	328	278	25	643	27,757	47,867	3.3	Private
281	Westminster College (Pennsylvania)	New Wilmington, PA	56.3	221	232	536	962	20,869	43,367	4.8	Private
282	MCPHS University	Boston, MA	56.2	153	543	964	167	37,422	114,167	1.8	Private
282	Moravian College	Bethlehem, PA	56.2	222	328	640	657	29,260	48,933	3.8	Private
284	Mount Saint Mary's University	Los Angeles, CA	56.1	288	458	577	86	27,134	50,900	4.0	Private
285	University of California, Santa Cruz	Santa Cruz, CA	56.0	252	526	724	54	16,261	43,767	3.2	Public
285	Western New England University	Springfield, MA	56.0	305	228	345	713	29,109	55,500	3.1	Private
287	CUNY Bernard M. Baruch College	New York, NY	55.9	182	702	919	8	9,510	54,650	3.5	Public
287	Whittier College	Whittier, CA	55.9	494	163	828	105	25,638	44,067	3.6	Private
289	Oklahoma City University	Oklahoma City, OK	55.8	533	155	16	388	26,002	39,933	2.5	Private
290	Houghton College	Houghton, NY	55.6	279	308	304	734	21,518	40,300	2.8	Private
291	Hampton University	Hampton, VA	55.5	362	260	684	356	24,377	41,700	8.2	Private
291	University of St Thomas	Saint Paul, MN	55.5	267	332	201	749	30,791	55,367	1.8	Private
293	Bard College	Annandale-On-Hudson, NY	55.4	469	74	963	548	29,356	36,767	3.5	Private
293	CUNY City College of New York	New York, NY	55.4	539	181	847	14	8,547	45,367	4.4	Public
293	Saint Joseph's University	Philadelphia, PA	55.4	252	394	170	692	36,058	58,167	3.2	Private
293	Transylvania University	Lexington, KY	55.4	283	244	345	917	23,685	40,833	3.0	Private
297	Auburn University	Auburn, AL	55.3	202	543	25	734	21,698	46,067	3.8	Public
297	University of Kansas	Lawrence, KS	55.3	421	254	142	436	18,014	45,300	4.9	Public
299	John Carroll University	University Heights, OH	55.1	196	420	536	851	27,205	51,033	2.8	Private
300	Andrews University	Berrien Springs, MI	55.0	666	140	142	46	22,012	36,333	4.9	Private
300	University of Redlands	Redlands, CA	55.0	250	533	459	270	34,200	52,467	2.3	Private
300	Union University	Jackson, TN	55.0	421	220	52	657	25,759	39,367	3.4	Private
303	Marietta College	Marietta, OH	54.9	416	134	577	677	26,847	40,733	6.0	Private

## TOP SCHOOLS FOR ENVIRONMENT

**1. UNIVERSITY OF CALIFORNIA, IRVINE**  
Irvine, Calif.  
**UNDERGRADUATE STUDENTS:** 26,276  
**TUITION AND FEES:** \$13,360 (in-state)  
\$40,042 (out-of-state)  
**ROOM AND BOARD:** \$13,429



**2. CALIFORNIA STATE UNIVERSITY, NORTHridge**  
Northridge, Calif.  
**UNDERGRADUATE STUDENTS:** 29,411  
**TUITION AND FEES:** \$6,587 (in-state)  
\$17,747 (out-of-state)  
**ROOM AND BOARD:** \$10,272



**2. LA SIERRA UNIVERSITY**  
Riverside, Calif.  
**UNDERGRADUATE STUDENTS:** 1,887  
**TUITION AND FEES:** \$31,590  
**ROOM AND BOARD:** \$8,100

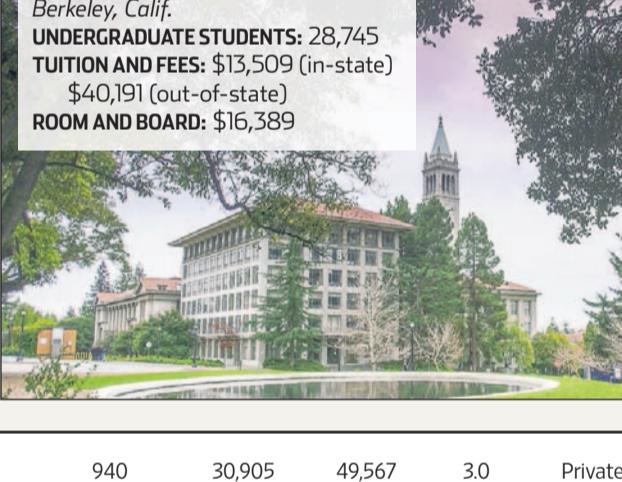


303	Rutgers University-Camden	Camden, NJ	54.9	488	194	778	167	12,894	55,233	3.4	Public
305	University of South Carolina-Columbia	Columbia, SC	54.8	266	428	217	587	19,913	42,433	3.1	Public
306	College for Creative Studies	Detroit, MI	54.7	298	308	868	465	35,274	39,800	7.4	Private
306	Illinois College	Jacksonville, IL	54.7	426	163	609	569	18,318	38,300	4.5	Private
306	University of Vermont	Burlington, VT	54.7	298	268	345	836	17,816	44,367	3.3	Public
309	Cedar Crest College	Allentown, PA	54.5	366	375	126	417	19,231	45,767	3.4	Private
309	Lycoming College	Williamsport, PA	54.5	271	322	800	657	19,455	44,000	7.1	Private
311	Calvin College	Grand Rapids, MI	54.4	381	301	34	692	25,446	41,967	2.1	Private
311	Hendrix College	Conway, AR	54.4	393	140	609	836	22,777	40,533	3.7	Private
313	Lebanon Valley College	Annville, PA	54.3	291	268	609	863	26,335	45,700	4.4	Private
313	The University of Tennessee-Knoxville	Knoxville, TN	54.3	314	328	246	657	20,780	42,667	4.7	Public
315	Ringling College of Art and Design	Sarasota, FL									

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
347	Merrimack College	North Andover, MA	52.6	234	504	424	823	\$33,003	\$55,367	3.0%	Private
347	Nova Southeastern University	Fort Lauderdale, FL	52.6	539	342	499	41	25,344	45,300	3.5	Private
347	Pacific Lutheran University	Tacoma, WA	52.6	332	410	577	500	25,219	46,667	3.7	Private
347	Roanoke College	Salem, VA	52.6	354	301	345	874	29,999	43,167	4.5	Private
352	Eastern Mennonite University	Harrisonburg, VA	52.5	426	232	577	713	23,452	38,533	3.4	Private
352	Lincoln Memorial University	Harrogate, TN	52.5	433	220	640	692	16,276	36,967	3.9	Private
352	Louisiana State University	Baton Rouge, LA	52.5	267	594	246	500	15,095	46,433	5.2	Public
352	Saint Francis University	Loretto, PA	52.5	229	489	201	953	24,827	47,167	3.6	Private
356	John Brown University	Siloam Springs, AR	52.4	234	601	217	657	19,687	46,367	2.5	Private
356	Wartburg College	Waverly, IA	52.4	397	206	724	874	22,416	43,033	3.6	Private
358	Baldwin Wallace University	Berea, OH	52.3	381	381	91	749	22,326	44,400	5.6	Private
358	Bellarmine University	Louisville, KY	52.3	371	286	345	917	24,742	45,833	3.9	Private
358	Central College	Pella, IA	52.3	400	238	345	917	22,695	42,067	3.7	Private
358	Indiana Wesleyan University-Marion	Marion, IN	52.3	371	394	6	836	19,519	46,800	6.2	Private
358	University of Nevada, Reno	Reno, NV	52.3	421	458	246	225	15,022	45,167	5.2	Public
358	Virginia Commonwealth University	Richmond, VA	52.3	474	386	499	153	20,544	41,800	4.1	Public
364	Kettering University	Flint, MI	52.2	314	434	800	436	37,169	76,967	3.1	Private
365	Dordt College	Sioux Center, IA	52.1	322	449	1	917	24,109	38,533	1.6	Private
365	Milwaukee School of Engineering	Milwaukee, WI	52.1	243	526	778	629	23,998	66,300	2.9	Private
367	California College of the Arts	San Francisco, CA	52.0	611	228	898	32	38,276	34,500	5.7	Private
367	Oklahoma State University	Stillwater, OK	52.0	294	639	106	388	13,951	43,833	5.7	Public
367	Saint Michael's College	Colchester, VT	52.0	305	308	640	946	31,264	46,600	2.8	Private
370	California Lutheran University	Thousand Oaks, CA	51.9	294	622	459	246	29,038	52,233	3.0	Private
370	Point Loma Nazarene University	San Diego, CA	51.9	322	618	68	369	29,954	49,233	2.9	Private
372	Illinois State University	Normal, IL	51.8	283	578	217	614	18,415	45,367	3.1	Public
372	University of Kentucky	Lexington, KY	51.8	390	394	106	713	17,850	42,133	5.4	Public
372	Misericordia University	Dallas, PA	51.8	267	394	746	917	24,715	48,400	4.9	Private
372	William Jewell College	Liberty, MO	51.8	454	194	387	917	22,782	42,267	5.6	Private
376	Gannon University	Erie, PA	51.7	387	366	345	643	22,003	45,967	4.0	Private
376	Hiram College	Hiram, OH	51.7	578	147	499	559	26,257	38,133	7.8	Private
376	Nebraska Wesleyan University	Lincoln, NE	51.7	248	483	304	953	23,540	45,133	4.7	Private
376	Randolph-Macon College	Ashland, VA	51.7	366	254	800	894	26,202	45,533	5.5	Private
380	Hartwick College	Oneonta, NY	51.6	474	167	909	713	25,421	43,567	5.8	Private
380	University of Hawai'i at Mānoa	Honolulu, HI	51.6	770	140	424	69	13,520	43,633	5.4	Public
380	Wagner College	Staten Island, NY	51.6	314	420	847	535	27,217	54,633	4.1	Private
383	Emory & Henry College	Emory, VA	51.4	539	181	201	801	21,160	38,833	7.6	Private
383	College of Idaho	Caldwell, ID	51.4	551	200	499	587	24,747	38,733	4.0	Private
383	Marian University (Indiana)	Indianapolis, IN	51.4	366	314	919	677	21,063	41,833	4.8	Private
383	McDaniel College	Westminster, MD	51.4	344	355	828	657	23,329	46,333	2.4	Private
383	Rockhurst University	Kansas City, MO	51.4	263	449	609	905	23,753	47,033	2.5	Private
383	St Catherine University	Saint Paul, MN	51.4	441	366	170	587	22,519	45,667	4.6	Private
389	Southern Illinois University Carbondale	Carbondale, IL	51.2	666	254	217	167	17,149	41,500	9.7	Public
390	Albright College	Reading, PA	51.1	294	564	882	323	24,888	46,333	5.4	Private
390	Arcadia University	Glenside, PA	51.1	555	268	304	476	27,471	43,033	4.1	Private
390	Berry College	Mount Berry, GA	51.1	516	147	387	953	24,811	38,133	3.6	Private
390	University of Mississippi	University, MS	51.1	437	386	304	548	14,678	40,733	8.9	Public
390	Nazareth College	Rochester, NY	51.1	539	200	201	801	28,379	44,000	3.5	Private

## TOP PUBLIC SCHOOLS

<b>1. UNIVERSITY OF CALIFORNIA, LOS ANGELES</b> Los Angeles, Calif. <b>UNDERGRADUATE STUDENTS:</b> 30,510 <b>TUITION AND FEES:</b> \$12,920 (in-state) \$39,602 (out-of-state) <b>ROOM AND BOARD:</b> \$15,069		<b>2. UNIVERSITY OF MICHIGAN, ANN ARBOR</b> Ann Arbor, Mich. <b>UNDERGRADUATE STUDENTS:</b> 27,880 <b>TUITION AND FEES:</b> \$15,310 (in-state) \$47,004 (out-of-state) <b>ROOM AND BOARD:</b> \$10,872		<b>3. UNIVERSITY OF CALIFORNIA, BERKELEY</b> Berkeley, Calif. <b>UNDERGRADUATE STUDENTS:</b> 28,745 <b>TUITION AND FEES:</b> \$13,509 (in-state) \$40,191 (out-of-state) <b>ROOM AND BOARD:</b> \$16,389	
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390	Salve Regina University	Newport, RI	51.1	222	513	640	940	30,905	49,567	3.0	Private
396	University of Houston	Houston, TX	50.9	366	729	345	41	15,571	49,033	3.0	Public
396	New York Institute of Technology	Old Westbury, NY	50.9	604	286	945	18	23,647	51,033	6.5	Private
398	Azusa Pacific University	Azusa, CA	50.8	430	537	609	105	28,506	49,833	3.8	Private
398	Clarke University	Dubuque, IA	50.8	400	268	724	917	23,787	40,633	4.9	Private
398	Marist College	Poughkeepsie, NY	50.8	271	570	459	734	35,817	54,133	3.2	Private
398	Millikin University										

## JOURNAL REPORT | U.S. COLLEGE RANKINGS

# Benefits of Being an Engaged Student

Schools with a religious affiliation are leaders in being both inspirational and challenging



JONATHAN FICHTER

Dordt College in Sioux Center, Iowa, was ranked No. 1 for student engagement for the third straight year.

BY MELISSA KORN

ONE CRUCIAL ASPECT of a successful college experience is how students learn.

Engaged students sharpen their critical-thinking skills, figure out how to work in teams and translate abstract academic concepts into real-world understanding.

The engagement score in the Wall Street Journal/Times Higher Education College Rankings—measured mainly through roughly 189,000 survey responses over the past two years—monitors how challenged and inspired students feel inside and outside the classroom, as well as the breadth of courses their schools offer.

## The spiritual side

Eight of the top 11 schools for engagement have a religious affiliation. Those institutions often include in their missions the education of the entire student—body, mind and soul—and put a premium on group projects, mentoring and self-reflection.

Dordt College, located in Sioux Center, Iowa, and affiliated with the Christian Reformed Church, topped the engagement ranking for the third straight year. The school, which tied for No. 365 in the overall ranking, holds monthly speaker series on topics like race and faith. And with nearly 90% of students living on campus, classroom conversations regularly bleed over into more informal settings.

Oklahoma Baptist University was the second-best school in terms of student engagement. "Students understand pretty quickly that it's a holistic experience here," says Bruce Perkins, vice president for enrollment and student life. New first-year students participate in book discussions based on a summer reading assignment (this year, it was "Why College Matters to God"), and community-service projects are encouraged.

Each student must attend chapel 96 times and take two theology courses before graduation, which helps them ask how their studies relate to bigger-picture issues, Mr. Perkins says.

Cedarville University in Ohio, Texas Christian University and Hard-

ing University in Arkansas tied for the No. 3 spot.

Brown University is one of the few schools that scored high in student engagement, tied at No. 6, as well as in the top ranks overall, tied for No. 7. Provost Richard Locke attributes the school's high mark for engagement to the fact that students don't have specific courses they're required to take. "You only have students in your class who want to be there," he says, which changes the tenor of classroom conversations.

Brown also encourages hands-on learning through its Engaged Scholars Program, with courses on the anthropology of homelessness bringing students to social-service agencies, for example, or urban-studies students learning about the tactics of community organizers.

## Status not a guarantee

Many elite colleges flunked when it came to challenging and engaging students. The Massachusetts Institute of Technology, No. 2 overall, landed at No. 304 on engagement. And the California Institute of Technology, No. 5 overall, ranked below 500 on that measure.

A Caltech spokeswoman says the school doesn't comment on rankings.

MIT Vice Chancellor Ian Waitz says the low score "puzzles me," noting that internal surveys of the senior class are generally positive.

An MIT design class made recommendations last spring on how to revamp the first-year experience, giving students more flexibility in what courses they take, the opportunity to explore other disciplines and intensive advising to navigate it all.

The goal, Dr. Waitz says, is for students to "have a bit more opportunity to be inspired and retain that love of learning and solving problems" that they have at arrival and



## TOP SCHOOLS FOR ENGAGEMENT

The colleges with the highest scores for how engaged students feel they are with their professors, their peers and their education

1. Dordt College
2. Oklahoma Baptist University
3. Cedarville University
- Harding University
- Texas Christian University
6. Brigham Young University, Provo
- Brown University
- Indiana Wesleyan University, Marion
- Lee University
- Texas A&M University, College Station
- University of Southern California

Source: Wall Street Journal/Times Higher Education College Rankings

THE WALL STREET JOURNAL.

regain later in their academic careers.

He says the school is working to create more "opportunities for thinking about who you want to be in the world and what you want to do in the world."

**Ms. Korn is a reporter in The Wall Street Journal's New York bureau. She can be reached at [melissa.korn@wsj.com](mailto:melissa.korn@wsj.com).**

RANK	COLLEGE	CITY / STATE	OVERALL SCORE (Out of a possible 100)	OUTCOMES RANK	RESOURCES RANK	ENGAGEMENT RANK	ENVIRONMENT RANK	AVERAGE NET PRICE	SALARY	DEFAULT RATE	PRIVATE OR PUBLIC
438	Whitworth University	Spokane, WA	49.5	454	394	142	783	\$27,826	\$41,100	2.3%	Private
440	Mount St Mary's University	Emmitsburg, MD	49.4	322	477	746	783	30,412	51,267	3.9	Private
440	San Jose State University	San Jose, CA	49.4	322	905	304	14	13,777	54,000	3.5	Public
440	Shenandoah University	Winchester, VA	49.4	649	200	577	518	28,310	40,467	4.6	Private
443	University of Central Florida	Orlando, FL	49.3	298	877	170	141	15,533	43,067	5.3	Public
443	CUNY Brooklyn College	Brooklyn, NY	49.3	463	622	609	46	9,771	44,167	5.8	Public
443	University of Mount Union	Alliance, OH	49.3	421	445	126	801	22,728	41,633	6.2	Private
446	Wittenberg University	Springfield, OH	49.2	400	394	536	863	25,325	42,000	6.5	Private
447	California State University, Chico	Chico, CA	49.1	263	938	170	153	13,645	45,033	5.4	Public
447	Carroll College	Helena, MT	49.1	362	415	387	962	25,449	44,333	4.2	Private
447	Covenant College	Lookout Mountain, GA	49.1	385	415	387	933	24,803	39,500	1.9	Private
447	University of Massachusetts Boston	Boston, MA	49.1	551	449	950	8	11,966	46,267	6.1	Public
447	University of New Hampshire	Durham, NH	49.1	298	622	170	823	23,066	47,533	2.3	Public
447	University of Rhode Island	Kingston, RI	49.1	328	633	387	587	18,391	48,533	5.3	Public
453	Tuskegee University	Tuskegee, AL	49.0	582	244	724	569	28,515	36,400	11.5	Private
454	University of Arkansas	Fayetteville, AR	48.9	366	611	304	559	15,411	43,367	6.8	Public
454	University of Nebraska-Lincoln	Lincoln, NE	48.9	371	648	170	548	16,462	43,667	3.6	Public
454	Ohio University	Athens, OH	48.9	452	522	68	614	21,899	39,667	9.8	Public
457	Emerson College	Boston, MA	48.8	393	483	936	436	39,263	44,467	3.0	Private
457	University of Lynchburg	Lynchburg, VA	48.8	578	228	536	749	23,692	41,467	6.2	Private
457	North Dakota State University	Fargo, ND	48.8	400	522	126	783	14,581	46,533	3.3	Public
457	Philadelphia University	Philadelphia, PA	48.8	426	526	684	417	28,596	48,700	5.1	Private
461	Huntington University	Huntington, IN	48.7	521	316	246	874	21,533	34,633	3.4	Private
461	University of Louisville	Louisville, KY	48.7	702	200	609	436	16,249	38,833	6.1	Public
461	University of South Florida	Tampa, FL	48.7	484	711	201	54	11,398	41,500	5.0	Public
464	Chatham University	Pittsburgh, PA	48.6	758	108	828	559	26,393	33,900	3.0	Private
464	Eastern Illinois University	Charleston, IL	48.6	595	332	345	465	14,788	40,400	5.5	Public
464	Indiana University-Purdue University Indianapolis	Indianapolis, IN	48.6	642	350	246	292	10,538	40,100	6.0	Public
464	Maryville University	Saint Louis, MO	48.6	310	726	142	600	26,654	45,467	3.8	Private
464	St Edward's University	Austin, TX	48.6	566	533	52	225	24,603	44,900	3.5	Private
469	Immaculata University	Immaculata, PA	48.5	539	328	499	657	29,386	49,467	6.7	Private
469	Montclair State University	Montclair, NJ	48.5	357	808	640	86	15,131	48,633	4.5	Public
471	St Joseph's College-New York	Brooklyn, NY	48.3	308	658	684	559	16,831	51,967	3.5	Private
472	University of New Haven	West Haven, CT	48.1	441	622	640	225	31,263	48,867	3.8	Private
473	Belmont University	Nashville, TN	48.0	433	434	246	905	34,678	41,300	3.5	Private
473	University of Missouri-Kansas City	Kansas City, MO	48.0	684	260	828	292	15,368	43,567	7.3	Public
475	Bridgewater College	Bridgewater, VA	47.9	285	592	936	749	20,176	41,500	5.5	Private
475	Edgewood College	Madison, WI	47.9	492	406	459	734	24,111	41,767	3.3	Private
475	Roosevelt University	Chicago, IL	47.9	770	286	459	134	27,418	44,000	6.0	Private
478	Bethel University	Saint Paul, MN	47.8	416	497	126	933	27,205	44,700	2.0	Private
478	Georgetown College	Georgetown, KY	47.8	484	375	459	874	18,330	41,300	4.3	Private
480	Augsburg College	Minneapolis, MN	47.7	660	394	106	388	24,394	45,933	5.2	Private
480	Regis College	Weston, MA	47.7	463	420	945	500	27,777	43,433	4.7	Private
480	Western Illinois University	Macomb, IL	47.7	677	375	246	270	16,463	41,233	7.6	Public
480	Western Washington University	Bellingham, WA	47.7	357	742	106	569	16,245	43,733	2.5	Public
484	Alverno College	Milwaukee, WI	47.6	668	375	170	338	18,861	37,200	7.9	Private
484	Iona College	New Rochelle, NY	47.6	393							