

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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WSJ.com

★★★★ \$4.00

DJIA 25857.07 ▼ 59.47 0.2%

NASDAQ 7924.16 ▲ 0.3%

STOXX 600 375.51 ▲ 0.5%

10-YR. TREAS. ▲ 2/32, yield 2.937%

OIL \$67.54 ▼ \$0.21

GOLD \$1,193.00 ▼ \$0.60

EURO \$1.1594

YEN 111.14

What's News

Business & Finance

CBS's handling of allegations of misconduct against Moonves was weakened by corporate infighting amid a struggle for control of the company. **A1**

◆ **Snap's strategy chief** is leaving the firm, a month after the Snapchat parent reported its first quarterly decline in daily users. **A1**

◆ **The steep falls** in emerging markets have hurt the ability of developing-world companies and governments to issue bonds overseas. **B1**

◆ **NXP is gearing up** to persuade shareholders to support its go-it-alone strategy, which includes a new quarterly dividend. **B1**

◆ **Top trade officials** from the U.S. and the EU reached no breakthrough on laying out a pact to avert a trans-Atlantic economic fight. **A8**

◆ **A Trump tweet** about GDP growth and the jobless rate was incorrect, the White House's top economist said. **A2**

◆ **The S&P 500 snapped** a four-session losing streak, gaining 0.2%, but the Dow fell 59.47 to 25857.07. **B1**

◆ **Volvo extended** the contract of its CEO amid uncertainties over plans by the firm's Chinese owner to take the car brand public. **B3**

◆ **HCA said** Hazen, the hospital operator's president, will succeed Johnson as CEO at the beginning of next year. **B2**

◆ **Uber has hired** Rebecca Messina as its first global chief marketing officer. **B4**

◆ **Staples has emerged** as the leading candidate to acquire Essendant. **B3**

World-Wide

◆ **The Trump administration** ordered the PLO office in Washington closed, putting new strains on the framework agreement that has guided U.S. policy in the Mideast for a quarter-century. **A1**

◆ **Philippine leader** Duterte is negotiating a deal with China to share energy resources in the disputed waters of the South China Sea. **A1**

◆ **The U.S. is working** with France and the U.K. on plans for a military strike in Syria if the regime uses chemical weapons again. **A6**

◆ **The White House said** it is working to arrange a second meeting between Trump and North Korea's Kim. **A9**

◆ **Lawmakers in Congress** struck a bipartisan deal on a trio of spending bills. **A4**

◆ **The EPA plans** to propose easing requirements for oil and gas companies on limiting leaks of methane. **A3**

◆ **California Gov. Brown** signed a law for the state to mandate carbon-free electricity by 2045. **A2**

◆ **The Vatican said** it would soon respond with clarifications to charges Pope Francis covered up sexual misconduct by a U.S. cardinal. **A7**

◆ **Authorities ordered** evacuations in the Carolinas and Virginia as they braced for Hurricane Florence. **A3**

◆ **Gunmen stormed** the headquarters of Libya's National Oil Corp. in an attack that killed two people. **A6**

◆ **Chinese and Russian** troops begin joint maneuvers on Tuesday. **A9**

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Hurricane Florence Spins Into Full Force With U.S. Coast in Its Path



CHURNING: Authorities ordered evacuations in the Carolinas and Virginia on Monday and warned that Hurricane Florence was rapidly strengthening. Winds from the storm, seen in an international space station photo, could hit the Carolinas by Thursday morning. **A3**

CBS Board Was Warned Of Moonves Allegations

By KEACH HAGEY
AND JOE FLINT

In January, six months before the blockbuster accusations became public, Shari Redstone phoned fellow directors on CBS Corp.'s board to ask about rumors that the company's chief executive, Leslie Moonves, was about to have a #MeToo moment.

There was nothing to it, they assured Ms. Redstone, president of CBS's controlling shareholder National Amusements Inc. She phoned Mr. Moonves, and he told her the same, according to people familiar with the matter. A source close to Mr. Moonves said Ms. Redstone never raised the allegations directly with him.

Some board members were skeptical, believing Ms. Redstone was spreading the rumors. She and Mr. Moonves



Shari Redstone, president of CBS's controlling shareholder, was at odds with CEO Leslie Moonves, who is leaving the company.

were at odds over the future of CBS: Ms. Redstone wanted a merger with sister firm Viacom Inc., and he was resisting.

Around the same time, Mr. Moonves informed some directors, but not the full board,

It wasn't until several

months later, despite these two warning signs, that the board launched an investigation into Mr. Moonves, and that came only after the New Yorker published an article in late July detailing accusations that the executive sexually assaulted or harassed multiple women. That set in motion Mr. Moonves's departure this weekend, ending his 12-year reign as one of television's most powerful executives.

"Untrue allegations from decades ago are now being made against me that are not consistent with who I am," Mr. Moonves said in a statement Sunday evening, adding that he was "deeply saddened" to depart.

As these new details suggest, CBS's handling of the al-

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◆ Heard on the Street: CBS faces life after Moonves... **B12**

China Stands to Win In Dispute Over Oil

By NIHARIKA MANDHANA

MANILA—Philippine President Rodrigo Duterte is negotiating an agreement with China to share oil and natural-gas resources in the disputed waters of the South China Sea, a deal that would be a major policy victory for Beijing.

It would open the door for China to push for similar arrangements with other Southeast Asian nations that have challenged its expansive claims and potentially lock Western oil companies out of the resource-rich region.

Mr. Duterte's opponents and legal experts said joint development by the two countries—which Beijing has long advocated—legitimizes China's assertion that it has historic

rights over almost the entire South China Sea, undermining a 2016 international tribunal ruling that invalidated those claims. It would also fortify Beijing's control over the strategic waters, where tensions between the U.S. and China have surged.

Beijing has blocked the Philippines from operating in an area of seabed known as Reed Bank, 85 nautical miles off the Philippine coast, using patrol vessels and threats of war. Manila is eager to tap those reserves to address a looming energy shortfall.

The 2016 ruling held that the Philippines has exclusive rights over Reed Bank but

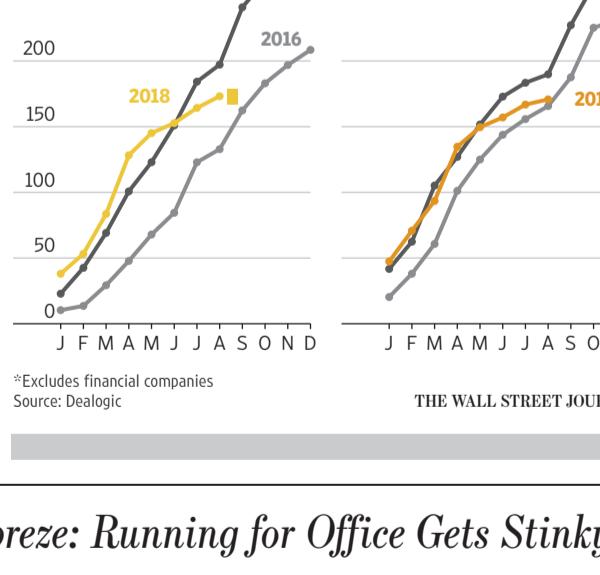
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◆ China joins Russian drills as ties deepen... **A9**

Emerging Markets' Bond Squeeze

The falloff in emerging markets is hindering efforts by companies and governments in the developing world to issue bonds overseas, putting pressure on economic growth. **B1**

Cumulative international issuance of emerging-market debt



Snap Faces Challenges As Strategy Chief Exits

By GEORGIA WELLS
AND MAUREEN FARRELL

A top Snap Inc. executive is leaving a month after the company reported its first quarterly decline in daily users, reviving Wall Street's concerns about social-media sites' growth prospects and handing the company a significant challenge as it struggles to boost its share of the advertising pie.

Imran Khan, Snap's chief strategy officer, becomes the latest senior member of Chief Executive Evan Spiegel's circle to exit. His departure comes as Snap is moving to reverse a poorly received redesign of its flagship Snapchat app. The initiative was aimed at separating user content from that of big media companies, but a backlash from users is hampering Snap's bid to convince advertisers to spend more dollars on the platform.

A string of executives in finance, sales and product have left Snap recently, and Mr. Khan's exit leaves the company without a clear link to Wall Street at a time when its stock—like that of its bigger rivals Facebook Inc. and Twitter Inc.—is under pressure.

Snap's shares surged 44% on their first day of trading in March 2017, but weak earnings in the subsequent year damped investor enthusiasm. The shares are down more than 40% from their \$17 initial public offering price, trading Mon-

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INSIDE



THE FERTILITY CLINIC THAT CUT PRICES

LIFE & ARTS, A11

Heat, Sweat, Febreze: Running for Office Gets Stinky

* * *

U.S. Rep jogs campaign trail; 'You might get attacked by geese'

By CORINNE RAMEY

At 7 a.m. on a recent Thursday, U.S. Rep. Sean Patrick Maloney stood in New York City's Riverside Park, surrounded by two dozen or so people interested in hearing about his run for state attorney general.

To do so, they'd have to keep up with Mr. Maloney on an actual run down a paved path alongside the Hudson River.

Some nursed water bottles. Others sleepily stretched calves. A 65-year-old waitress

arrived in foam-soled platform sandals, took one look and left.

"Are you ready to go?" asked Mr. Maloney, who currently represents parts of New York's Hudson Valley in the House. He is one of four candidates seeking the Democratic Party nomination in Thursday's New York state primary.

Since August, the lawmaker has staged as many as five



Political feat

"running town halls" a week. What he received in return: aggressive geese, near-misses with cyclists, extreme humidity and vomit.

Mr. Maloney, 52, said he got the idea from Rep. Beto O'Rourke, one of his best friends in D.C.

While jogging together in Washington, they talked about how to maintain their workout routines on the

Please turn to page A10

U.S. NEWS

California Enacts Ambitious Energy Law

By JIM CARMAN

California Gov. Jerry Brown on Monday signed a controversial and aggressive new law for the state to mandate carbon-free electricity by 2045.

The Democratic governor went further by also issuing an executive order for the entire state, and not just its electric industry, to become carbon neutral by 2045 and net greenhouse gas negative thereafter.

Mr. Brown admitted that there are huge steps ahead needed to help achieve these goals, including his call to set up a regional electric grid for the West.

"But it must be done," Mr. Brown said in a signing ceremony Monday morning at the Statehouse in Sacramento. "California is committed to doing whatever is necessary to meet the existential threat

of climate change. No matter what the naysayers may say, it is a real, present danger to California and people of the world."

The much-anticipated signing puts California at odds with President Trump, who announced last year the U.S. would withdraw from the 2015 Paris climate accord that has been signed by every nation on the planet.

Mr. Brown subsequently joined the governors of New York and Washington in forming an alliance to continue abiding by the terms of the agreement, which has since been joined by other states.

In the ceremony attended by the governor and Democratic legislators, only indirect mention was made of Mr. Trump, who has tangled with the Democratic-dominated state on a host of issues.

"Regardless of who occupies the White House, Califor-



RICH PEDRONCELLI/ASSOCIATED PRESS

State Sen. Kevin de Leon, second from right, displays the carbon-free electricity bill he wrote as Gov. Jerry Brown signs it into law.

mia will always lead on climate change," said state Sen. Kevin de Leon, who wrote the new law.

Mr. de Leon is waging a long-shot bid to unseat veter-

an Sen. Dianne Feinstein in November.

White House officials didn't immediately comment on the governor's action. The law has been opposed by utility com-

panies, which argued the changeover to zero-carbon mandate may not be financially feasible. Other groups have expressed concern over the possible impacts on the access and affordability of electricity.

"Gov. Brown signed SB 100 despite real concerns about grid reliability and higher costs for consumers and businesses," said Dorothy Rothrock, president of the California Manufacturers & Technology Association.

Mr. Brown signed the bill into law two days before the opening in San Francisco of the Global Action Climate Summit, where he will play host to business and governmental leaders seeking to take action on the issue despite the Trump administration's reluctance.

California is the first large state to set a goal of carbon-free electricity generation un-

der the new law, which passed the state Legislature late last month.

In a signing statement, Mr. Brown suggested a variety of strategies to achieving the zero-carbon goal, including energy storage, increased efficiency and adjusting energy use to when there is the most power available.

The governor also called for a multistate power grid that would allow California to share electricity with other Western states, which some environmentalists have opposed due to concerns the state would import energy produced by coal. The state Legislature this summer failed to pass a bill moving toward that goal.

"Have no illusions: California and the rest of the world have miles to go before we achieve zero-carbon emissions," Mr. Brown said. "But you have to begin."

White House Corrects Trump Tweet

By HARRIET TORY
AND REBECCA BALLHAUS

President Trump was incorrect when he tweeted that more than a century had passed since quarterly economic growth last outpaced the jobless rate, the White House's top economist said Monday.

"The GDP Rate (4.2%) is higher than the Unemployment Rate (3.9%) for the first time in over 100 years!" Mr. Trump inaccurately tweeted earlier Monday. Economic data show

this circumstance last occurred in early 2006, or about 12 years ago.

Kevin Hassett, the chairman of the White House Council of Economic Advisers, said Monday that the mistake was likely the result of incorrect information being passed along to the president.

"The history of thought of how errors happen is not something that, you know, I can engage in," Mr. Hassett said. "What is true is that it's the highest in 10 years, and at some point somebody proba-

bly conveyed it to [Mr. Trump] adding a zero to that, and they shouldn't have done that."

The quarterly change in gross domestic product—the value of all goods and services produced across the economy, adjusted for seasonality and inflation at an annual rate—has been higher than the unemployment rate dozens of times in the past 70 years, but it has been rare in recent decades.

The U.S. government began compiling official unemployment statistics in the 1940s.

Between the first quarter of 1948 and the second quarter of this year, the monthly unemployment rate at the end of the quarter was below that quarter's economic growth rate a total of 64 times.

It happened most recently in the April-June period of this year. GDP rose at a 4.2% annual rate in the second quarter.

In June, the final month of the quarter, the unemployment rate was 4.0%. It ticked down to 3.9% in July and stayed at that level in August.

U.S. WATCH

POLITICS

White House Calls For Probe of Column

The White House press secretary called for the Justice Department to investigate who wrote an anonymous opinion column last week that was critical of President Trump, echoing the president's demand.

"If that individual is in meetings where national security is discussed or other important topics, and they are attempting to undermine the executive branch, that would certainly be problematic and something that the Department of Justice should look into," Sarah Sanders said Monday.

Mr. Trump last week said he wanted Attorney General Jeff Sessions to investigate who in his administration penned the column in the New York Times, which was attributed only to a senior administration official and said there was a secret resistance in Mr. Trump's administration to curtail his "worst inclinations."

—Rebecca Ballhaus

COURTS

Alleged Russian Agent Denied Bail

A federal judge denied a request by an alleged Russian agent to be released on bail before trial but chastised prosecutors for making salacious allegations about Maria Butina they later walked back.

U.S. District Judge Tanya Chutkan said Monday that she was "dismayed" after reading the messages prosecutors relied on to make the allegations, which the judge said were clearly meant as a joke. The mistake "really makes it very, very difficult to have a fair trial,"

Judge Chutkan told prosecutors, who late Friday retracted allegations Ms. Butina had offered sex

in exchange for a position.

The judge also criticized an attorney for Ms. Butina for frequent media appearances in which he has discussed the merits of the case, and the judge issued a gag order prohibiting him from speaking publicly about the evidence in the case.

Ms. Butina, 29 years old, was arrested in July and accused of conspiring to cultivate relationships in the U.S. with influential conservatives and gun-rights activists to advance Moscow's agenda. She was charged with acting as an agent of the Russian government in Washington without notifying the U.S.

Members of Ms. Butina's defense team said they planned to file a motion to dismiss the case

—Aruna Viswanatha

FEDERAL RESERVE

Boston President Backs Rate Increases

Eric Rosengren, president of the Federal Reserve Bank of Boston, signaled the U.S. central bank should continue raising its benchmark short-term interest rate at its current quarterly pace over the coming year.

Raising rates at that pace over the next year would push them closer to a neutral level that would neither spur nor slow growth, Mr. Rosengren said in an interview with The Wall Street Journal on the sidelines of a conference at the Boston Fed.

After that point, he said it was likely tight labor markets and strong economic growth could prompt additional rate increases designed to deliberately slow the economy and prevent overheating.

"We don't know with any kind of precision" where a neutral interest-rate setting is, "but it's certainly higher than where we are now and is likely to be maybe a percentage point higher than we are now," Mr. Rosengren said.

—Nick Timiraos

Teachers March the Picket Lines in Washington State



CUTTING CLASS: Striking teachers carried picket signs as they marched around the Tacoma School District Central Administration Building on Monday. Teachers in the district have been on strike since last week, with salaries and working conditions at issue.

Strategy Chief to Exit Snap

Continued from Page One

day down 1.9% at \$9.74—a record closing low.

"When you can't distinguish yourself operationally or financially, it's no surprise that people can get discouraged," said Fredric Russell, who runs the Fredric E. Russell Investment Management Co. and opted not to invest in Snap's IPO.

While Snap reported revenue up 44% and a narrower loss in its most recent quarter, the company has yet to report a profit since it went public and has failed to live up to Wall Street's Facebook-sized expectations.

Mr. Khan is leaving to create a Los Angeles-based investment company and informed Mr. Spiegel last week of his plans, a person familiar with the matter said. Snap in a filing Monday said Mr. Khan's departure isn't tied to accounting, management, policy or similar issues, and that he is helping with the transition. His last day hasn't been determined.

Mr. Khan, who joined Snap in 2015, was brought on to

help Mr. Spiegel turn the company's popular free app into a moneymaker and eventually guide Snap through an initial public offering. He transitioned the company to selling ads primarily through online tools rather than sales teams.

Snap's reported drop in daily users came on the heels of similar signs of slowing growth at Facebook and Twitter. Facebook's late July alarm bell on slowing growth—not just in overall trends but in its most lucrative markets of the U.S. and Canada—sent its stock careening down 20% in late July. Twitter's fell 20% as well.

The three firms face specific challenges, but the trio of bad reports furthered questions of whether efforts to extract more revenue from people were taking a toll on user growth. Social-media stocks took another round of hits last week after executives from Facebook and Twitter testified before Congress about efforts to address bad actors on their platforms.

For Snap, the loss of Mr. Khan puts it in an even tougher position, particularly in convincing advertisers to spend more money on Snapchat after the drop in daily users and the negative perceptions about the redesigned app, said Victor Anthony, senior internet analyst at Aegis Capital Corp.

Snap initially sold ads to select companies. Mr. Khan helped

Growing Pains

Snap's shares are down 33% this year.



Snap build a programmatic way to sell ads, similar to the platforms that power Facebook and Alphabet Inc.'s Google. Snap pitched itself as an alternative to the "advertising duopoly" of those companies.

Mr. Khan acted as Snap's explainer, advocate and salesman to those outside the company, especially Wall Street and advertisers, Mr. Anthony said.

"Imran was the public face of Snap," he said. "It's a loss."

Before joining Snap, Mr. Khan was head of internet banking at Credit Suisse Group AG, where he helped the bank land a key role in the largest IPO ever—Alibaba Group Holding Ltd. Before that, he had covered internet companies as an ana-

lyst at JPMorgan Chase & Co.

He is among a number of prominent Wall Street executives Silicon Valley poached in recent years, to mixed results. Twitter lured Anthony Noto from Goldman Sachs Group Inc. to be its finance chief and Airbnb Inc. convinced Blackstone Group LP CFO Laurence Tosi to take the same post at the home-sharing company. Ruth Porat traded a CFO position at Morgan Stanley for one at Google.

Uber Technologies Inc. last month named Wall Street veteran Nelson Chai, who is well-versed in the IPO process and held the top finance job at Merrill Lynch & Co., to help lead it to a public offering expected late next year.

Messrs. Noto and Tosi both left their companies earlier this year; Mr. Noto runs the online lender Social Finance Inc. while Mr. Tosi has since started an investment fund. Ms. Porat remains at Alphabet. In an email to Snap employees viewed by The Wall Street Journal, Mr. Khan said he had achieved what he had hoped to accomplish since joining the company almost four years ago, including scaling up an ad system and increasing revenue to a \$1 billion annualized run rate. His email said he has always wanted to build his own business and now is the right time.

—Allison Prang contributed to this article.

CORRECTIONS & AMPLIFICATIONS

In some editions Monday, the title of Jack Ma, executive chairman of Alibaba Group Holding Ltd., was incorrectly given as CEO in a What's News item on Page One.

The Syrian regime's elite army units and Republican Guards surround Idlib province, which has three million civilian inhabitants, and diplomats and United Nations officials said they feared an attack on the province was imminent. A World News article Saturday about Syria incorrectly re-

ferred to the province's capital city, also called Idlib, rather than the province.

King George III built an observatory so he could see the transit of Venus, an astronomical event. A Mansion article on Friday about a London property incorrectly referred to it as an astrological event.

The observatory is available for rent at \$48,400 a month for a long lease or \$64,600 for a short lease. The article incorrectly said \$41,600 and \$55,500, respectively.

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

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U.S. NEWS

Speaking Up Online

Share of 13- to 17-year-olds citing each as their favorite way to communicate with friends

Texting	2018	35%
	2012	33
In person		32
Through social media	49	
Video chatting	16	
Talking on the phone	5	
Other	2	
	4	
	5	
	2	
	1	

Source: Common Sense Media polls, most recently of 1,141 13- to 17-year-olds in the U.S. conducted March 22–April 10; margin of error: +/-3.4 percentage points

THE WALL STREET JOURNAL.

For Teens, Face Time Loses Out To Screens

BY BETSY MORRIS

More than two-thirds of teens say they would rather communicate with their friends online than in person, according to a new study that comes as tech companies are trying to help parents and children monitor the time spent online.

The study, from the non-profit Common Sense Media, is an update of a similar survey conducted in 2012 that was one of the first to document the influence of digital media on teens. It lands as Silicon Valley's technology titans—including Facebook Inc., Apple Inc. and Alphabet Inc.'s Google—are trying to address rising parental concerns about whether too much screen time can be hurtful.

The percentage of young people who said their favorite way to talk to friends is face-to-face declined to 32% from 49% six years ago, according to the survey of more than 1,000 13- to 17-year-olds conducted in March and April.

"You can't help but say, 'Is there something big going on here?'—some fundamental shift in the way people will be communicating with each other in the future," said Vicky Rideout, principal at VJR Consulting, the co-author and lead researcher on the project.

Florence was recently churning over the Atlantic Ocean about 525 miles south-southeast of Bermuda. The storm reached Category 4 strength with maximum sustained winds of nearly 140 mph, according to the National Hurricane Center's late Monday update.

The storm track could still change, but the latest forecasts say tropical storm-force winds are likely to start hitting the Carolinas by Thursday morning. Florence is expected to grow stronger still as it nears the Carolinas, and could be the strongest storm to hit the region since Hurricane Hugo 29 years ago.

"Unfortunately, the models were right," the hurricane center said. "Florence has rapidly intensified into an extremely dangerous hurricane."

Mandatory evacuations were set to begin at noon Tuesday across the coast in South Carolina, Gov. Henry McMaster said. He expects about a million people to flee the coast, and said authorities will reverse lanes on major roadways to handle the traffic. "This is a real hurricane that we've got coming," the governor said at a news conference Monday.

The potential for extensive rainfall is emerging as a major early worry as forecasts suggest the storm could meander over the coast, said Steve Pfaff, a meteorologist with the National Weather Service office in Wilmington, N.C. South Carolina authorities asked local dam

owners to lower water levels before Florence arrives.

The storm is expected to draw power from its projected northwestern voyage over unusually warm ocean waters, which fuel hurricanes, Mr. Pfaff said.

Virginia Gov. Ralph Northam said he was ordering mandatory evacuations starting Tuesday morning in a low-lying coastal area, affecting about a quarter-million residents.

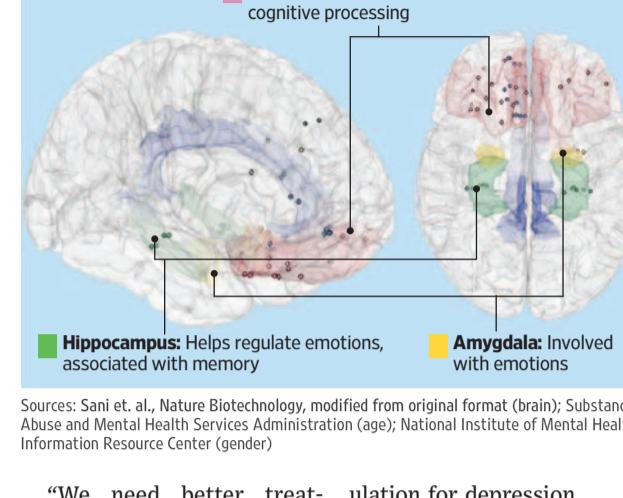
Though forecasts currently aim the storm's eye to the south, he warned that all of Virginia is likely to be affected by flooding and potential power outages.

The good news is [teens] are much more aware of its impact—both the good and the bad—than they were a few years ago," said Jim Steyer, Common Sense chief executive, in an interview. "The bad news is they prefer to communicate with each other online rather than face to face. As a parent and educator, I find that very troubling."

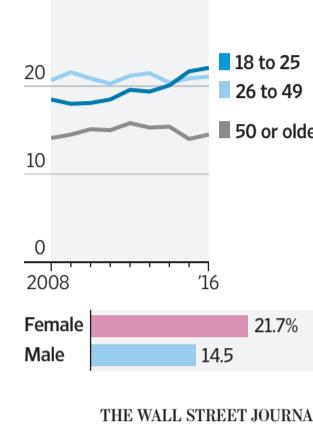
While teens are savvier about social media, they still can't resist it. Over 70% said they believe tech companies manipulate users to get them to spend more time on their devices. Fifty-seven percent said social media is a frequent distraction during homework assignments. Yet 31% said they turn their phones off during all or most of homework time.

Brain Data Help to Chart Moods**Mapping Emotions**

Scientists are trying to teach software to understand which brain areas are involved in mood-related diseases like depression and anxiety. Researchers Edward Chang and Maryam Shanechi found activity in these regions, below, was important in their work to decode mood.

Emotional regions

Sources: Sani et al., Nature Biotechnology, modified from original format (brain); Substance Abuse and Mental Health Services Administration (age); National Institute of Mental Health Information Resource Center (gender)

Percentage of U.S. adults with any mental illness

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tinuously recorded the activity of hundreds of neurons for multiple days in patients being monitored for epileptic seizures. They also had these patients rate their moods every couple of hours. They used these two sets of data to train software to understand what brain activity correlated with how a person was feeling. For each patient, the signature of brain activity—or the regions that lit up—that was predictive of mood was slightly different.

The new algorithm, developed by Maryam Shanechi, one of Dr. Chang's collaborators at the University of Southern California with funding from the U.S. Department of Defense research arm Darpa, is a step toward reading and decoding mood-related brain activity reliably—a prerequisite for delivering more personalized care in the future, some psychiatrists said. They called the findings exciting, but preliminary.

Dr. Chang's approach is one of several neuroscientists are taking to enable precision medicine for the brain. Some include uncovering, with the help of noninvasive imaging, what brain regions doctors should stimulate to increase the chances of improving patients' health. Others seek to decode brain activity associated with behavioral deficits, including in learning and memory, impulsivity and emotion regulation that are common in various psychiatric disorders, including depression.

"We need better treatments," said Edward Chang, a neurosurgeon at the University of California, San Francisco's Weill Institute for Neurosciences and a lead author of the study. "It's a huge issue."

In many cases, available medications and behavioral treatments don't work. One early option for such patients was to create therapeutic brain lesions to alleviate symptoms.

Eventually, neurosurgeons noticed stimulation could also improve symptoms for disorders like obsessive compulsive disorder, with some success.

Scientists also noted these patients' moods improved, which led to testing deep brain stimula-

tion for depression.

Early studies of implantable devices that deliver electrical pulses to brain areas thought to be involved in mood and reward processing showed promise in helping patients with severe depression, but results from larger trials funded by Abbott Laboratories and Medtronic PLC were mixed, prompting psychiatrists and neuroscientists to try to develop more targeted ways of stimulating the brain.

So far, the U.S. Food and Drug Administration has approved only one deep brain stimulation device for obsessive compulsive disorder, according to the agency, though

there are more ongoing clinical trials that seek to test whether deep brain stimulation can help patients with depression and anxiety.

To better target stimulation, experts are working to decode how the brain normally works and what goes wrong in disease, which includes figuring out what regions are involved in a particular patient's symptoms. That can differ from person to person, even in patients with the same diagnosis, which complicates matters, psychiatrists said.

For the new study, which was published in *Nature Biotechnology*, researchers con-

Evacuations Ordered as Florence Intensifies

BY JON KAMP

Authorities ordered widespread coastal evacuations in the Carolinas and Virginia on Monday as they braced for life-threatening flooding and extreme winds from a rapidly strengthening Hurricane Florence.

Florence was recently churning over the Atlantic Ocean about 525 miles south-southeast of Bermuda. The storm reached Category 4 strength with maximum sustained winds of nearly 140 mph, according to the National Hurricane Center's late Monday update.

The storm track could still change, but the latest forecasts say tropical storm-force winds are likely to start hitting the Carolinas by Thursday morning. Florence is expected to grow stronger still as it nears the Carolinas, and could be the strongest storm to hit the region since Hurricane Hugo 29 years ago.

"Unfortunately, the models were right," the hurricane center said. "Florence has rapidly intensified into an extremely dangerous hurricane."

Mandatory evacuations were set to begin at noon Tuesday across the coast in South Carolina, Gov. Henry McMaster said. He expects about a million people to flee the coast, and said authorities will reverse lanes on major roadways to handle the traffic. "This is a real hurricane that we've got coming," the governor said at a news conference Monday.

The potential for extensive rainfall is emerging as a major early worry as forecasts suggest the storm could meander over the coast, said Steve Pfaff, a meteorologist with the National Weather Service office in Wilmington, N.C. South Carolina authorities asked local dam



Preparations for Florence were in full swing Monday in Wilmington, N.C., above, and elsewhere as the hurricane hit Category 4 strength.

KEN BLEVINS/THE STAR-NEWS/ASSOCIATED PRESS

owners to lower water levels before Florence arrives.

The storm is expected to draw power from its projected northwestern voyage over unusually warm ocean waters, which fuel hurricanes, Mr. Pfaff said.

Virginia Gov. Ralph Northam said he was ordering mandatory evacuations starting Tuesday morning in a low-lying coastal area, affecting about a quarter-million residents.

Though forecasts currently aim the storm's eye to the south, he warned that all of Virginia is likely to be affected by flooding and potential power outages.

"Flooding is the deadliest threat from these storms," Mr. Northam said during a prestorm briefing late Monday.

In North Carolina, authorities ordered a mandatory evacuation for the Outer Banks. Residents and visitors were required to start leaving Hatteras Island at midday Monday, and people in other areas in the region were to start leaving Tuesday morning.

The governors in the Carolinas and Virginia have declared states of emergency ahead of the storm. The hurricane center warned of a life-threatening storm surge along the coast in

those states, along with freshwater flooding from "prolonged and exceptionally heavy rainfall."

The storm is expected to slow down as it approaches the coast and moves inland, and could drench the Carolinas and mid-Atlantic for hundreds of miles.

The governors in both Carolinas have asked President Trump for disaster declarations ahead of the storm while activating hundreds of National Guard troops.

"The forecast places North Carolina in the bull's-eye of Hurricane Florence, and the storm is rapidly getting stronger," said Gov. Roy

Cooper of North Carolina.

The Trump campaign said Monday it would cancel a campaign event in Jackson, Miss., on Friday because of the hurricane.

Mr. Trump tweeted Monday that the storms in the Atlantic—including Florence and two other hurricanes farther off in the Atlantic—were very dangerous. "We encourage anyone in the path of these storms to prepare themselves and to heed the warnings of State and Local officials," the president said.

—Rebecca Ballhaus and Leslie Scism contributed to this article.

EPA to Roll Back Obama-Era Methane Rules

BY TIMOTHY PUO

The Trump administration is about to propose its latest rollback of Obama-era climate rules, moving to ease requirements for oil and gas companies that were designed to limit leaks of the heat-trapping gas methane, administration officials said.

The Environmental Protection Agency plans to release on Wednesday a proposal that would make it easier for oil and gas companies to comply with rules designed to limit the amount of methane released into the atmosphere.

The EPA proposal aims to ensure oil and gas companies have more time to assess and

safely repair infrastructure, often in remote locations, according to a draft summary of the proposal.

The proposed changes, among other measures, would give drillers a year to do leak inspections instead of just six months and 60 days to make repairs instead of 30, the document said.

Environmentalists are likely to oppose the plan, asserting the delayed inspections and repair schedules are likely to increase the amount of harmful gases released into the environment and that the proposal opens the door to further rollbacks of climate regulations.

The proposal follows other moves by the EPA earlier this

year to ease climate rules, including measures to roll back restrictions on carbon emissions from both power plants and automobiles.

The proposal follows other moves by the agency to ease climate regulations.

Carbon and methane are considered to be two big drivers of climate change. Methane, however, is an even more potent greenhouse gas than carbon over the short term

and frequently leaks from oil and gas wells, storage tanks and processing plants.

Former President Barack Obama's administration set more stringent rules to address methane leaks. The rules were supposed to be a fundamental part of its effort to slow climate change.

The energy industry has long complained those rules amounted to regulatory overreach, claims adopted by the Trump administration, which includes among its ranks many former employees and allies of the energy industry.

The EPA plan is coming as the Interior Department also pushes its own proposal that would virtually eliminate its Obama-era

rules aimed at cutting emissions of methane from drilling operations on federal lands.

News of the impending release of the methane proposal was reported earlier Monday by the New York Times.

While many of the proposal's details are incremental, and relatively technical, more wide-sweeping changes are still under consideration. The draft summary says the agency will issue a separate proposal later on its regulation of the oil-and-gas sector's greenhouse gas emissions. Environmentalists are concerned that foreshadows an ultimate effort to gut the agency's oversight over methane from oil and gas operations.

U.S. NEWS

Bush, Dole, McCain and the Party They Led

**CAPITAL JOURNAL**

By Gerald F. Seib

era of the modern Republican Party—an era that is drawing to a close as all three recede from the public scene. They are leaving behind a party far different from the one they shaped, and a capital sorely missing their ability to forge bipartisan compromises.

They are George H.W. Bush, Bob Dole and John McCain. Sen. McCain, of course, died two weeks ago, and his memorial service and funeral produced sustained outpourings of appreciation. Former President Bush turned 94 this summer, and his health has declined. Former Sen. Dole turned 95 this summer and, while he's still remarkably active, his role in the capital's life is greatly diminished. They are among the most admired Americans of recent times.

They embodied a Republican Party that was internationalist in outlook, appreciative of the virtues of immigration and favorable to free trade. Overall, they embraced a model of

American world leadership they had personally fought to establish and preserve.

Today, President Trump's Republican Party is becoming far different: Nationalist in outlook, it questions the alliances, trade arrangements and foreign commitments that defined that earlier era.

Messrs. Dole, Bush and

They are leaving behind a party far different from the one they shaped.

Mccain came of age in a political system in which partisan battles were no less intense than they are now. But it also was a system in which it was understood there was a time to draw the battle to a close and bring the combatants together to a conclusion.

They knew how to do that.

Today, the idea of biparti-

san cooperation is fading "from being a memory to an abstraction," says Dan Schnur, a one-time Republican political adviser who worked on the campaigns of Messrs. Bush and McCain. "It's one thing to read about a particular experience or a particular accomplishment or a particular approach. It's another thing entirely to live it."

The list of bipartisan achievements in which the three men played leading roles is striking. Mr. Dole worked with Democrats to, among other things, enact the 1983 Social Security rescue, food-stamp reforms, the Women, Infants and Children nutrition program and the Violence Against Women Act.

Mr. Bush guided into law the Americans with Disabilities Act and the Clean Air Act, negotiated a North American Free Trade Agreement supported by both parties and convinced a Congress controlled by Democrats to authorize the first Persian Gulf War.

Mr. McCain worked with Democrats to normalize relations with Vietnam, craft campaign-finance reform, ban the use of torture and enact a patients' bill of rights.

They could be plenty partisan, of course.

Both Messrs. Bush and Dole were at one point chairmen of the national Republican Party, and they were fierce defenders of former President Nixon in his times of trouble. Mr. McCain could be snarling to Democrats who disagreed with him on national security.

They were devoted to plenty of conservative causes. Mr. Bush served as vice president for President Reagan, the other giant of the era, and all three were important supporters of his agenda.

Yet they had Democratic friends in Congress and knew how to work with them. Today's Republican Party activists—like those of the Democratic Party, for that matter—are far more skeptical of such

outreach. Leaders who try bipartisan outreach are likely to be excoriated as RINOs: Republicans in Name Only.

In years past, perhaps a common bond of military service made it easier for politicians to see past partisan differences. Mr. Bush was the youngest flying officer in the Navy during World War II before being shot down in the Pacific, and Mr. Dole was literally left for dead on an Italian hillside after suffering grievous wounds there.

They came to Congress when both parties' caucuses were dominated by veterans.

There, Mr. Dole often partnered on agriculture issues with liberal Democrat Sen. George McGovern, a World War II bomber pilot. And Mr. McCain had a shared war experience with Democratic Sen. John Kerry that made them partners in opening doors to Vietnam.

Today's capital is short of such unifying bonds—and those who know how to use them.

Democrats Circle Friendly Terrain

BY REID J. EPSTEIN

COATESVILLE, Pa.—Chrissy Houlahan nursed a chocolate milkshake at a diner here on her way to a gun-control event

and pondered the changing political nature of this Philadelphia suburb, which has been represented in Congress by an uninterrupted chain of Republicans for more than 100 years.

"If you had told me 10 years ago, here in Chester County, that we were having a conversation about this issue, I would not have believed you," said Ms. Houlahan, a Democratic candidate for Congress.

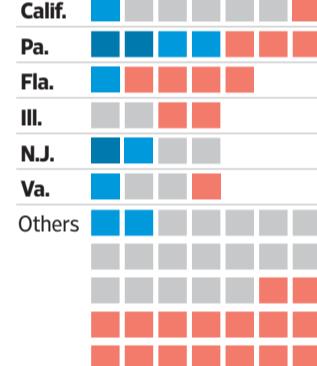
Of the 66 GOP-held House seats that the Cook Political Report rates as lean Republican, a tossup or likely to lean Democratic, 31 come from six states. Democrats could run the table in battlefield districts in Pennsylvania and just three other states—California, Florida and New Jersey—and capture the net 23 seats they need to seize the House majority without taking a single district anywhere else.

In 2006, Democrats took the House with success in rural seats in places like Indiana and North Carolina. Republicans took control in 2010 by winning districts held by rural and moderate Democrats.

This year, the battlefield is

In Play

Of the 66 GOP-held House seats rated as the most competitive, 31 come from just six states.



Source: Cook Political Report

THE WALL STREET JOURNAL.

in the nation's suburbs, districts that have sent Republicans to Congress for generations but are filled with educated women—a demographic that polling shows has fled the GOP more than any other in the Trump era.

In 2006 and 2010, four Pennsylvania seats changed parties, making it particularly volatile. This year, thanks to court-ordered redistricting and a broader realignment of suburban voters away from the Republican Party, nine of Pennsylvania's 18 House seats

could change parties.

"The political winds are blowing six swing seats our way," said Rep. Mike Doyle, a Pittsburgh Democrat who is the dean of the Pennsylvania House delegation. "It would not surprise me if our state flips more seats than any state in the country."

Democrats are counting on gains in places like Chester County, the only county in the state that backed both Mitt Romney in 2012 and Hillary Clinton in 2016. The county hasn't sent a Democrat to Con-

gress since the 19th century, said Terry Madonna, a professor at nearby Franklin & Marshall College.

"In suburban districts, independent voters and women are shifting away from the Republican Party at a pretty significant rate," said Ken Spain, a former communications director for the House GOP's campaign committee.

The new political dynamic was evident Friday, when Ms. Houlahan appeared in Coatesville with former Arizona Rep. Gabrielle Giffords, who was

shot in the head outside a supermarket in 2011, and her husband, former astronaut Mark Kelly. The two are stumping for Democrats who back proposals such as universal background checks for gun purchases.

Ms. Houlahan, who has raised \$2.8 million, is a heavy favorite to defeat Republican Rep. Greg McCAuley, who has raised \$174,000.

Mr. Kelly also held a Saturday event with Democratic Rep. Conor Lamb, who in March won a special election

in a Pittsburgh-area district Mr. Trump carried by 20 percentage points. Redistricting placed him in a race against three-term GOP Rep. Keith Rothfus, in a race the Cook Political Report rates as lean Democratic.

Mr. Lamb attributed his success to a hunger from voters for Democrats to engage with them.

"We hadn't fielded candidates to run," Mr. Lamb said. "I think it's more about the ground game and getting out there and meeting people."

Congress Unveils Budget Deal In Race to Avoid a Shutdown

BY KRISTINA PETERSON

WASHINGTON—Lawmakers struck a bipartisan deal Monday on a trio of spending bills they hope to pass this week in a rare example of Congress reaching an agreement over funding part of the federal government weeks before the next fiscal year begins.

House and Senate negotiators announced Monday afternoon they had hammered out an agreement on three spending bills totaling almost \$147 billion, including funding for the Energy Department, Veterans Affairs and the legislative branch of government.

Congressional leaders are hoping to pass the package of bills, known as a "minibus," this week, sending it to the White House for President Trump's signature.

The government's current funding expires at 12:01 a.m. on Oct. 1 and lawmakers are working to get as much of the government funded as possible before then.

GOP leaders have said they are confident they have persuaded Mr. Trump to defer a fight over border-wall funding until after November's midterm elections.

Funding the government is one of Congress's most basic responsibilities, and this con-

ference report is a strong first act," House Speaker Paul Ryan (R., Wis.) said in a statement. "We look forward to sending it to the president's desk soon."

The spending deal would continue a freeze on the salary of members of Congress, which has been in place since 2009. However, it would set up a new dedicated funding stream for lawmakers to pay congressional interns, in response to criticisms that unpaid internships put them out of reach for less-affluent young people.

The government's current funding expires at 12:01 a.m. on Oct. 1.

The spending package didn't resolve long-term concerns over how to pay for a newly expanded Department of Veterans Affairs health-care program. Congress in June approved a new program that allows veterans to get health care in the private sector, but didn't find new funding for it.

The White House didn't respond to a request to comment.

Democrats had pushed to increase spending above limits established in a two-year budget deal in February to accommodate the program's new costs, but Republicans opposed to that prevailed and reduced funding across a range of programs to pay for it.

The bill boosts spending for VA health-care programs, including the new overhaul, by \$1.75 billion. However, lawmakers will still have to figure out how to pay for the program in future years, when it is expected to become more expensive.

The bill doesn't include funding for the Yucca Mountain Nuclear Waste Repository in Nevada, a key issue for Sen. Dean Heller of Nevada, considered the most vulnerable Republican senator running for re-election this year.

Yucca Mountain was designated three decades ago as a final resting place for used fuel and other nuclear waste. Mr. Trump has proposed restarting the licensing process for Yucca Mountain and the House had included funding in its spending bill.

"As long as I'm in the U.S. Senate, you can count on me to never let up on my fight to keep nuclear waste out of the state of Nevada," Mr. Heller said in a statement Monday.

CAMPAGN WIRE

FLORIDA**Rep. DeSantis Resigns To Focus on Campaign**

Rep. Ron DeSantis is stepping down from Congress to focus on his gubernatorial campaign. In a letter to House Speaker Paul Ryan, the Florida Republican said that "it is clear to me I will likely miss the vast majority of our remaining session days for this Congress" because of the campaign.

Mr. DeSantis, who won the state's Republican primary with the support of President Trump, is facing Andrew Gillum in the general election. Mr. Gillum, a progressive Democrat and the mayor of Tallahassee, beat the establishment pick in the Democratic primary, making the Florida gubernatorial race a preview of the future of the two parties.

—Andrew Duehren

NEW HAMPSHIRE**Primary Voters Go To Polls on Tuesday**

Voters in both parties will pick candidates for the Granite State's two congressional districts on Tuesday.

The most action is in the state's First District, where 11 Democrats and six Republicans are vying to succeed Democratic Rep. Carol Shea-Porter, who isn't seeking a fifth term.

In the Second District, seven Republicans are running to face Democratic Rep. Annie Kuster.

—Reid J. Epstein

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WORLD NEWS

U.S., Allies Weigh Possible Strike on Syria

Bolton says talks under way with London, Paris on attack if regime uses chemical weapons

By DION NISSENBAUM

WASHINGTON—The U.S. is working with France and the U.K. on plans for a coordinated military strike in Syria if the regime uses chemical weapons in an expected offensive against the country's last major rebel haven, President Trump's national security adviser said.

John Bolton warned Monday that a new attack by the Western allies would be much stronger than the two airstrikes launched in April 2017 and April 2018 after Syrian President Bashar al-Assad was accused of using chemical weapons that killed scores of civilians in the past 17 months.

"We've been in consultation with the British and the French, who joined us in the second strike, and they also agree that another use of chemical weapons will result in a much stronger response," Mr. Bolton said after giving a speech in Washington.

The planning comes as the U.S. and its allies are trying to stave off a Syrian offensive in the country's northwest, where more than 3 million civilians and as many as 70,000 militants are bracing for an attack.

In recent days, Russia has launched more than 70 airstrikes in the area, while the Syrian regime has dropped dozens of barrel bombs, according to monitoring groups.

The contacts between the Western allies reflect the heightened pace of interna-



Syrians driving toward the Turkish border in Idlib province Monday. Turkey said it wouldn't allow people fleeing the fighting to enter.

OMAR HAJ KADOUR/AGENCE FRANCE PRESSE/GETTY IMAGES

tional discussions as Syria and its backers, Russia and Iran, plan to take control of Idlib province. The United Nations envoy for Syria, Staffan de Mistura, held talks Monday with representatives of Iran, Russia and Turkey. He planned to meet with members of a U.S.-led international coalition on Tuesday.

The U.S. is set to chair a U.N. Security Council meeting on Idlib on Tuesday morning, while Russia is to brief diplomats on a summit held in Teh-

ran last week. In Geneva, U.N. officials said they pushed Monday to establish a constitutional committee that would pave the way for a transitional government, although the political track would likely be overshadowed by the looming military offensive in Idlib.

Videos shared on pro-Syrian government social media showed convoys of armored vehicles and trucks heading toward the front lines as Mr. Assad tries to deliver a fatal blow to opposition fighters

who have tried for seven years to force him from power.

The U.N., U.S. and humanitarian groups have warned that any offensive could trigger a major humanitarian crisis. Syria, Russia and Iran have repeatedly rebuffed pleas for them to call off the expected offensive.

Thousands of Syrian civilians have fled and more are trying to escape the expected battle, according to aid groups. Turkey, which has military forces operating in the Syrian

province along its border, also has opposed the offensive. Turkey said that it wouldn't allow people trying to flee the fighting to enter across its borders.

U.S. officials say Mr. Assad has given his military a green light to use chlorine gas if needed in the offensive, citing intelligence that has fueled the Trump administration's public warnings.

In a recent private meeting, Mr. Trump threatened to order a massive military strike if Mr.

Assad carried out a massacre in Idlib province, according to people familiar with the conversation.

France and the U.K. joined the U.S. in April 2018 in launching missiles at three suspected chemical-weapons sites in Syria after the Assad regime was accused of using sarin nerve gas in an attack near Damascus that killed scores of civilians, including women and children. Syria has repeatedly denied that it has used chemical weapons.

France has vowed to strike if Mr. Assad uses chemical weapons. "France will continue to enforce its red line against the use of chemical weapons and will stand ready to take action in the event of proven and lethal use of these weapons," said a representative of the Ministry of Foreign Affairs.

Alistair Burt, the U.K. minister for the Middle East, told Parliament on Monday that the country was ready to act.

"Along with the United States and France, we have been clear that we will respond swiftly and appropriately if the Assad regime repeats its appalling use of chemical weapons," he said.

Mr. Bolton dismissed accusations made by Russia that the U.S. and its allies are working with Syrians to stage a chemical weapons attack as a pretext for Western strikes.

"That has to be, in the history of propaganda in the 20th and 21st centuries, one of the most outrageous claims that I can think of," Mr. Bolton said. The Russian Embassy in Washington didn't respond to a request for comment.

—Nazih Osseiran in Beirut, Farnaz Fassihi at the U.N. contributed to this article.

Pressure Increases On PLO

Continued from Page One

stration was undermining a longstanding framework for resolving the conflict.

"They are dismantling the traditional American architecture to create a two-state solution," said Aaron David Miller of the Wilson Center, who worked on Arab-Israeli negotiations at the State Department for more than two decades.

Mr. Miller said that on the three core issues—the status of Jerusalem, the territorial dimensions of a Palestinian state and how to deal with Palestinian refugees—U.S. policy is being fundamentally realigned.

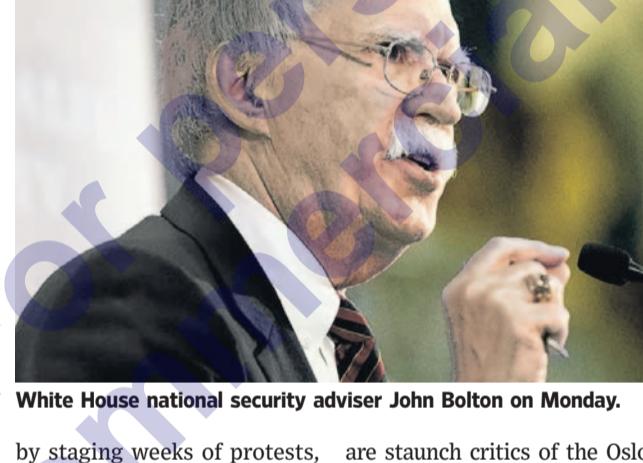
The PLO office functions as

the Washington representative for the organization. Its closure follows other actions by the administration that angered the group, including moving the U.S. Embassy from Tel Aviv to Jerusalem, cutting money to the United Nations agency that helps Palestinian refugees, and reducing U.S. aid to hospitals in Palestinian areas of East Jerusalem.

Palestinian officials complained that the U.S. is trying to impose its vision of a Middle East settlement and isn't interested in genuine give and take.

"We don't think this is just about bullying...we believe this is about the implementing of Israel's grocery list," Husam Zomlot, the Palestinian representative to Washington, said in an interview Monday. He said relations between the Palestinians and Washington "are at a historic low."

The White House in May blamed Palestinians for instigating violence along the border between Israel and Gaza



White House national security adviser John Bolton on Monday.

complained that Palestinian officials aren't open to a new approach.

Dennis Ross, who worked as a senior official on Middle East issues for Republican and Democrat administrations, said that "if the administration has an interest in somehow reaching out to Palestinians in advance of presenting its peace plan, its recent steps...will surely make that task much more difficult."

For all of the problems, Mr. Ross said the moves may not signal the death knell of the Oslo negotiating framework because Israel would be reluctant to take on the responsibility for meeting the economic, health and educational needs in the West Bank, in lieu of the Palestinian Authority.

Jason Greenblatt, a special representative for Mideast negotiations for President Trump who is working with his son-in-law, Jared Kushner, has said that both sides will like and dislike elements of the administration's coming plan.

The announcement that the PLO office was being closed came two weeks before Mr. Trump is scheduled to preside over the U.N. Security Council.

White House national security adviser John Bolton de-

scribed on Monday the closure of the PLO office as part of a broader effort to push back on the International Criminal Court and its efforts, backed by Palestinians, to investigate Israel. The ICC also is considering an inquiry of U.S. military and Central Intelligence Agency personnel who served in Afghanistan.

Appearing before the Federalist Society, a conservative group, Mr. Bolton alleged the court is biased against the U.S. and is a danger to U.S. sovereignty.

David Scheffer, the first U.S. ambassador-at-large for war crimes during the Clinton administration, said Mr. Bolton's speech "isolates the United States from international criminal justice and severely undermines our leadership in bringing perpetrators of atrocity crimes to justice elsewhere in the world."

The decision to close the PLO keep an office open in Washington, D.C., which signaled to Palestinian leaders that violence and intransigence had no costs, and so hindered the cause of peace," Sen. Ted Cruz (R., Texas) said.

Libya Attack Feeds Oil-Supply Concerns

BY BENOIT FAUCON

Gunmen stormed the headquarters of Libya's National Oil Corp. on Monday in an attack that killed two people, the state-run company said, the latest sign of turmoil in the large oil-producing country at a time when global crude markets are looking for alternatives to Iranian oil.

The Trump administration has imposed fresh sanctions on Iranian crude, which take effect in November, and have already scared buyers away, bottling up exports. Libya, which has experienced a series of output disruptions from attacks this year, more recently appeared to be recovering.

Attackers fired at staff in the NOC offices and detonated explosives, the company said. Two officials were killed and 10 were injured, it said.

The attack is a reminder that there are "dangerous geopolitical problems with risks of supply shocks in so many places," said Helima Croft, the chief commodities strategist at Canadian broker RBC. "For the White House, this is the perfect storm."

With Iran sanctions pushing



U.S. oil prices close to \$70 a barrel ahead of midterm elections, the Trump administration has asked the Organization of the Petroleum Exporting Countries to ramp up output. Libya, a supplier of high-quality, light crude, appeared to offer some relief to supply concerns when it increased production above one million barrels a day following the reopening of fields previously blocked by militias in 2017 and early 2018. But the progress was reversed by a dispute with a rogue general who shut oil terminals in Eastern Libya this summer while fighting between rival factions restarted last week in Tripoli.

Monday's incident shows Libya has no way to reliably produce one million barrels a day, said Robin Mills, head of Middle-East oil consultancy Qa-

mar Energy. "The situation remains extremely volatile."

Libya's turmoil and sanctions on Iran come amid other rising challenges to global oil supplies. Production continues to decline in crisis-hit Venezuela. In Iraq, protesters have gathered in recent weeks near oil fields over a lack of jobs, water and electricity, raising concerns the unrest could affect production.

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WORLD NEWS

Vatican to Address Allegations Of Abuses

By FRANCIS X. ROCCA

ROME—The Vatican said it would soon respond with clarifications to charges Pope Francis covered up sexual misconduct by a favorite U.S. cardinal—claims that have provoked the biggest scandal of the current pontificate.

The pope's advisory Council of Cardinals on Monday expressed "full solidarity with Pope Francis in the face of what has happened in the last weeks, mindful that amid the current debate the Holy See is about to formulate any necessary clarifications."

For more than two weeks, the pope and the Vatican have declined to answer accusations by Archbishop Carlo Maria Vigano, a former Vatican ambassador to the U.S. The archbishop said he told Pope Francis in 2013 that then-Cardinal Theodore McCarrick, a former archbishop of Washington, had been privately disciplined by Pope Benedict XVI for being sexually active with seminarians. In spite of this information, the archbishop said, Pope Francis made the retired cardinal a powerful adviser.

In July, Archbishop McCarrick became the first man to resign from the College of Cardinals in nearly a century, after a church investigation found credible a charge he had sexually abused a teenager in the early 1970s. He is facing a church trial that could end in his dismissal from the priesthood. Archbishop McCarrick has said he doesn't remember the incident. His lawyer has said he deserves due process.

A document published on Friday by Catholic News Service suggested Vatican officials knew in 2000 about allegations of sexual activity by Archbishop McCarrick with seminarians.

Turks Heed Leader's Call to Stand by Nation

By BOJAN PANCEVSKI

ISTANBUL—With the Turkish lira having fallen more than 40% against the U.S. currency this year, Ercan Eskikoy needs every dollar he can find to keep his business selling imported photo equipment afloat.

Yet last week he tapped \$1,100 from his savings and swapped them into lira—his patriotic response to calls by Turkish President Recep Tayyip Erdogan.

The Turkish leader has urged people to increase the value of the local currency by exchanging their gold, dollars and euros into lira, saying the country has become the target of an "economic war" waged by the Trump administration.

"Foreign powers are trying to divide us," Mr. Eskikoy said. "Without Erdogan, we would be worst off. As a nation, we stand behind him."

Mr. Eskikoy, whose business swung to a loss last month, embodies Mr. Erdogan's success in galvanizing supporters by deflecting the blame for the currency turmoil on the U.S. while keeping a lid on dissent.

Mr. Erdogan attributes the currency crisis to President Trump's salvos of angry tweets and sanctions against Turkey following a dispute with Ankara over the detention of an American pastor. "America behaves like wild wolves. Don't believe them, we will be victorious," Mr. Erdogan told a business gathering recently.

Economists say that while Mr. Trump's tweets may have exacerbated Turkey's economic woes, the country's currency meltdown has its roots in Mr. Erdogan's policies. The president's relentless pursuit of rapid economic growth has left the country saddled with hefty foreign-currency debt, which has become much harder to pay down with weaker lira.

Inflation hit 18% in August, and analysts fear that if a series of corporate defaults happen, that would weigh on banks and threaten a credit contraction, which in turn could prompt a full-blown eco-



President Erdogan has urged people to raise the local currency's value. Above, Istanbul's Grand Bazaar.

nomic crisis that reverberates across the region.

Turkish authorities have warned they would prosecute news outlets as well as owners of social-media accounts who "threaten economic security," leaving little room for public complaints about the weak lira.

Despite inflation eating into their incomes, Mr. Erdogan's supporters say they have been energized by his anti-American rhetoric, largely relayed on television. Even critics of the president have rallied behind his campaign against Washington. In a joint communiqué last month, opposition leaders condemned Washington's sanctions against Turkey.

"The public is unable to see the whole picture, so they will continue to stand behind [the president]," said Mehmet Gün, a partner in a leading law firm and co-chairman of the Türkofed business federation.

"Trump made a gift to Erdogan," one senior European diplomat in Ankara said.

Meanwhile, Turkey is adapting again to living with spiraling inflation, which had been tamed in the early 2000s when Mr. Erdogan came to power and the country was being assisted by the International



Store owner Ercan Eskikoy swapped \$1,100 into lira.

Sharp Slide

How many Turkish lira \$1 buys



Source: Tullett Prebon Information

THE WALL STREET JOURNAL.

Monetary Fund.

For businesses dealing mostly with foreign tourists or wealthy customers, the rapidly changing prices are mainly a logistical problem. In Istanbul's trendy Nisantasi shopping district, managers of the Louis Vuitton flagship store have removed prices from all items. Shop assistants now use a special app to establish the current exchange rate before making a sale. At the Pera Palace

Hotel, famed for having been Agatha Christie's retreat of choice, room rates are now set upon check-in.

For businesses carrying foreign-currency debt or selling imported goods, the rapid inflation is a nerve-racking financial challenge. An Istanbul-based entrepreneur said Mr. Erdogan's policies, which once facilitated a boom, are now harming businesses.

The entrepreneur, who is a

partner in a local corporation and who owns two other companies dependent on imports, said larger companies are struggling to reflect the price changes. "This sweeps away the margin from most of the businesses," he said.

At a shopping mall inside the Sapphire tower in Istanbul, rent prices are set in foreign currency because property owner Kiler Holding says it must repay dollar loans it took to erect the building.

But with many shops unable to cope with ballooning bills, the company has frozen rents. Instead of using the current rate, under which it takes nearly 7 lira to buy \$1, Kiler Holding is using a March rate, when 4 lira bought \$1, board member Umit Kiler said. "In times of hardship, we need to help each other," he said.

Corporate leaders and economists want a tightening of monetary and fiscal policy in the form of an austerity program and higher interest rates. Many of them agree that the country will also need an emergency shot of liquidity as part of IMF or other international assistance.

The government says it doesn't have a plan to solicit help from the IMF or the European Union. Officials from both organizations say they are discussing internally a potential request for help from Ankara.

In his small electronics shop on a busy street in Istanbul's Kasimpasa district, Bahtiyar Cicek is unfazed. Although inflation has slashed his revenue and pushed up costs, he says the currency crisis has only fortified his loyalty to the president. He reminisced about the time when Mr. Erdogan, a native of the area, was mayor of Istanbul. Mr. Erdogan brought running water to all households and established much-needed emergency services at the time, Mr. Cicek said.

"He takes care of our people, and anyone who has ever met him, like I have, would die for him," Mr. Cicek said.

—David Gauthier-Villars

contributed to this article.

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WORLD NEWS

U.S., EU Launch New Trade Talks

BY EMRE PEKER

Top trade officials from the U.S. and the European Union reached no breakthrough Monday in Brussels on laying out a pact that would deliver on an earlier agreement reached by their leaders to avert a trans-Atlantic economic fight by slashing tariffs and boosting commerce.

After their first meeting since President Trump and his EU counterpart, Jean-Claude Juncker, declared that intention in July, U.S. Trade Representative Robert Lighthizer and European Trade Commissioner Cecilia Malmström said they had a "constructive" and "forward-looking" encounter, but provided no details.

The talks follow public spats between American and European officials over whether Messrs. Trump and Juncker's proposed deal would cover agriculture, a sector that has emerged as an early threat to the talks' progress.

The latest push for an EU-U.S. trade deal marks the third effort since 2007 to tighten links in the world's largest bilateral trade and investment partnership. With \$1 trillion in annual bilateral goods-and-services trade, the U.S. and the EU have repeatedly tried and failed to cut already-low trans-Atlantic duties of less than 3% on average, align regulations, and open new markets for both sides by liberalizing sectors including agriculture and public procurement.

Mr. Trump has repeatedly threatened to impose tariffs on car imports from Europe, but officials have agreed that Washington will hold off on



EUROPEAN COMMISSION/ANADOLU AGENCY/GTY IMAGES

EU Trade Commissioner Cecilia Malmström gesturing on Monday during negotiations with the U.S.

any move toward auto-industry tariffs against the EU while the two economies negotiate toward a trade pact.

"While this refound enthusiasm for strengthening trans-Atlantic economic ties holds promise, both the United States and the European Union have learned from experience that progress is not guaranteed," said Peter Rashish of the American Institute for Contemporary German Studies, a nonpartisan think tank at Johns Hopkins University.

Mr. Lighthizer and Ms. Malmström said they would meet again at the end of September and start hammering out a deal in coming months.

"We discussed how to move forward and identify priorities on both sides, and how to achieve concrete results in the short to medium term," Ms.

Malmström tweeted. "Lots of work remains this autumn."

The two trade officials will complete a framework for cutting tariffs and nontariff trade barriers in November, the USTR said in a statement

The two sides hope to avert a trans-Atlantic fight by slashing tariffs and boosting trade.

Monday.

"Specifically, we hope for an early harvest in the area of technical barriers to trade," Mr. Lighthizer's office said.

A USTR spokeswoman declined to comment and an EU spokesman didn't respond to

inquiries about Monday's meeting.

Underpinning the effort is a July 25 EU-U.S. agreement reached at the White House to work toward "zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods." Messrs. Trump and Juncker said they would also cut barriers to services, chemicals, pharmaceuticals, medical products and soybeans.

"This will open markets for farmers and workers, increase investment, and lead to greater prosperity," the leaders said in a joint statement.

But within days the leaders and their deputies began sparring over the context. Mr. Trump said his administration opened European markets for American farmers and Mr. Lighthizer said agriculture was

on the table. The EU rejected the idea, saying it only agreed to boost its soybean purchases—which jumped 280% in July compared with July 2017 as retaliatory Chinese tariffs on U.S. agriculture drove down prices and stoked EU imports.

Three weeks before Monday's high-level meeting in Brussels, EU and U.S. trade negotiators discussed the scope of a potential deal in Washington. Again, no clarity emerged.

Ms. Malmström subsequently told the European Parliament on Aug. 30 that the EU suggested going beyond the Trump-Juncker agreement by slashing car tariffs to zero, while noting "profound disagreements."

Mr. Trump rejected the car offer as "not good enough," telling Bloomberg News Europeans still wouldn't buy U.S. cars.

Even amid the disagreements, EU and U.S. officials have kept talking and maintained hope for an arrangement. Mr. Rashish said the engagement could lead to parallel talks on several tracks and enable both sides to notch up victories. That, in turn, would facilitate more free trade while building confidence for politically difficult negotiations in areas such as agriculture and public procurement, he added.

"There's a lot of things on the board and I'd say the relationship is growing between the U.S. and the EU," Larry Kudlow, Mr. Trump's chief economic adviser said Friday on CNBC. "I really like the goodwill."

—William Mauldin contributed to this article.

WORLD WATCH

JAPAN

Premier Launches Re-Election Campaign

Prime Minister Shinzo Abe kicked off his bid for three more years as Japan's leader by saying he would spearhead the effort to expand global trade against protectionist threats.

"Concern is now deepening around the world about the rise of protectionism," Mr. Abe said Monday, alluding to President Donald Trump's tariffs on foreign goods without mentioning Mr. Trump by name. "Tit-for-tat restrictions on trade will not serve the interests of any country."

Mr. Abe is seeking a new three-year term as president of the ruling Liberal Democratic Party in an election on Sept. 20. That post traditionally carries with it the prime minister's job when the LDP controls Parliament, as it does now. Local media surveys of LDP lawmakers and rank-and-file members show Mr. Abe holds a wide advantage over his only rival, former Defense Minister Shigeru Ishiba.

—Peter Landers

CAMBODIA

Opposition Leader Is Released on Bail

The leader of Cambodia's dissolved opposition party was freed on highly restrictive bail after being jailed for a year on a treason charge, the latest government opponent to be released since Prime Minister Hun Sen's landslide election victory.

The Phnom Penh Municipal Court said Kem Sokha was granted bail due to health reasons, but stressed that the case against him would proceed.

The release order is so restrictive it amounts to house arrest.

His release came as Hun Sen begins another five-year term as prime minister after his ruling party's victory in a July election which was widely seen as unfair and unfair because the only credible challenger, Kem Sokha's Cambodia National Rescue Party, was dissolved by the courts and unable to contest the polls.

—Associated Press

NIGERIA

Dozens Are Killed In Gas Station Blast

At least 35 people were killed on Monday and hundreds injured when a gas tanker exploded in northern Nigerian state of Nasarawa and started a blaze, the state emergency agency said.

A State Emergency Management Agency official said the accident happened at a gasoline station along the Lafia-Makurdi road linking the capital city of Abuja with northern and southern Nigeria.

Usman Ahmed, acting director at SEMA, said the truck exploded at the point of discharging the gas, citing a witness account. The agency was investigating the incident, he said.

"We have confirmed 35 dead and over a hundred injured. Most of those that died rushed to the accident spot to see what was happening," Mr. Ahmed said.

Traffic accidents are common in Nigeria, where roads are bad and safety standards are poor.

At least nine people were killed in the commercial capital of Lagos in June when a tanker caught fire and burned 53 vehicles.

—Reuters

OECD Data Flash Caution on Global Growth

BY PAUL HANNON

The world's developed economies are set for a slowdown, although prospects for Asian giants China and India have brightened, according to leading indicators released Monday by the Organization for Economic Cooperation and Development.

Economic growth in the Paris-based research body's 35 members accelerated in the three months through June after a weak start to the year, thanks to a surge in U.S. activity that was partly driven by tax cuts and government spending increases.

However, the OECD's gauges of future activity, based on data for July, suggests growth is set to steady in the U.S. and Japan, while slowing in Europe. "Composite leading indicators...point to easing growth momentum in the OECD area as a whole," the research body said.

In July, the CLI for the OECD fell further below the 100 mark that indicates growth is set for its long-term trend rate. The measure had been above that mark until April, and before May last fell below that level in August 2015.

The leading indicators are designed to provide early signals of turning points between



A textile factory in Shangqiu, China. The world's developed economies are set for a slowdown, while China's outlook has brightened.

the expansion and slowdown of economic activity, and are based on a variety of data series that have a history of anticipating swings in future economic activity. The changes in economic activity signaled by the indicators usually fol-

low six to nine months after they are recorded.

The global economy last year enjoyed its strongest expansion since 2011, and is expected to slow only slightly this year. The OECD's indicators suggest that slowdown

may continue into 2019, although they also pointed to accelerations in China and India that could be strong enough to offset a mild deceleration in rich countries.

With the economic expansion in the U.S. now entering

its 10th year, some policy makers have become more alert to signs of an eventual decline in activity. But while there are signs that global growth is coming off its recent peak, there are few that suggest that slowdown will be sharp.

Hungary's Orban, a Critic of EU, Counts on Allies to Avoid Censure

BY VALENTINA POP AND DREW HINSHAW

Hungarian Prime Minister Viktor Orban has built almost unchecked power at home by attacking the European Union as a club of liberal, internationalist elites. Now, he is counting on some of them to protect him from censure by the bloc.

A majority of lawmakers in the European Parliament, the EU's legislative arm, wants member countries to admonish Hungary, as they did last year with Poland, for failing to uphold European legal standards. For the vote to pass on Wednesday, a two-third majority of the 751-strong Parliament is needed.

Whatever the outcome, Mr. Orban is likely to emerge unscathed thanks to his skills in testing the limits of what is acceptable in a Western democracy.

Dubbed the "Trump before Trump" by former White House adviser Steve Bannon, Mr. Orban rose to power by pillorying the EU. But unlike

President Trump, who has lambasted political establishments on both sides of the Atlantic, Mr. Orban over the past decade cultivated ties with Europe's traditional parties. Their support could be pivotal in a vote that will test the EU's authority to check the powers of nationalists.

Mr. Orban will have the chance to defend his government in a speech to the European Parliament on Tuesday, in which he is expected to appeal to some of those supporters, who span members of German Chancellor Angela Merkel's party, British conservatives and Italian lawmakers in the far-right League party.

His government has attacked the vote as a "witch hunt," with government spokesman Laszlo Kovacs on Monday accusing lawmakers of perpetrating lies to punish Hungary for its opposition to liberal migration policies.

The lead drafter of the censure, Judith Sargentini, a Dutch lawmaker from the leftist Greens party, last week said her motion was based on

the findings of many international bodies critical of Mr. Orban. "There is no turning back to a normal functioning democracy in Hungary," she said. To mollify his critics, Mr. Orban is expected to promise he will roll back some measures that sparked ire, such as his government's targeting of universities and NGOs critical of his regime, an EU parliamentary official said.

But even if the vote passes

and the sanctions procedure is triggered, the bloc would struggle to impose sanctions, such as a suspension of voting rights. Mr. Orban has promised to veto sanctions against Poland, which is fighting an EU case against it, so he can count on Warsaw doing the same for him.

Since returning to power in 2010, Mr. Orban has given his party authority over Hungary's courts, media, the central bank

and tax inspectors to build what he has called an "illiberal state" modeled on Russia, China and Turkey. He won a two-thirds majority in parliament in April, in a vote that election observers called free, but not fair.

Mr. Orban blames the EU's political elite, and Ms. Merkel in particular, for allowing a "Muslim invasion" of Europe during the 2015 migration crisis that brought more than one million people fleeing war or seeking a better life into the bloc.

Yet some of those elites still defend Mr. Orban. His Fidesz party belongs to the powerful European People's Party in the European Parliament. The EPP includes Ms. Merkel's Christian Democratic Union and its Bavarian sister party, the Christian Social Union. One EPP official described Mr. Orban as "our most loyal" member, and favorably compared his party with the ruling party in Poland, which isn't affiliated with the EPP and has long shunned answering any questions from Brussels.

"Mr. Orban always knew when to back down and avoid sanctions," the EPP official said.

Tensions within the German government also help Mr. Orban. Ms. Merkel may want to punish him, but the Bavarian CSU—which has pressed the chancellor to take a tougher line on migration—has not only backed Mr. Orban, but has also invited him to speak to their party gatherings.

The party and Ms. Merkel in July barely papered over their differences on immigration to avert the government's collapse. With Bavarian elections set for October, Ms. Merkel and EU lawmakers from the CSU are unlikely to test their fragile alliance so soon, according to two EU officials.

Still, pressure is mounting on the EPP to take a stand: French President Emmanuel Macron, who isn't affiliated with any pan-EU party, said last week that the EPP couldn't support both Ms. Merkel and Mr. Orban and should "clarify its position."



SZILARD KOSZTOLCSAK/EPA/SHUTTERSTOCK

Prime Minister Orban, center, whose party yields expansive power.

and tax inspectors to build what he has called an "illiberal state" modeled on Russia, China and Turkey. He won a two-thirds majority in parliament in April, in a vote that election observers called free, but not fair.

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WORLD NEWS

China Joins Russian Drills as Ties Deepen

The exercises will take place as both countries' relations with the U.S. show strains

BY THOMAS GROVE
AND JEREMY PAGE

Chinese and Russian troops begin joint maneuvers Tuesday, marking the first time Moscow has invited a country outside a tight circle of former Soviet allies to its largest annual exercises and offering Chinese generals rare and valuable experience training outside their country's borders.

The five days of drills in Russia's far east, near the Chinese border, are also meant to demonstrate the extent to which the two sides are moving beyond symbolic displays of force to coordinate weapons systems and command structures. Washington says the two countries have developed capabilities that could test U.S. military dominance in times of crisis.

The military relationship between Beijing and Moscow has gathered pace in the past few years as both countries have seen their relations with Washington deteriorate. Both countries are undergoing intense military modernization and reform, and Chinese President Xi Jinping wants to turn his armed forces into a more expeditionary fighting force.

"Their exercises with Russia give them access to much-needed foreign experience that is crucial if Beijing wants to establish an internationally capable fighting force," said Vasily Kashin, an expert of Russian-Chinese relations and senior researcher at the Moscow-based Higher School of Economics.

The North Atlantic Treaty Organization, which warily watched last year's Russian military exercises along its Eu-



Valery Gerasimov, chief of the Russian General Staff, second from left, on Sept. 6 briefs diplomats on military maneuvers set for Tuesday.

ropean border, said the exercise with China follows a pattern of more assertive Russian behavior flaunting its multibillion-dollar military modernization.

For Chinese military commanders, the exercises will grant insight not only into how Russia plans for large-scale conflict, but also into how to extend logistical and supply chains. At a monthly news conference on Aug. 30, China's defense ministry spokesman Senior Col. Wu Qian displayed a map showing how 3,200 Chinese troops, 900 pieces of weaponry and 30 fixed-wing aircraft joining the

drills were being transported across the Russian border by rail, road and air.

"They need this kind of experience if they want to move beyond their own backyard," Mr. Kashin said.

Russia and China have participated in joint maneuvers before. But this is the first time Beijing has been invited to take part in Russia's annual strategic exercises that provide training for large-scale conflict.

Part of the exercise will focus on practicing anti-access capabilities, which both Russia and China have successfully developed within their own

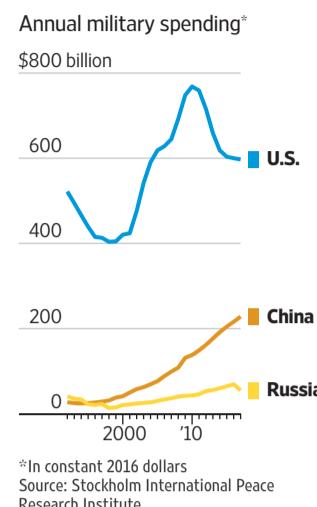
spheres of interest, according to analysts, causing unease in Washington.

"The exercise is an opportunity to prepare for a range of large-scale war and crisis scenarios," said Clint Reach, a policy analyst who focuses on Russian military issues at Rand Corp., a think tank. "The focus is on the Pacific theater for contingencies, in North Korea, for example. But the capabilities tested could apply to a conflict with the West."

The White House warned in its national security strategy last year that the two countries are working on how to use weapons such as antiaircraft and antiship missiles to "deny America access in times of crisis and to contest our ability to operate freely in critical commercial zones during peacetime."

The Chinese forces participating in maneuvers are from the People's Liberation Army's Northern Theater Command, responsible for North Korean contingencies among other things. It is one of five such regional commands created in 2016 as part of Mr. Xi's military reforms in an effort to better prepare the Chinese military for external threats.

Call to Arms



*In constant 2016 dollars
Source: Stockholm International Peace Research Institute

THE WALL STREET JOURNAL.

Training exercises last year brought Chinese and Russian air defense teams together in which they distributed targets and destroyed them in real time. In other operations, Chinese aircraft landed on Russian naval vessels and vice versa. Additional naval exercises included simulations of Russian warships defending Chinese installations, and Chinese ships protecting Russian vessels, Mr. Kashin said.

Beijing and Moscow enjoyed close ties in the early 1950s but fell out later that decade and fought several weeks of border skirmishes in 1969, not far from the site of this week's exercises.

Russian President Vladimir Putin and Mr. Xi are due to meet at an economic forum in Vladivostok during the exercises, where the two leaders are expected to talk about various aspects of their relationship.

Russian Defense Minister Sergei Shoigu has compared the exercises with the Soviet Union's 1981 exercises Zapad, or West, underscoring current tensions with the West.

White House Seeks New Talks With Kim

BY REBECCA BALLHAUS

Mike Pompeo's trip to North Korea as the two sides struggled to find common ground over opposing demands.

North Korea says it is the U.S.'s turn to make the next concession and sign a declaration signaling its intent to formally end the 1950-53 Korean War, which ended in an armistice.

The U.S. says it needs to see more moves by Pyongyang toward denuclearization.

After a meeting in Pyongyang in June, North Korea's foreign ministry criticized Mr. Pompeo's negotiating strategy as "gangster-like," and in early August, North Korean delegates refused to meet with the secretary of state.

But as progress has proven elusive at lower levels, Messrs. Trump and Kim have maintained friendly personal ties.

A South Korean delegation that traveled to Pyongyang for talks last week reported that Mr. Kim went out of his way to praise Mr. Trump and expressed optimism that the two leaders could work through the diplomatic standstill.

Notably, a military parade in North Korea on Sunday didn't include an expected display of nuclear weaponry, which had threatened to raise tensions.

"Thank you To Chairman Kim. We will both prove everyone wrong!" the president wrote on Twitter after the parade.

Agreement Would Aid Sea Claims

Continued from Page One

China hasn't complied with the decision. After a visit to Beijing in late August, Philippine Foreign Secretary Alan Peter Cayetano said both sides would "set aside the issue of our claims" to break the logjam.

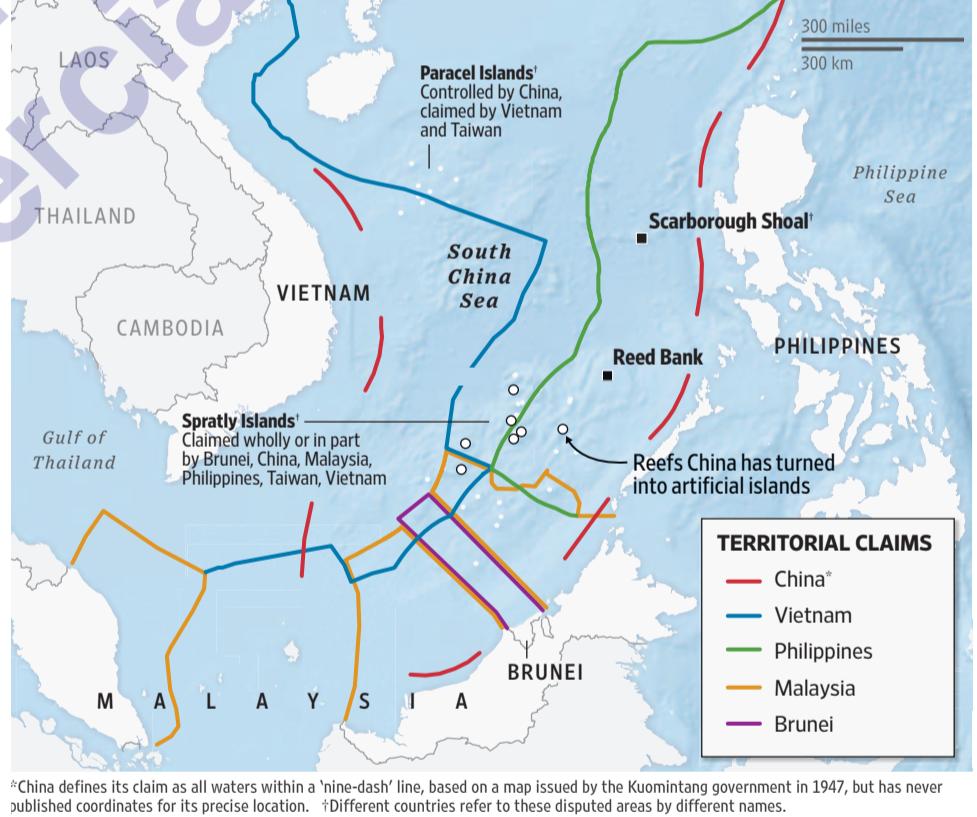
Philippine officials said the two governments are working on a legal framework with an eye toward an expected visit by President Xi Jinping of China in November. China's foreign ministry said in a statement that the leaders of both sides "have reached an important consensus on properly handling the South China Sea issue, including commitment to pragmatic cooperation and joint development," adding that such cooperation wouldn't affect either side's legal position on the dispute.

Arguments over the proposed pact capture the dilemma smaller countries in the region face as China asserts its military, diplomatic and economic clout, with U.S. policies falling short. Officials in Manila said they see few alternatives to working with China, even if that means entrenching Beijing's influence.

On Tuesday, Chinese and Russian troops begin five days of joint maneuvers in Russia's far east, near the Chinese border, demonstrating the extent to which the two sides are moving beyond symbolic displays of force to coordinate weapons systems and command structures. Washington said the two countries have developed capabilities that could test U.S. military dominance in times of crisis.

"We just have to make a good situation out of a bad situation by dealing with China," Philippine Defense Minister Delfin Lorenzana said in an interview in June. On the tribunal decision, he said: "Should we wave it in the face of Xi Jinping and say, 'Follow this?' There is a giant there that will not honor the ruling. What can you do?"

Mr. Lorenzana said China had the power to punish the Philippines by restricting trade and tourism, sealing off fishing grounds used by Filipinos and harassing military resupply vessels. The Philippine military



*China defines its claim as all waters within a 'nine-dash' line, based on a map issued by the Kuomintang government in 1947, but has never published coordinates for its precise location. †Different countries refer to these disputed areas by different names.

Source: Center for Strategic and International Studies (claim boundaries)

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wasn't equipped to deter Chinese encroachment, he said, adding: "Now it's too late in the game. They're already there."

Under Mr. Xi's leadership, China constructed fortified artificial islands close to the Philippines. This year, it deployed antisubmarine cruise missiles, surface-to-air missiles and jamming equipment on them.

At the same time, Beijing has offered billions of dollars in infrastructure investment to the Philippines, effectively muting one of the strongest voices against its assertive stance. Mr. Duterte has played down maritime disputes, while pulling away from the U.S. and moving slowly on implementing a 2014 defense pact.

Lawmakers, officials and analysts in Manila said the Philippines can't rely on Washington, its longtime military ally, when faced with Chinese pressure. They pointed to Washington's refusal to clarify whether the countries' Mutual Defense Treaty would apply to an attack on Philippine troops or vessels in the South China Sea.

U.S. officials have expressed commitment to the alliance, but stopped short of specific guarantees. Mr. Lorenzana said the U.S.'s interest in the South China Sea appeared limited to maintaining freedom of navigation.

The Philippines is running

out of time. A third of the electricity supply for its main island of Luzon comes from the Malampaya gas field, which will run out within a decade. Exploration would need to begin now, experts said.

For China, Mr. Duterte's desire for closer economic ties presents a crucial deal-making window. Mr. Duterte must leave office in 2022 under term limits.

Beijing has long recommended joint development. In 2011, a survey ship hired by Forum Energy PLC, a 70%-owned

because of the dispute, a person involved said. Today, the risks for major international companies are higher. "How do you get into an area where there are built-up defense installations?" the person said. "China has positioned itself very strongly."

The Duterte administration is navigating tricky legal and political terrain. Justice Antonio T. Carpio, a senior Supreme Court judge and advocate for a tough China policy, said that for a joint project to comply with the constitution, it would have to be subject to Philippine laws and taxes.

The solution, Mr. Carpio said, would be a deal that offered China about half the gas or proceeds from the gas, but no sovereign rights. In practical terms, he said, the Philippines would contract a Chinese state-owned company and split the output or profit. China would then be able to apply this template to "extract concessions" across the South China Sea and block out Western oil companies like Exxon Mobil, he said.

"China is using the nine-dash line to bully us into giving up half of our resources," Mr. Carpio said. "They'll get what they want."

Kersten Zhang and Jeremy Page in Beijing, and Thomas Grove in Moscow contributed to this article.



North Korean leader Kim Jong Un, center, sent a letter to President Trump requesting another meeting, the U.S. said.

FROM PAGE ONE

Running For Office Gets Stinky

Continued from Page One
campaign trail.

Mr. O'Rourke, the Texas Democrat challenging Republican Sen. Ted Cruz, has held about 20 running events. Mr. Maloney asked his colleague what he should know. "The element of failure is part of the strategy," Mr. O'Rourke told him.

"You might fall flat on your face. Someone might yell at you for 5 miles," Mr. Maloney later explained. "You might get attacked by geese."

As the running group headed north on the Hudson River path, bicyclists whizzed by. One biker nearly clipped the elbows of the joggers.

A gaggle of geese seemed to appear out of nowhere. The

big birds strutted on the path, forcing some runners to stop or veer around them.

Halfway through the 3-mile run, Mr. Maloney, wearing a sweaty "I [heart] NY" T-shirt, stood on a rock and gathered the group. He could barely deliver his campaign pitch over the thrum of commuters on the Henry Hudson Parkway.

"It's going to be hard to talk because of noise," Mr. Maloney said to the group.

The running campaign hasn't been easy on Mr. Maloney's staff. Ben Baum, the Maloney campaign's deputy finance director, challenged a colleague to a 100-meter sprint in Syracuse, N.Y. Mr. Baum, 24, won. Then he threw up.

Mr. Baum feels he earned respect. "As the youngest staff member, it's in short supply," he said.

Mr. Maloney said the morning runs foster a more intimate connection with voters than speeches in a high-school gym over doughnuts and coffee. "There's some-

thing magic about it," Mr. Maloney said.

It could also be all the sweat, or being outdoors, away from the political noise on TV and online. On one humid early morning, temperatures had already reached 80 degrees, heading for a high near 90.

During a run in the Bronx's Van Cortlandt Park, two people were at odds over bail reform. One, a young black man, said he had spent more than 2 years in jail awaiting trial as a teenager.

"I missed out on that whole chunk of my life," said the man, who now works for a nonprofit that helps people pay bail. "I could have graduated high school, maybe even entered college."

The second runner, an older white man in bright red shorts, was skeptical. Bail is there for a reason, he said. "What alternatives are there to assure that an indicted person shows up?"

Mr. Maloney listened and later told the first man it was



U.S. Rep. Sean Patrick Maloney, a Democrat, is running for state attorney general in New York.

STEVE REMICH FOR THE WALL STREET JOURNAL

"awesome" he's taking college classes.

The congressman usually showers in a nearby gym before heading to his next campaign stop. He has used Febreeze to help mask the odor of stinky running gear in his car.

After the run along the

Hudson, Mr. Maloney headed to a town hall appearance at Orwashers, a bakery in Manhattan.

This time, his campaign schedule didn't allow much time to freshen up.

His staffers, in workout gear, sat among freshly bathed

voters at sidewalk tables and spilled out toward the curb.

"Do you have aspirations higher than this?" a woman asked toward the end of Mr. Maloney's talk.

The congressman paused and then declared, "I'm going to take a shower."

CBS Board Warned of Accusation

Continued from Page One
legations against Mr. Moonves was weakened by the corporate infighting that made both sides suspicious of each other, according to people familiar with the battle. That hampered CBS's ability to take seriously and vet rumors about wrongdoing by Mr. Moonves. Both sides dug in, instead of working together to remove a risk that threatened all parties.

Ms. Redstone emerges with much of what she wanted after the bruising fights. She will retain her family's voting control; she was able to select six new independent directors for CBS's board, fulfilling a longstanding goal of injecting new blood into the governing body; and she removes Mr. Moonves, her main antagonist who had resisted a merger of CBS and Viacom. She also agreed, however, not to press for a merger for at least two years.

COO Joseph Ianniello takes over as acting chief executive as the board searches for a permanent successor.

Big deals

Ms. Redstone will likely be held to account for how CBS's story plays out from here. Rival media companies have pursued big-ticket deals to compete with tech giants in a rapidly changing TV industry, such as Netflix Inc. and Alphabet Inc.'s Google TV. CBS can't be on the sidelines for long, many Wall Street analysts believe.

For Mr. Moonves, his exit in disgrace wasn't the script he had been planning. The 68-year-old executive was entering the sunset of his career with a legacy that was the envy of any media titan, having risen from a struggling actor to become one of Hollywood's most powerful and wealthy executives. He was a corporate-turnaround artist who revived the network with hits such as "Everybody Loves Raymond," "NCIS," "Survivor" and "The Big Bang Theory," while lessening the company's dependence on advertising revenue.

The size of Mr. Moonves's exit package will be subject to the findings of the board's investigation into his alleged misconduct. According to a public filing Monday, he could get \$120 million or nothing, depending upon what the investigation finds, and CBS is expected to keep the probe's results confidential.

The saga that unfolded this year bore the hallmarks of many other dramas the Redstone family has been involved in over the years—with litigation, threats, boardroom maneuvers and big names heading for the exits.

In the fall, a woman filed a criminal complaint with the Los Angeles Police Department claiming Mr. Moonves had forced her to perform oral sex on him in the 1980s. Mr. Moonves disclosed the existence of this complaint, which was dismissed for having passed the statute of limitations, to members of CBS's nomination and governance committee in January.

By that time Ms. Redstone, who had picked up buzz about Mr. Moonves while at the annual Consumer Electronics



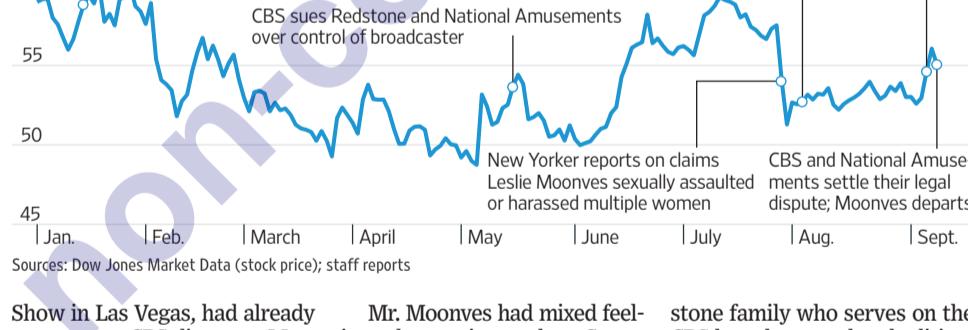
DREW ANGERER/GETTY IMAGES

Les Moonves, shown in July in Sun Valley, Idaho, faced new allegations of sexual harassment.

Plot Twists

CBS shares have been buffeted by the fight with National Amusements and sexual-harassment claims against the CEO.

\$65 a share



Show in Las Vegas, had already gone to two CBS directors, Martha Minow and Bruce Gordon, urging them to investigate Mr. Moonves's past. The full board, including Ms. Redstone and her allies, wasn't alerted about the Los Angeles complaint, according to people familiar with the matter.

By April, the rumors about a forthcoming New Yorker story detailing allegations against Mr. Moonves reached such a fever pitch that the CBS board called an emergency meeting on a Sunday to plot out what they would do if the allegations were serious enough to merit suspending him, the people said.

When CBS discovered that Mr. Moonves wasn't in fact the subject of that particular New Yorker article, the meeting was canceled.

Board factions

Relations between the various board factions were worsening, which inhibited an open discussion of the Moonves rumors, say people familiar with the board's deliberations.

Mr. Gordon, Ms. Minow and three other CBS directors sued Ms. Redstone and her family holding company in May, seeking to block a merger with Viacom and dilute her family's overwhelming voting control of CBS—a stunning maneuver that several lawyers close to the situation referred to as the "nuclear option."

Mr. Moonves had mixed feelings about going nuclear. Correspondence that emerged during litigation revealed that, right up until the day that CBS and the five directors filed their surprise lawsuit, Mr. Moonves, who wasn't a plaintiff in the suit, expressed reservations, according to people familiar with it.

On several occasions, he was urged to come around by his close lieutenants and board allies, including CBS Chief Communications Officer Gil Schwartz, then-COO Mr. Ianniello and Mr. Gordon.

In early July, shortly before Mr. Moonves and Ms. Redstone were both scheduled to appear at Allen & Co.'s annual media conference in Sun Valley, Idaho, Mr. Moonves called her in, a move that opened the door to settlement talks, according to people familiar with the matter.

While Mr. Moonves's initial intention was simply to ensure the conference wouldn't be too uncomfortable—they managed to time their goings and comings from the Sun Valley Lodge so their paths never crossed—the gesture of good faith was followed up by Michael Aiello, a lawyer at Weil, Gotshal who was representing the CBS independent directors.

By mid-July talks were under way to settle the litigation between CBS and its controlling shareholder, according to people familiar with the matter. Mr. Aiello negotiated with Rob Klieger, a lawyer for the Red-

stone family who serves on the CBS board, to resolve the litigation.

Had these talks resulted in a settlement quickly, Mr. Moonves would likely have walked away with an exit package much closer to the more than \$180 million his contract stipulated, the people said.

A source close to Mr. Moonves said there were no serious settlement talks until weeks later.

The New Yorker's article, published online on July 27, changed the calculus considerably. The CBS board formed a special committee that retained two law firms to investigate the allegations in the article. A sec-

tive man in a vengeful vindictive town," said Mr. Hill.

When the CBS affiliate in Indianapolis was nearing the end of its deal with the network in 2014, Mr. Moonves wanted to extract a huge increase in payments from the station that it could then use as precedent for other deals. Mr. Moonves met the top executive of the station owner, LIN Broadcasting, at the Masters Tournament to talk about the deal. Mr. Moonves told him that if he didn't agree, he would strip the affiliation, according to a person familiar with the meeting. LIN said no, and CBS cut ties with the station.

Mr. Moonves had romantic relationships with multiple senior and junior CBS staffers over the years, that, while consensual, made other executives uncomfortable and led some women to feel the company had a misogynistic culture, former executives say.

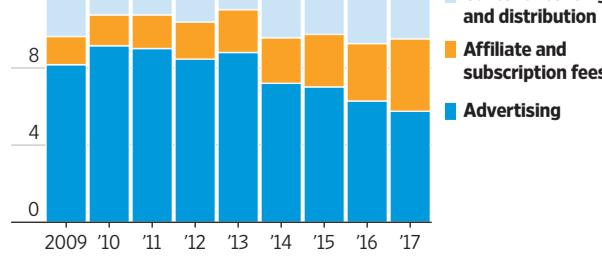
Several female former executives say women at CBS were given a hard time for getting pregnant, expected to take notes at meetings and excluded from other key meetings by their male peers and bosses. When they went to human resources to complain, the women said, they were ignored.

"You knew that if you complained, you wouldn't win, and you potentially get voted off the island and then never work in the town again," said one female former CBS executive.

Shift in the Mix

Under CEO Leslie Moonves, CBS reduced its dependence on advertising revenue and grew subscription and licensing fees.

CBS revenue, by segment



Source: the company

THE WALL STREET JOURNAL.

GREATER NEW YORK

Breakaway Democrats Face Challengers

BY MELANIE GRAYCE WEST

New York's primaries on Thursday will be a day of reckoning for a group of Democratic state senators who in recent years had formed a

ELECTION 2018
coalition and sided with Republicans, giving control of their chamber to the GOP.

The eight members of the Independent Democratic Conference, which was founded in 2011 and disbanded in April 2018, are fac-

ing primary challenges from opponents who are in some cases touting their own progressive bona fides, while pledging to stick with mainline Democrats.

Though the challengers might bring upstart energy, they have raised less money than the incumbents.

An analysis of data from the New York State Board of Elections from Jan. 1, 2017, to Sept. 1, 2018, shows that the eight main challengers have raised roughly 35% of what incumbents have brought in.

Still, in six of the eight races, the challengers have attracted more individual donors.

Douglas Muzzio, a public affairs professor at Baruch College in Manhattan, calls this the "enthusiasm gap," which has been occurring across the country, including in the June Democratic congressional primary race where Alexandria Ocasio-Cortez ousted Rep. Joseph Crowley, the 10-term in-

cumbent who represents parts of the Bronx and Queens.

The challengers to the former IDC politicians, Mr. Muzzio said, "have chances in essentially all the districts," with the exception of Jasmine Robinson, who is taking on state Sen. Diane Savino. Ms. Savino is popular with her Staten Island constituents and has significantly more cam-

paign funds than Ms. Robinson.

At the same time, these are hyperlocal races that rely on get-out-the-vote tactics, Mr. Muzzio said, adding most voters don't necessarily understand or care about an incum-

bent being part of the now-defunct IDC.

Still, he said, "It's all very



Alessandra Biaggi is running against incumbent state Sen. Jeffrey D. Klein, who represents parts of the Bronx and Westchester.



STEVE REMICH FOR THE WALL STREET JOURNAL

interesting because of this national dynamic."

Among those facing a primary challenge is Sen. Jeffrey D. Klein, who represents parts of the Bronx and Westchester County, and who led the IDC.

His challenger, 32-year-old Alessandra Biaggi, has racked up endorsements from a number of labor unions, progressive groups and other public officials, including U.S. Sen. Kirsten Gillibrand, a Democrat.

Mr. Klein, 58 years old, has received endorsements from la-

bor groups and has the support

of state Senate Democratic Conference Leader Andrea Stewart-Cousins, who represents parts of Westchester County.

Ms. Stewart-Cousins is backing all of the breakaway Democrats facing a primary, which also include former IDC members Jose Peralta, Tony Avella, David Carlucci, Jesse Hamilton and David Valesky.

"We've got people and momentum, he has got a pile of special-interest money," Ms. Biaggi's campaign said of Mr. Klein.

The Biaggi campaign said it

has hundreds of volunteers and union members knocking on doors and calling voters before the primary.

A spokeswoman for Mr. Klein's campaign, Barbara Brancaccio, said the senator has overwhelming support from Bronx Democratic leaders and local residents "because he has shown up, solved real problems, passed unprecedented legislation and delivered critical resources for his community."

Ms. Biaggi "is a latecomer to the 34th District, as are her supporters," Ms. Brancaccio said.

In Upper Manhattan, state Sen. Marisol Alcantara, 45, is facing a challenge from Robert Jackson, 67. Ms. Alcantara won her seat in 2016 in a tight four-way race—some 500 votes separated Ms. Alcantara from Mr. Jackson. Micah Lasher, who finished second in 2016, has endorsed Mr. Jackson.

Mr. Jackson has raised less than Ms. Alcantara, but enjoys name recognition in the neighborhood as a former member of the New York City Council.

He has secured endorsements from other Democrats, includ-

ing U.S. Rep. Carolyn Maloney

and New York City Council Speaker Corey Johnson.

A spokesman for Mr. Jackson's campaign said this area of Manhattan is traditionally progressive and voters are "disgusted to have a Senator that enabled Republicans."

Ms. Alcantara has secured endorsements from the city's major unions, including District Council 37, which represents public employees, the New York State Nurses Association and the Uniformed Fire-fighters Association.

Ms. Alcantara's campaign manager, Marvin Holland, said Mr. Jackson is supported by the establishment in Manhattan, adding that he has run "for every office that's out there."

Michael Oliva, a spokesman for Ms. Alcantara's campaign, said voters always are asking political leaders to work with the other side.

"We have a situation where some of them did," Mr. Oliva said, "and then people want to come along and purge them from the party."

"Since when did Democrats become the fall-in-line party?" he added.



From left, Letitia James, Sean Patrick Maloney, Leecia Eve and Zephyr Teachout during a recent debate for New York attorney general.

New York AG's Race Is Tightening

BY CORINNE RAMEY

The race for New York attorney general remains up for grabs, with three of the four Democratic candidates neck-and-neck and nearly one-third of voters still undecided in advance of this week's primary, a new poll shows.

In a Siena College poll released Monday, 25% of likely Democratic voters said they would choose Rep. Sean Patrick Maloney, who represents portions of the Hudson Valley;

24% would pick Letitia James, New York City's public advocate; and 18% would vote for Zephyr Teachout, a Fordham University law professor. Lee-

cia Eve, a Verizon executive, had the support of 3% of likely Democratic voters.

"[The race] comes down to two issues: Who can bring undecided voters into their column and which campaign does a better job of turning out its supporters," Steven Greenberg, a pollster at Siena Col-

lege, said in a statement.

The poll shows an improved position for Mr. Maloney, who trailed Ms. James in a Siena poll released July 31.

It also shows voter preferences may be different from what the candidates themselves have perceived: During recent debates, Mr. Maloney, Ms. James and Ms. Eve ap-

peared to view Ms. Teachout as the front-runner and dis-

proportionately attacked her

more than one another.

Still, despite the candidates'

last-minute pushes, many New

Yorkers appear unaware of the race.

In a highly unscientific survey of 10 New Yorkers in Midtown Manhattan, most either didn't know there was an attorney general race or were only vaguely aware of the names of the candidates.

Susan Keappock, who works on Broadway, said the people running for attorney general included "Letitia Jones"—she was close—and Jumaane Williams,

who is actually running for lieutenant governor. Ms. Keappock,

who lives in Queens, said she plans to consult an online voter guide before casting her ballot on Thursday.

When asked who was run-

ning, Jessie Scott, a 38-year-

old security guard who lives in the Bronx, said, "I have no

idea, really." Mr. Scott said he planned to do some research.

"I'm going to go online, see the commercials."

The four candidates jumped into the race after the abrupt resignation in May of Eric Schneiderman, who had served as attorney general since 2011. Mr. Schneiderman resigned after women accused him of physical abuse, which he has denied.

Barbara Underwood, the state's former solicitor general, is serving as attorney general but isn't running for the post.

The winner of the primary will compete in the general election against Republican Keith Wofford, a lawyer at firm Ropes & Gray LLP, in the Nov. 6 general election.

two-to-one lead in July and now seems poised to overwhelm Nixon," said poll spokesman Steven Greenberg.

"Cuomo has a lead of at least 20 points with every demographic group and leads by at least 30 points in every region of the state."

Ms. Nixon's campaign downplayed the results, noting that polls missed the insurgent victories of Alexandria Ocasio-Cortez over New York Rep. Joe Crowley in June's Democratic congressional primary.

Lauren Hitt, a spokeswoman for Ms. Nixon, said the survey

was taken before a "disastrous" weekend in which Mr. Cuomo drew criticism when his team sent a mail advertisement that implied Ms. Nixon was "silent on the rise of anti-Semitism."

The mailer was sent by the New York State Democratic Committee, which Mr. Cuomo effectively controls.

Ms. Nixon—who noted that she attended Rosh Hashana services on Sunday and whose two oldest children are Jewish—said she was "appalled" and "really angry" at the flier. New York City Mayor Bill de Blasio—a friend and Democratic ally of Ms. Nixon who this weekend declined to make an endorsement in the gubernatorial primary—tweeted that the mailer is "beyond unacceptable" and "downright Trumpian."

At a Sunday news conference, Mr. Cuomo said he "didn't know" about the mailer, but called its wording "inappropriate."

New York State Democratic Committee Executive Director Geoff Berman acknowledged that the mailer was "wrong and inappropriate," and promised he would "work with the Nixon campaign to send out a mailing of their choosing to the same universe of people."

During his upstate swing on Monday, Mr. Cuomo ignored Ms. Nixon and blasted Republican President Trump, with whom he has feuded on tax and immigration policy. Ms. Nixon shook hands with people at the Grand Central Terminal in Manhattan on Monday. "Don't believe the polls...They are not capturing this progressive moment that we are in," she said.

Stuyvesant High School Principal Won't Be Leaving His Job

BY LESLIE BRODY

Stuyvesant High School principal Eric Contreras says he is going to stay in the school's top job after all, reversing his announcement two weeks ago that he would leave for a senior role in New York City's Department of Education.

In a Sept. 7 letter to parents

that was first reported by the online news service Chalkbeat, Mr. Contreras said that "after much deliberation and feed-

back from our community," he would remain at Stuyvesant. He said he was touched by the recent outpouring of gratitude for his work at the high school, and his latest decision was based on his "desire to

stay close to the work with staff, students and families."

In late August, Mr. Contreras said he was taking a job at the New York City Department of Education headquarters, as senior executive director of curriculum, instruction and professional development. In revealing that plan, he said deciding whether to go was difficult,

leaving him "pained and tormented," but as a senior executive he could expand his reach in boosting instruction citywide.

His back-and-forth comes

amid debate about how to admit students to Stuyvesant and seven other specialized high schools. Last month, Mr. Contreras said that issue had nothing to do with his decision after two

years in the job. He couldn't be reached for comment Monday.

A spokesman for the department said it was considering other candidates for the senior executive post.

Mr. Contreras's reversal fol-

lows another public personnel flip-flop for the department this year. In February, Mayor

Bill de Blasio announced that

Alberto Carvalho, superintendent of Miami-Dade County Public Schools, would be the next New York City schools chancellor. But a day after that announcement, Mr. Carvalho shocked City Hall by rejecting the job, saying his decision to remain in Florida came as a result of the Miami community's overwhelming support.

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CONNECTICUT

High-School Student Is Stabbed to Death

A 16-year-old boy was fatally stabbed in Connecticut, and police are searching for a person of interest in the case, officials said Monday.

Justin Brady was stabbed in the front yard of a home in Enfield just after midnight Monday, Police Chief Alaric Fox said. The victim knew the unnamed individual police are seeking in the case, he said.

Justin was a junior at Enfield High School, where he played football and basketball. Enfield High said on Twitter additional counseling staff will be available.

—Associated Press

by longtime federal prosecutor Thomas Eicher, he said. Among the areas the office will target are allegations of civil-rights violations, wrongful convictions and "sensitive matters" for federal, state and local officials, Mr. Grewal said.

—Associated Press

NEW YORK

Tot Shows Trooper Drugs, Police Say

A toddler showed a trooper a bag of marijuana during a traffic stop, resulting in the arrest of the child's mother and the man she was riding with, New York State Police said.

Two troopers stopped a car last week outside Albany and found the butt ends of marijuana cigarettes in the ashtray and a 3-year-old girl who wasn't in a child's car seat, police said.

While one of the troopers questioned the driver, the girl reached under a seat and showed the other trooper a bag of marijuana and a smoking pipe, police said.

The man driving the car and the girl's mother were charged with child endangerment, officials said.

—Associated Press

NEW JERSEY

New Office Created To Probe Corruption

New Jersey Attorney General Gurbir Grewal said Monday that he is setting up an office to fight corruption and build confidence in government.

The new Office of Public Integrity and Accountability will be led

Two Generations Honor 9/11 Hero

BY MENGQI SUN

Joe Downey followed in his father's footsteps to the Fire Department of the City of New York City—and the New York City Marathon.

His dad, FDNY Deputy Chief Raymond M. Downey, was a decorated firefighter who died as a first responder on Sept. 11, 2001, when the north tower at the World Trade Center collapsed. He also was an avid jogger who ran for more than 40 years and competed in four New York City Marathons.

"He continued running up until he was killed," Joe Downey said in an interview last week.

Mr. Downey, 56 years old, is an FDNY battalion chief in rescue operations. When he was growing up in Deer Park, Long Island, he said he and his father would go for runs together. They first raced together in the city marathon in 1981.

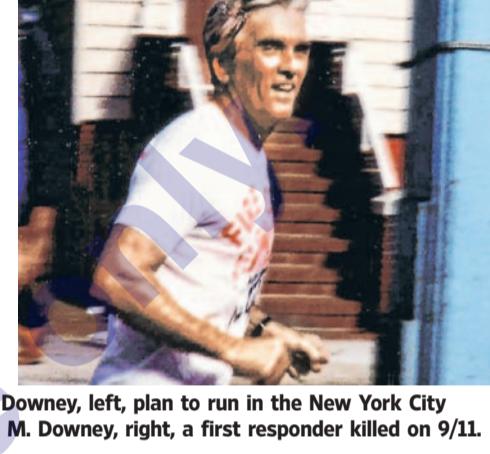
The younger Mr. Downey has participated in a total of six marathons. On Nov. 4, he will compete in his seventh, this time with other family members. He will run with two of his nieces, who are the elder Mr. Downey's granddaughters.

The family said that competing together is a way to honor the late Mr. Downey, who was 63 when he died 17 years ago Tuesday. They plan to wear shirts with his name and an FDNY-related logo that they designed.

"It's been 17 years since 9/11. Many people forget what happened that day," Mr. Downey said. "We want to keep his legacy a bit longer, so people remember him."

An expert in rescue operations, the elder Mr. Downey directed the recovery efforts at the World Trade Center bombing in 1993 and assisted in the recovery after the 1995 Oklahoma City bombing. The FDNY said he was honored for his bravery more than a dozen times.

Besides his work as a first responder, he loved sports, especially hockey and running, his son said. His family shared this passion—his five children and 15 grandchildren all play



Nikki and Gina Tortorici, top, and their uncle Joe Downey, left, plan to run in the New York City Marathon to honor FDNY Deputy Chief Raymond M. Downey, right, a first responder killed on 9/11.

sports and run. This year's city marathon will be the first for granddaughters Gina and Nikki Tortorici.

Nikki Tortorici, 23, said she got into long-distance running two years ago. She has so far competed in several 5-kilometer and 10-kilometer races and

three half-marathons. Her grandfather's racing history motivated her to run a marathon.

"If my grandpa can do it four times, I have to at least do it once," she said.

Her sister Gina Tortorici, 25, said they had been planning to run a marathon, but

the idea of competing in memory of their grandfather has given them "a little extra push" to start training.

"Running really has brought not only my family closer, in terms of physically being together, it's such a mental force," she said.

14th ANNUAL

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CLOCKWISE FROM TOP: CARLO ALLEGRI/REUTERS; GINA TORTORICI (2); DOWNEY FAMILY

LIFE & ARTS



Robert Kiltz, below, the owner of CNY Fertility Center, says low IVF prices open the door to more families.

YOUR HEALTH | By Sumathi Reddy

The Fertility Clinic That Cut IVF Prices

The women in the waiting area come from as far as North Carolina and Michigan. Employees usher them into rooms decorated in earth tones. Elevator music plays and the beds are warmed.

The stirrups are the only sign that this isn't a spa.

CNY Fertility Center is one of the busiest fertility clinics in the country, with four locations in Upstate New York and another soon to open in Atlanta. It's also among the most affordable.

CNY is part of a small number of fertility clinics that charge a fraction of what other clinics do for in vitro fertilization (IVF). Doctors at these clinics argue that a high-volume, low-cost fertility program can make money, help start new families and open the market to people who otherwise couldn't afford IVF. Insurance usually doesn't fully cover these types of procedures.

Cost is a huge issue when it comes to who can access fertility treatments. "Fertility patients want options," says Jake Anderson, a former venture capital partner who co-founded FertilityIQ, a San Francisco-based website that lets patients evaluate IVF clinics.

"For years we thought there had to be trade-offs between price, volume and quality, but maybe we've been wrong all along."

Robert Kiltz, the 62-year-old owner and director of the fertility clinic, says CNY charges \$3,900 for one cycle of IVF. That's about a third of the national average cost.

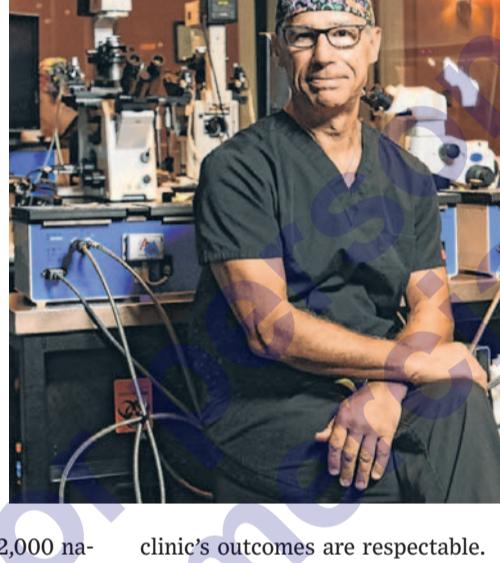
CNY patients must also pay for medications, monitoring and sometimes a frozen embryo transfer, bringing the total average cost to about \$8,000 a cycle. That compares with a U.S. average of \$20,700, as calculated by FertilityIQ, which has verified patient reviews of more than 400 fertility clinics. Its data come from more than 10,000 patients who have had IVF performed over the past 18 months.

The more than 190 IVF patients at CNY report a household income of \$85,000 a year, compared with \$182,000 nationally, according to FertilityIQ. Nearly 20% earn less than \$50,000 a year, compared with just 4% nationally.

CNY's birthrates, as reported to the Society for Assisted Reproductive Technology, a national organization of fertility specialists, are in line with national average by most accounts. In some age groups they are below average.

Dr. Kiltz says CNY has been profitable every year since its 1997 opening. Business has grown roughly 20% to 30% a year in recent years. "I believe we are opening up the market and making it more accessible and affordable to more people who don't have access where they're at," Dr. Kiltz says.

Many outside experts say the



clinic's outcomes are respectable.

"He's got very effective pregnancy rates for basically half the cost," says David Adamson, a past president of the American Society for Reproductive Medicine and CEO of ARC Fertility, a national network of fertility clinics.

Dr. Kiltz says patients have few barriers at his clinics. Some clinics restrict fertility treatments if women are obese or too old or have a lot of previous failed cycles. He will take most anyone.

"Who deserves to have a baby? I don't have any restrictions," he says.

Not everyone agrees with that philosophy.

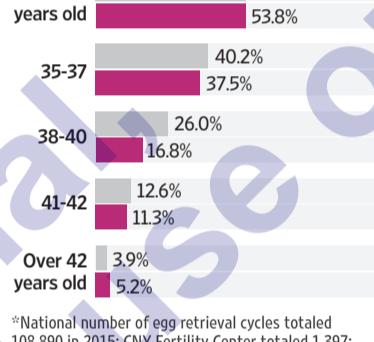
"Most fertility centers draw lines around people that they think intervention is futile based

How CNY Stacks Up

CNY Fertility Center's success rates by age compared to national averages.

Percentage of live births per egg retrieval cycle in 2015*

National average CNY Fertility Center



*National number of egg retrieval cycles totaled 108,890 in 2015; CNY Fertility Center totaled 1,397; includes fresh and frozen embryos from a patient's own eggs.

Source: Society for Assisted Reproductive Technology

THE WALL STREET JOURNAL.

on age or hormone measures or other tests that make them say you don't have the biology to become pregnant," says Arthur Caplan, head of medical ethics at NYU School of Medicine.

Though there are no age cutoff guidelines for fertility clinics, Dr. Caplan has advocated a limit of 60 for single parents. "You want to protect the child's best interest," Dr. Caplan says.

CNY has had one medical malpractice judgment against it in its 20-year history. A couple sued the clinic, Dr. Kiltz and another doctor there for breach of contract, medical malpractice and negligence.

Donald W. Boyajian, the attorney representing the couple, says the suit revolved around the clinic's failure to screen an egg donor for genetic diseases. The couple had a daughter born with cystic fibrosis six years ago after using an egg donor for IVF at CNY. A jury issued a verdict in 2016 awarding the couple \$8.2 million in damages and interest. CNY's spokesman declined to discuss the case because the verdict

is under appeal.

While CNY is among the longest-established low-cost, high-volume clinics, at least two others have similar models. In Colorado, High Quality Affordable fertility centers charges \$5,800 for an IVF cycle, or about \$9,000 to \$10,000 all-included.

In Arizona, Mark Amols says he started an affordable fertility clinic after experiencing firsthand how unaffordable treatments are. He and his wife spent close to \$20,000 on fertility treatments 11 years ago. Dr. Paul Magarelli, medical director and CEO of High Quality Affordable centers, helped Dr. Amols when he started New Direction Fertility Centers in Gilbert, Ariz., three years ago.

When he opened in 2015 he decided to charge patients \$4,800 for a cycle of IVF, plus the cost of medications. High-volume clinics have more purchasing power and can negotiate better prices for materials and equipment, he says.

CNY patients gave the clinic a 2.5 out of 5 for how frequently they see a doctor, which is a low score, Mr. Anderson says. Dr. Kiltz acknowledges that he may have fewer reproductive endocrinologists on staff than other clinics. Nurse practitioners consult with and monitor women trying to get pregnant. "Some people might not like that model," he says.

Norbert Gleicher, medical director and chief scientist at the Center for Human Reproduction in Manhattan, says of Dr. Kiltz, "He's running a very tight ship. He's doing a ton of cycles with a few physicians. So he's delegating a lot of stuff to non-physician staff." (Dr. Gleicher and Dr. Kiltz have no business relationship.)

At Dr. Gleicher's clinic, three reproductive endocrinologists oversee about 800 IVF cycles a year. Last year CNY had five REs and oversaw roughly 2,500 cycles.

CNY's flagship Syracuse clinic takes up 20,000 square feet. Most of the clinics also have a spa.

About three years ago the clinic started offering payment plans and in-house financing. More than half of CNY's patients end up with a one-to-two-year payment plan, for which they are charged a monthly \$40 administrative fee.

Dr. Kiltz's patients give CNY high ratings. It has an average ranking of 9.3 out of 10 with 193 reviews, placing it in the top 5% of clinics nationally, according to FertilityIQ. The average clinic on the site has a 7.4 rating.

Melissa Randazzo, a 32-year-old Michigan resident, paid nearly \$25,000 to a local fertility clinic seven years ago to have her now-5-year-old daughter. She knew her family couldn't afford that again. Through some research she found CNY. After two transfers, she had twin girls, Violet and Izabel, now 8 months old. The Randazzos used a two-year payment plan to pay for the IVF, spending a total of about \$7,500, plus \$1,000 in travel costs.

Ms. Randazzo, who runs a jewelry business from home, says of Dr. Kiltz, "I know he's busy and I know he has a million patients, but when he came in the room, it was like we were the only people he was seeing that day."

—Jim Oberman contributed to this article.

FILM

IN THIS MOVIE, A KEY PLAYER PIPES UP

BY DARRYN KING

ONE OF THE STARS of Universal's fantasy movie "The House With a Clock in Its Walls," coming out on Sept. 20, has a storied Hollywood history. The veteran performer has played a role in such films as "Empire of the Sun," 1959's "Journey to the Center of the Earth," "The Abyss" and "Die Hard."

It is a Wurlitzer Opus 1967 pipe organ, whose commanding tones run through the new movie.

"It just takes you back in time," says director Eli Roth.

The Wurlitzer is the striking new centerpiece in the personal studio of Los Angeles-based, Emmy-nominated composer Nathan Barr. Mr. Barr has a long connection with the horror genre, including composing the scores for two "Hostel" movies and "Cabin Fever," also directed by Mr. Roth.

Originally designed to accompany screenings in the silent film era, the instrument comprises 1,363 pipes—some as small as 1½ inches, others as tall as 16 feet.

Mr. Barr, 45 years old, has been



'It's a living, breathing thing,' Nathan Barr says of the newly restored pipe organ he used to compose the music for 'The House With a Clock in Its Walls.'

fascinated with pipe organs ever since he was a child. "The idea that there were pipes up in another room that I was controlling with wind just blew my mind," he says. Today, hearing his own Wurlitzer in full flight is "literally hair-raising."

For the cinematically minded,

the more memorable uses of pipe organ in recent years was in Hans Zimmer's score for "Interstellar," where the sound conveys the terror and majesty of space.

"In the last hundred years, it's oftentimes been used to evoke something gothic or something spiritual," says Mr. Barr, "but also some sort of grand moment, where the music wants to communicate to the audience that something bigger than life is happening. I think the organ is a natural place to go in those moments."

Mr. Barr became interested in acquiring a pipe organ of his own while working on the Netflix horror series "Hemlock Grove." The instrument he found had resided in Fox Studios' scoring stage since 1928.

By the time Mr. Barr came across the instrument, it had seen grander days. In 1998, the organ was disassembled and loaded into crates, spending the next 15 years in the workshop of the Crome Organ Company in Reno, Nev.

The restoration process took four years. "I like the analogy of restoring a classic car," says Lyn Larsen, a member of the five-per-

son restoration team. "If you've ever seen the process, you know that in all of the early phases of restoration, the object looks less and less like a car and more like an unwieldy and large pile of parts. Then slowly and eventually, the gleaming and spectacular end project emerges."

As soon as organist Mark Herman, who plays the instrument in "The House With a Clock in Its Walls," played a few notes, he could tell it was a special instrument. "It is truly a musical powerhouse," he says.

Mr. Barr's resurrection of a nearly century-old instrument is unusual in a time in which relatively inexpensive synthesized sounds are more common in TV and film soundtracks. Would anyone have noticed if he simply used computer-generated organ sounds?

Definitely, Mr. Barr says, if only on a subconscious level.

"It's a living, breathing thing," he adds. "And there's that extra percentage of specialness that comes when you've got real players making music, being inspired by one another, moving the air in the room."

ANATOMY OF A SONG | By Marc Myers

A Rocker Fights Her 'Reputation'

Joan Jett co-wrote 'Bad Reputation' to protest a double standard facing women

IN EARLY 1980, singer-guitarist Joan Jett was furious. Ignored by record labels wary about the marketability of her bad-girl image, she co-wrote and recorded a song protesting the double standard female rockers faced.

When her debut solo album "Bad Reputation" came out in the U.S. in 1981, the title song helped the release reach No. 51 on the Billboard album chart. It also paved the way for Ms. Jett's single "I Love Rock 'n Roll," which reached No. 1 in 1982.

On Sept. 28, "Bad Reputation" (Magnolia), a documentary about Ms. Jett's career, will hit theaters. Recently, she and producer Kenny Laguna sat down in Mr. Laguna's home on New York's Long Island to talk about the evolution of the song they co-wrote. Edited from interviews:

'We were tapping into real life, not making up a story,' says Ms. Jett.

Joan Jett: My mother told me I could be anything I wanted, so I did a lot of dreaming as a kid. Even then, while living in Rockville, Md., I resented being told I couldn't do something 'cause I was a girl.

In 1971, when I was 13, we moved to West Covina, an L.A. suburb. I asked my parents for an electric guitar for Christmas. They bought me a Sears Silvertone with an amp built into the guitar case.

I took one guitar lesson. The guy tried to teach me "On Top of Old Smokey" and said, "Girls don't play rock 'n roll." That really set me off.

Instead of going back, I bought a learn-to-play-guitar book. I listened to 45s and taught myself to play.

At the time, there were no female Rolling Stones,

with that in-your-face energy and sexuality. At 16, in 1975, I co-formed the Runaways, an all-girl hard-rock band. From the start, guys in the audience felt threatened.

As we toured, especially in Europe, guys in the audience wanted to make me pay. It was more than, "You suck." They wanted to humiliate me. I pushed back. I thought, "You're gonna have to kill me to get me off this stage."

By late '78, a film was planned based on the Runaways called, "We're All Crazee Now!" I was obligated to write six new songs. Then the Runaways broke up, but the studio still wanted my songs.

My manager at the time, Toby Mamis, put me together with Kenny Laguna, a songwriter-producer. We got along right away. We had only eight days to write the songs and record them.

Kenny Laguna: The first song Joan and I wrote was, "You Don't Know What You Got." The rest were finished by our deadline. That's when I realized Joan needed to be positioned as the leader of a band.

The next step was to record an album that we could shop around to major labels. I had connections in London. We went over there in early '79 and recorded at the Who's Rampart Studios in South London.

Ms. Jett: We had some of the album done by March '79, when we returned to the States. Then I formed the Blackhearts in L.A. and toured California and Europe that summer.

The inspiration for the band's name wasn't really



Clockwise from left: Ms. Jett performs in 1981; an album cover; Ms. Jett with producer Kenny Laguna.

deep. I wanted something that was easy to draw on bathroom walls, like the Stones' lips and tongue logo.

Mr. Laguna: I tried to get major record labels interested. Joan was breaking glass ceilings, and I guess that was a problem for some executives. Being a punk rocker also was trouble in 1979. The new-wave thing was coming in. Joan did have a bad reputation, which might have been thought of as a rock 'n' roll reputation if she had been a guy.

In June '79, Joan and I were walking in Manhattan when Joan complained about not being signed to a label yet. I told Joan, "It's because labels say you have this bad reputation." Joan shot back, "I don't give a damn about my bad reputation."

We said, "Whoa, that's a great line for a song." On the spot, Joan added, "You're living in the past, it's a new generation." I said it would sound great with a fast Ramones tempo.

Back at my home in Long Beach, N.Y., Joan and I wrote half of the song's lyrics.

Ms. Jett: Kenny and I had a list of every word that rhymed with "reputation"—deviation, communication, station and so forth. Then we worked to make sure the lines fit with the song's theme: "Never said I wanted to improve my station" and "I've never been afraid of any deviation."

We were tapping into real life, not making up a story. The line, "A girl can do what she wants to do / and that's what I'm gonna do" was a page right out of my life.

Mr. Laguna: In London, the Who's Pete Townshend let us return to Rampart. He said, "Make your record and pay us back when you can."

In the studio, we recorded the music for "Bad Reputation" first. On the rhythm track, Joan played all the guitar parts, including the solo.

I said to Joan, "You know what would be great—'Peo-

ple try to put us down / talkin' bout my reputation."

Joan says, "That's crazy, that's a Who song!" All of the guys who worked for the Who were standing around in the control booth and said, "That's not a Who song."

Nobody there noticed that, lyrically, "Bad Reputation" was influenced by "My Generation." I knew, but I thought of it as an homage, with a fast Ramones tempo.

Ms. Jett: First I recorded the basic rhythm track. The song didn't need a crazy lead guitar so I just made some noise. I played a 1968 Gibson California Style Melody Maker that I had bought it off of Eric Carmen of the Raspberries.

Then I overdubbed four more guitar parts, one at a time, to give the sound some size. For those, I used my Gibson Les Paul Deluxe Blonde and my white Gibson Melody Maker.

Mr. Laguna: At some point, producer Ritchie Cordell and I discovered a synthesizer in the studio, but we didn't know how to use it. Ritchie turned it on and pressed a button. It gave off this space-age sound. We taped it for the song's intro.

Ms. Jett: When Kenny and I first discussed background vocals for the "Oh no / not me" part, I told him I wanted the "no" and "me" to echo. So Kenny sang "no, no, no" and "me, me, me" as if there was an echo.

Mr. Laguna: We recorded the song in four or five takes. The third take became the master. When we finished the song and album, we came back to New York and sent a copy to 23 labels. All of them turned us down.

So we started Blackheart Records and put out the album ourselves. It was initially called "Joan Jett." Then I made a distribution deal with some guys I knew in Europe and Scandinavia. That's how we paid back the Who. The album did incredi-

bly well over there.

I called Neil Bogart, who had started Casablanca Records. He offered to re-release the album in the States on his Boardwalk label. Then, without telling us, he changed the album's title from "Joan Jett" to "Bad Reputation."

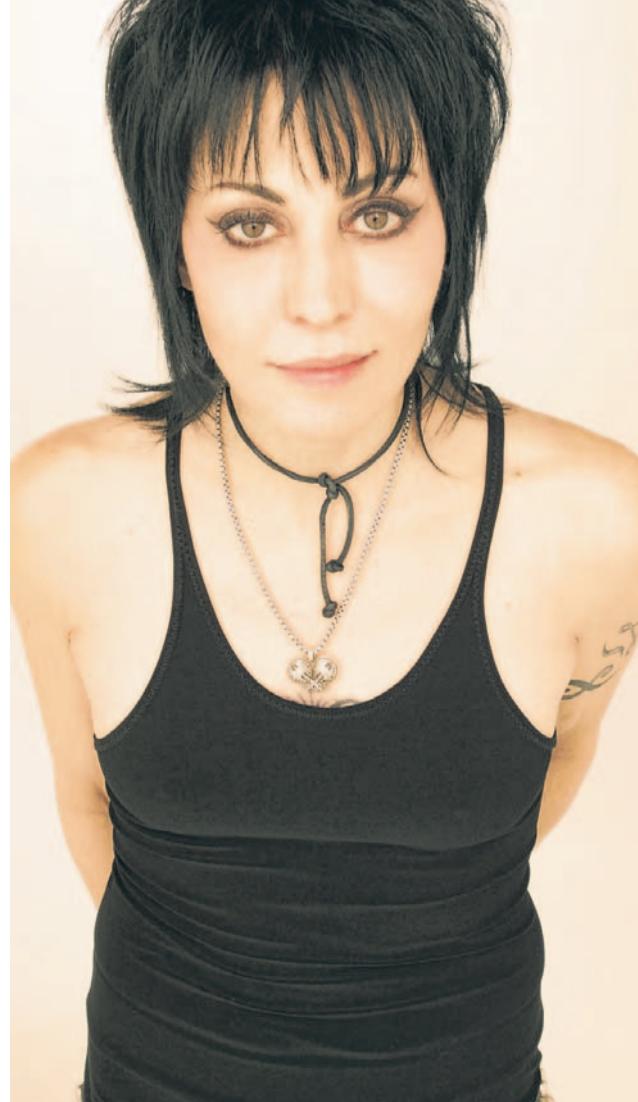
Ms. Jett: The new album title was a problem for me. The song was my rage against how I had been unfairly labeled and treated as a female rocker. Using "Bad Reputation" on the cover turned it around, making me seem proud to be labeled that way. It forced me

to deal with that sexist stuff all over again.

Mr. Laguna: We were pissed off for a long time. But in retrospect, it was a great move. The album put Joan on the map at just the right time.

Ms. Jett: The bad reputation thing was imposed on me. It was someone else's impression of what girls and women couldn't do but guys could. It was infuriating.

But if a bad reputation meant being a hard worker, always being on time, rocking hard and not being mean, then having that reputation was a badge of honor.



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MUNUM DENARIIUM AD TEMPUS

LIFE & ARTS



EXHIBITION REVIEW

Oppression's Long Shadow

BY EDWARD ROTHSTEIN

New York

ARE WE STILL LIVING in the shadow of Jim Crow? That early 19th-century caricature—in minstrelsy blackface, legs and arms akimbo in ramshackle dance—achieved his greatest notoriety when identified with the grotesque legislation in the American South after the Civil War, designed to keep races separate and unequal. Jim Crow was supposed to be put to rest more than a half century ago with civil-rights legislation and enforcement, but spend some time at the modest yet potent exhibition “Black Citizenship in the Age of Jim Crow” at the New-York Historical Society and you see how long a shadow he casts.

This survey makes plain the violence done by those who jettisoned Reconstruction in the decade after the Civil War and wrestled to restore the South’s antebellum racial regime, gussied up in nostalgic sentiment. A story in “The First Dixie Reader” (1864) here—a child’s primer published when that regime had all but fallen—begins: “Uncle Ned was a good old darkey and loved his master well.” That world’s more ruthless character is evident here in a pair of shackles, used not to bind a slave but a 17-year-old free girl, Mary Horn, in 1866, clamped on by her former master.

From the end of the Civil War until 1877—a period in which at least some of Lincoln’s vision of national “reconstruction” prevailed (giving the period its name)—voting rights proliferated in the South and the remaking of an economic structure and the dismantling of its racist foundation seemed under way. Mary Horn’s shackles, we are informed, were cut from her ankles by a Union officer appealed to by her fiancé. But after the federal government withdrew its troops from the South, and courts acquiesced in the unraveling of reforms, the imposition of shackles—metaphorical, le-

gal, economic—became the point, made vivid here with artifacts like an 1892 edition of the African-American journalist Ida B. Wells’s “Southern Horrors: Lynch Law in All Its Phases” and a 1930s bus sign with two sides: “White” and “Colored.”

In recent years, the Historical Society has presented important exhibitions reinterpreting slavery and its effects. This show is more basic, its curators—Marci Reaven, the museum’s vice president of history exhibitions, assisted by Lily Wong—collaborating with the scholars Henry Louis Gates Jr. and Eric Foner. It consists mainly of illustrated textual panels, which survey the impact of Reconstruction, the effects of Jim

Crow on the North and South, and finally, the ways in which black communities confounded Jim Crow in the years 1900–19. Interspersed are telling artifacts: an 1867 sharecropper’s contract with a freedman; an 1868 letter from the Ku Klux Klan threatening an elected black sheriff in Georgia; cringe-inducing caricatures from period advertisements, souvenirs and games. The show is scheduled to travel to other venues after closing here.

In one of its earlier sections, we get an almost palpable feel for the

radical possibilities after the Civil War when slaves were suddenly free to marry, move and build. One freedman, we learn, walked more than 600 miles to seek his wife and children. We see the model of an A-frame cabin like those built by freed slaves on small plots of land. “Black participation in local elections and state constitutional conventions,” we read, “created the first interracial governments in the United States.”

Examples of some of the stupefying Jim Crow laws might have been

offered. And transformations under Reconstruction could have been outlined in even greater detail because it was so remarkable a period, perhaps unique in world history: enslavement overturned by enfranchisement. The state supreme court in South Carolina had a black justice. Black senators and representatives were elected from the major Southern states. Then it was all demolished via violence, threats and sophistry. “During Reconstruction,” we learn, “90% of Mississippi’s black men were registered voters. By 1892, the figure had plummeted to 6%, where it stayed until the civil rights campaigns of the 1960s.”

The contemporary legacy of Jim Crow is not a theme ventured into by this exhibition, but that legacy is often too readily taken by activists to be a difference in degree rather than in kind. During the Jim Crow era, as we are reminded here, unjust imprisonment became enslavement by another name, voting laws became a means for disenfranchisement, racism in any context could be measured by sharp percentage disparities, and those

opposed to reform could only be viewed as politically evil. Ultimately, too, the federal government became the main political resource, however unreliable, for the pursuit of equality. One aspect of Jim Crow’s shadow: These ideas remain fundamental to progressive politics, despite altered circumstances.

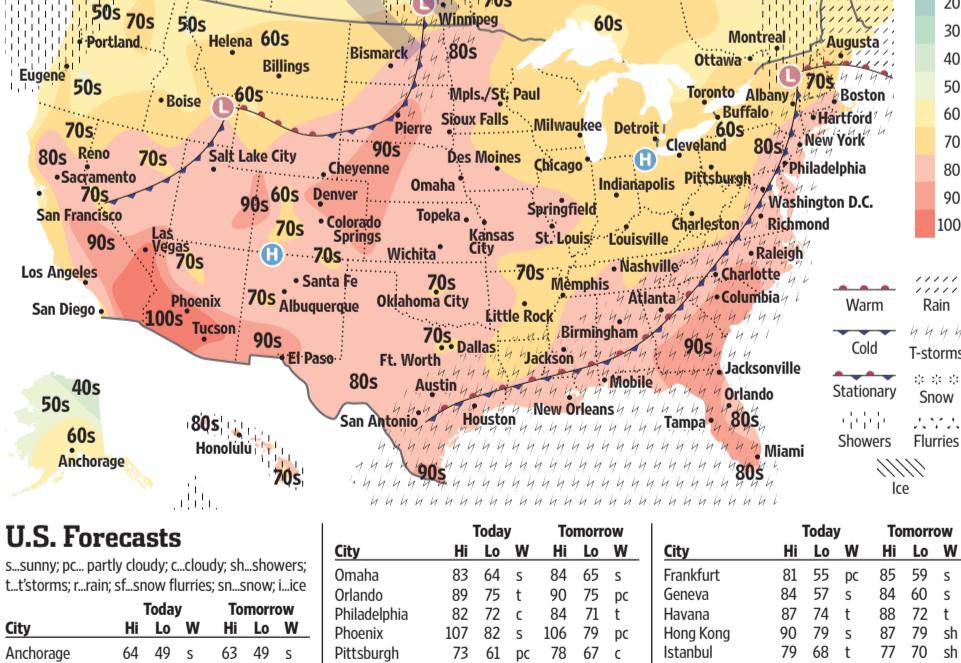
One other matter: This exhibition is presented as the first in a “new initiative” supported by the New York City Council in which this gallery space is to be regularly devoted to what the museum describes as “historically marginalized groups.” This distracts from the distinctiveness of this exhibition, which should be experienced on its own. It is also strange given the extensive achievements of the Historical Society in addressing such issues, and given that in recent decades museums and exhibitions inspired by identity politics have become so commonplace that younger visitors might now believe that margins are all there are.

Black Citizenship in the Age of Jim Crow

New-York Historical Society, through March 3, 2019

Mr. Rothstein is the Journal’s Critic at Large.

Weather



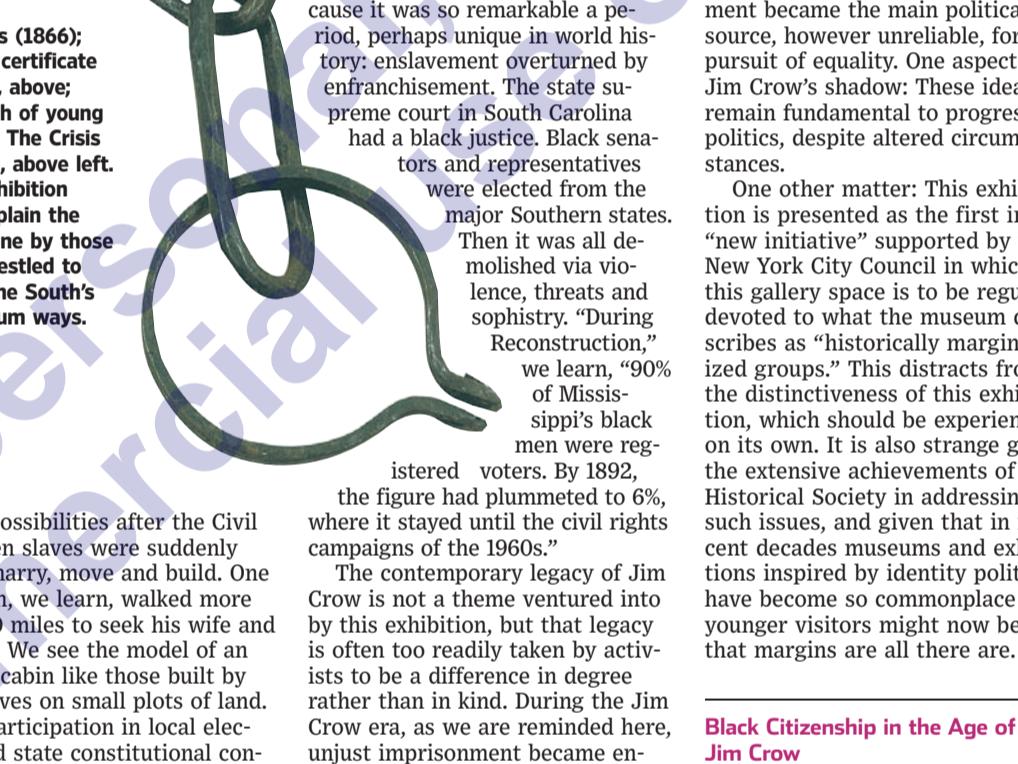
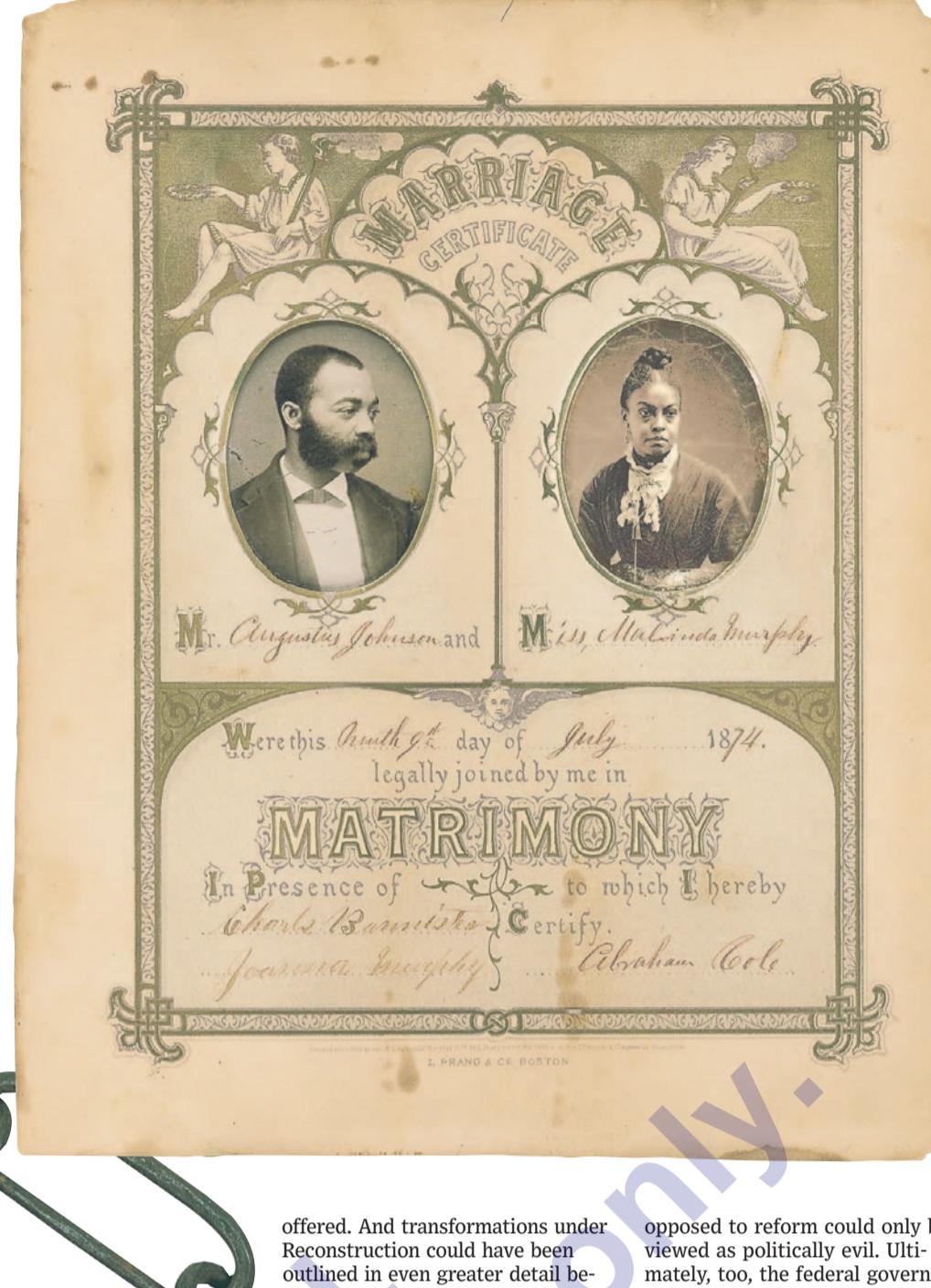
U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	64	49	s	63	49	s
Atlanta	87	72	t	89	73	t
Austin	85	72	t	87	72	pc
Baltimore	82	69	c	84	70	t
Boise	76	49	pc	73	48	pc
Boston	88	68	c	76	66	c
Burlington	73	61	r	75	59	pc
Charlotte	88	72	t	88	72	t
Chicago	77	59	s	78	60	s
Cleveland	78	69	pc	77	66	c
Dallas	78	69	pc	77	66	2 pc
Denver	92	59	s	92	59	s
Detroit	74	59	pc	77	62	pc
Honolulu	90	77	pc	87	77	r
Houston	80	72	t	82	72	t
Indianapolis	75	55	pc	75	61	pc
Kansas City	81	59	s	81	63	s
Las Vegas	103	76	s	99	74	s
Little Rock	78	65	pc	78	66	pc
Los Angeles	82	64	pc	80	63	pc
Miami	90	77	t	89	77	t
Milwaukee	74	58	s	75	59	s
Minneapolis	81	67	pc	83	65	c
Nashville	80	62	pc	85	65	pc
New Orleans	86	77	t	88	77	t
New York City	81	71	c	80	70	t
Oklahoma City	79	64	s	80	67	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	70	60	pc	62	50	c
Athens	87	71	s	85	69	s
Baghdad	109	80	s	111	80	s
Bangkok	93	78	c	93	78	t
Beijing	84	64	c	85	66	pc
Berlin	76	62	pc	79	56	pc
Brussels	76	58	pc	72	54	pc
Buenos Aires	68	55	pc	62	51	c
Dubai	102	87	s	101	88	s
Dublin	61	47	sh	61	47	pc
Edinburgh	61	48	pc	59	47	s
Zurich	81	53	s	83	60	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	70	60	pc	62	50	c
Athens	87	71	s	85	69	s
Baghdad	109	80	s	111	80	s
Bangkok	93	78	c	93	78	t
Beijing	84	64	c	85	66	pc
Berlin	76	62	pc	79	56	pc
Brussels	76	58	pc	72	54	pc
Buenos Aires	68	55	pc	62	51	c
Dubai	102	87	s	101	88	s
Dublin	61	47	sh	61	47	pc
Edinburgh	61	48	pc	59	47	s
Zurich	81	53	s	83	60	s



Shackles (1866); marriage certificate (1874), above; photograph of young girls from *The Crisis* (May 1918), above left.

The exhibition makes plain the violence done by those who wrestled to restore the South’s antebellum ways.

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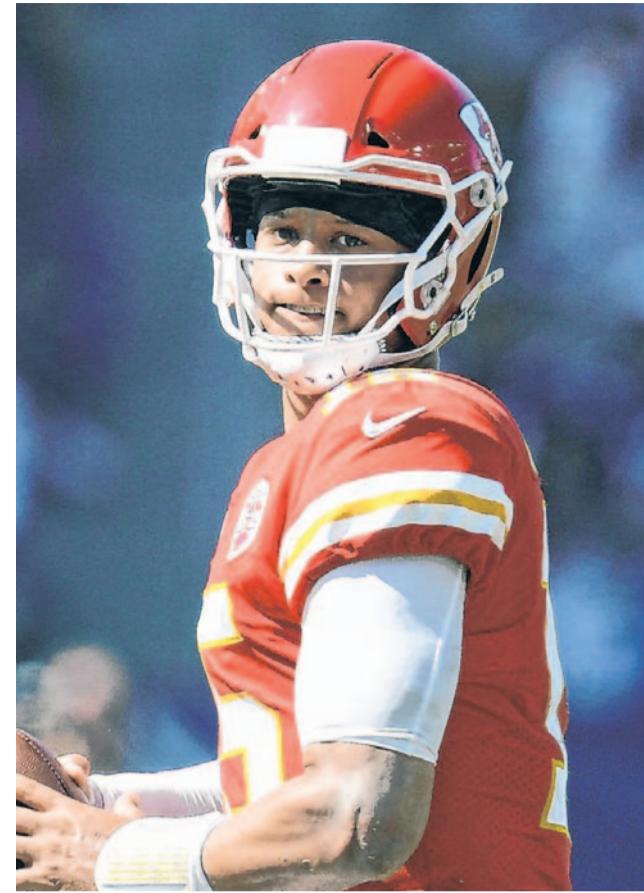
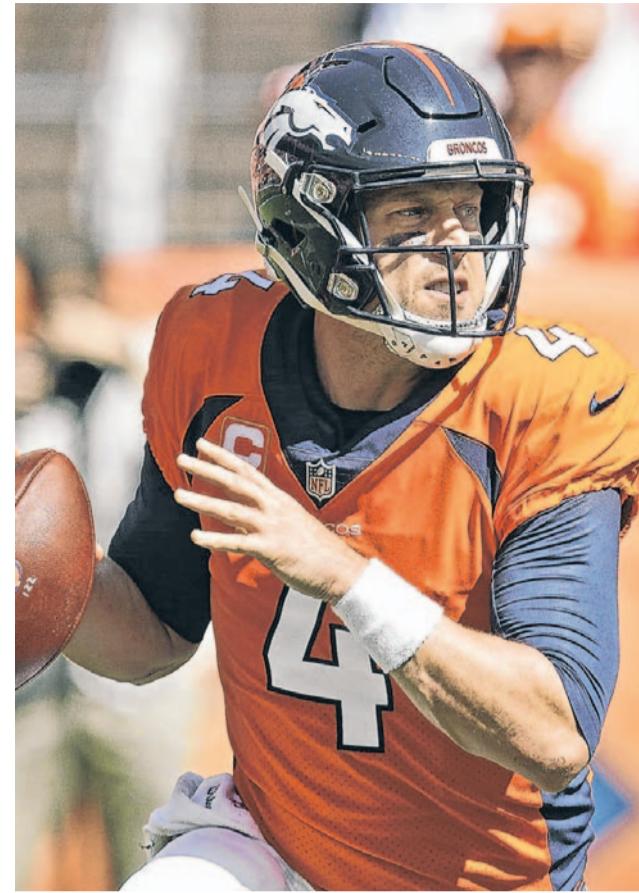
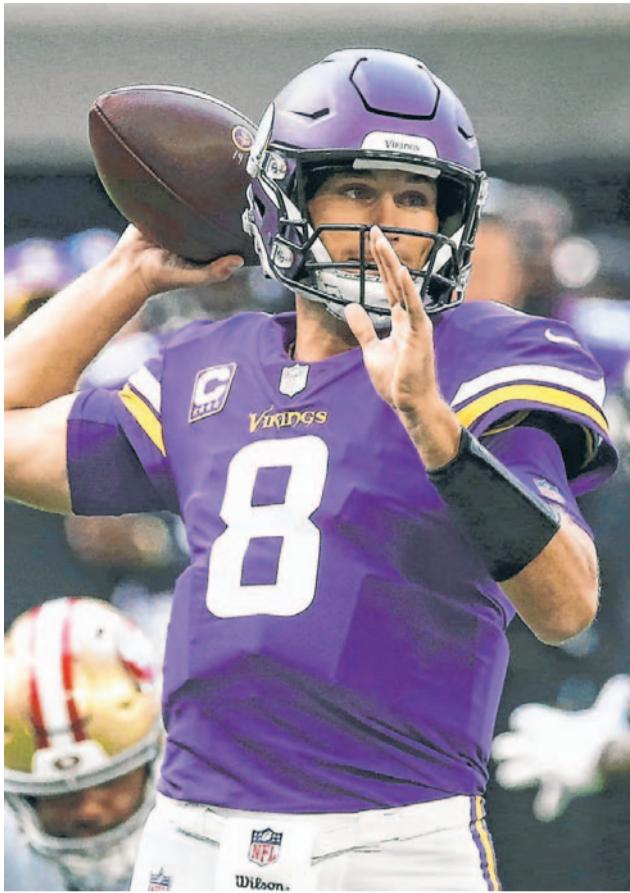
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The exhibition makes plain the violence done by those who wrestled to restore the South’s antebellum ways.

Shackles (1866); marriage certificate (1874), above; photograph of young girls from *The Crisis* (May 1918), above left.

The exhibition makes

SPORTS



From left to right, Kirk Cousins (Minnesota Vikings), Case Keenum (Denver Broncos) and Patrick Mahomes (Kansas City Chiefs) all led their teams to victory during Week 1 of the 2018 NFL season.

NFL

A Game of Quarterback Musical Chairs

Nearly half the league's teams are starting a different signal caller than they did during the opening week last season

BY ANDREW BEATON

After last season, the Kansas City Chiefs did something that NFL teams don't typically do. They traded away a quarterback, Alex Smith, who had just made a Pro Bowl, put together one of the most productive seasons in the league and taken the team to the playoffs.

The Washington Redskins also did something unusual also involving Alex Smith. They were on the receiving end of the trade for him from the Chiefs, even when their quarterback of the last several years, Kirk Cousins, had been quite good.

One reason the NFL looks wildly different at the start of this season is that nearly half the league's teams are starting a different quarterback than they did during the opening week last season. And after one week, most of them are pretty happy they made the change.

This is not normal. And more than anything else, it explains what unfolded in the season's first week. Nothing is more important in the NFL than finding the right quarterback and teams that have that quarterback don't often let them go. So typically the turnover at quarterback is mainly limited to

the teams with bad ones.

But 15 teams are beginning this season with a different quarterback under center than they began last season with. That's a bigger year-to-year turnover than anyone in the last decade, according to Stats LLC.

The turnover falls into several different buckets. There are the injured players who are back, like the Colts' Andrew Luck; young quarterbacks who have been given the reins, like the Jets' Sam Darnold; and then there's the surprising number of starters who played an unusual game of quarterback musical chairs.

And the best place to begin understanding all of that movement begins in Kansas City. The Chiefs traded up for their quarterback of the future in the 2017 draft when they took Patrick Mahomes with the No. 10 pick. But they still had Smith, who began last season torching defenses and looking like a bona fide MVP candidate. He finished the season with the highest passer rating in the league, which made it just a little bit awkward when they already had a different quarterback in the wings they wanted to start the next season.

So the Chiefs traded Smith to the Redskins, setting off a domino effect across the league. By trad-

ing for Smith, Washington said goodbye to their own quarterback: Kirk Cousins. But Washington was not getting rid of a quarterback who was bad. They were getting rid of a quarterback who's pretty good.

That meant Cousins entered free agency as a rare, in-his-prime, franchise-caliber quarterback. He cashed in with the Vikings, signing a lucrative contract that was stunning not because of the total dollar amount, but because it was an essentially unprecedented NFL megadeal that was fully guaranteed.

The fallout didn't end in Minnesota. Because the Vikings got Cousins, their stable of quarterbacks from a season ago—when they made the NFC Championship game—were free to head elsewhere. Case Keenum, their quarterback for most of the year, went to Denver. Sam Bradford, their starting quarterback who went down early and lost his job to Keenum, signed in Arizona.

This series of moves completely changed the landscape of this season. High-level quarterbacks don't usually gallivant around the league like this. Then all of these ones did.

It only took one week to see the effects. The Redskins were plenty

happy with what they got out of Smith. He completed 21-of-30 passes with two touchdowns in a 24-6 win against Arizona, which was a little less pleased with what it got out of Bradford.

But the Chiefs shouldn't be too concerned about shipping Smith out of town. That's because their hunch about how good Mahomes could be turned into a demonstration of how good Mahomes is. He threw for 256 yards and four touchdowns in a win over the Chargers.

Cousins, in Minnesota, looked pretty good too. The Vikings beat the 49ers 24-16 while he threw for 244 yards and two touchdowns.

The person in this group who may have changed his franchise's fortunes more than any, though, is the one with the least pedigree. Keenum was once an undrafted free agent who bounced around from the Texans to the Rams and last season Minnesota, where he was supposed to be a backup and possibly a third-stringer. Then he played well and took the Vikings close to the Super Bowl.

Minnesota saw Cousins as an upgrade and that was Denver's gain. Quarterback has been a strange position for the Broncos. They found a lottery ticket when an aging Peyton Manning came

their way and won a Super Bowl, but since then it hasn't been pretty. Paxton Lynch, their first round pick from a couple of years ago, struggled mightily—he was cut before this season—and they locked up Keenum. Suddenly, a team that was tough to watch pass the ball a season ago did it successfully against the Seahawks on Sunday. Keenum threw for three touchdowns, albeit with three interceptions, with 329 yards in a 27-24 win against Seattle.

Even the teams that have changes for other reasons saw humongous effects.

While the Colts lost to the Bengals, Andrew Luck's return to health demonstrated that Indianapolis can once again find itself in the playoff hunt. The Bears, in their first full season starting Mitchell Trubisky, nearly upset the Packers on Sunday night.

Last season, the 49ers were winless and out of contention by the time they traded for Jimmy Garoppolo. But in his five starts, they went 5-0—giving them hope for 2018 and beyond. That's still the case. Except San Francisco lost on Sunday when it ran into another team trotting out a new quarterback this year. And that team has even higher expectations: Minnesota and Cousins.

TEAM USA

WOMEN TAKE LEAD

BY RACHEL BACHMAN

For the first time, the top two leaders of Team USA will be women.

On Jan. 1 the U.S. Olympic Committee will replace its longtime board chairman with Susanne Lyons, the woman who guided it through the wake of the Larry Nassar sexual-abuse scandal, the USOC announced Monday.

Lyons, who was interim CEO for the USOC for about six months, was elected unanimously to a four-year term as chairwoman by the USOC board. She will replace Larry Probst, the USOC's chairman for 10 years, who announced he's stepping down.

As the Nassar scandal continues to roil Olympic sports, Lyons said her main focus will be on keeping athletes safe.

"We need to remind people that the athletes are the center of our world," she said, acknowledging that "sometimes maybe we lost sight of that fact."

In July the USOC hired Sarah Hirshland, a former U.S. Golf Association executive, as permanent CEO. Before that, Lyons had served



Susanne Lyons will be the new chairwoman of the USOC board.

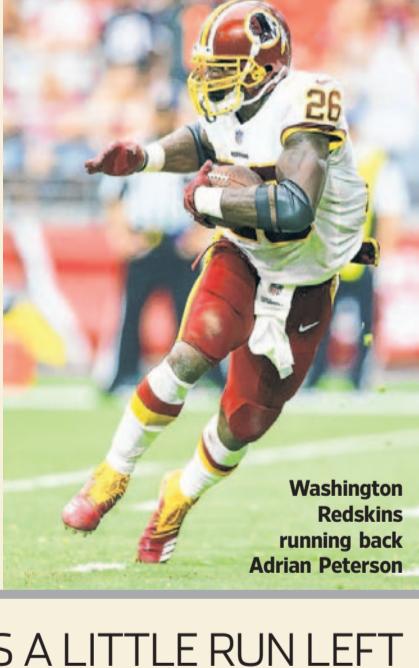
THE COUNT

The Longest Yard

Since 1970, the most yards gained in a final season by a Hall of Fame running back (age 33 and over):

PLAYER	TEAM	AGE	YARDS
Emmitt Smith 2004	ARI	35	937
Larry Csonka 1979	MIA	33	837
Tony Dorsett 1988	DEN	34	703
John Riggins 1985	WAS	36	677
Walter Payton 1987	CHI	33	533
Marcus Allen 1997	KAN	37	505
Floyd Little 1975	DEN	33	445
Jerome Bettis 2005	PIT	33	368
Franco Harris 1984	SEA	34	170
Thurman Thomas 2000	MIA	34	136

Source: Pro-Football-Reference



Washington Redskins running back Adrian Peterson

KEVIN FRENCH/ZUMA PRESS

ADRIAN PETERSON HAS A LITTLE RUN LEFT

Washington Redskins running back Adrian Peterson now ranks 10th on the all-time rushing list, moving past Jim Brown and Marshall Faulk after running for 96 yards on Sunday in Arizona.

The 33-year-old was on the NFL's scrap heap when the Redskins called after losing their second-round pick Derrius Guice to a season-ending knee injury. In the prior two seasons, Peterson was one of the worst runners in football, gaining just 601 yards on 93 carries, a paltry 3.1 yards per tote—55th out of 57 backs with at least 150 rushes in the period, according to Pro-Football-Reference.

In Washington, Peterson gets another chance to go out in a style more befitting a future Hall of Famer. Every back wants to retire like Brown, who compiled a league-high 1,544 yards and 17 touchdowns in 1965 at age 29. But skeptics will remember that Peterson had games of 134 and 159 yards rush-

ing last year, too. In the others: 236 yards on 93 carries (2.5 yards per attempt).

After being passed over by nearly every team in the league this offseason, it's reasonable to assume that 2018 might be Peterson's final year. The last campaigns of Hall of Fame backs age 33 or older offer little hope that Peterson can sustain a major rebound. The group of 18 runners averaged just 344 yards on 95 attempts, according to Pro-Football-Reference. The best season came from all-time rushing leader Emmitt Smith for the 2004 Cardinals, when he rushed for 937 yards in 15 games at the age of 35.

Peterson did show a new dimension to his game on Sunday. Although he's never been considered a receiving threat out of the backfield during his 13-year NFL career, Peterson added two receptions for 70 yards in a 24-6 win over the Arizona Cardinals.

—Michael Salfino

OPINION

Playing the Civility Card



MAIN STREET
By William McGurn

The quip is attributed to Oscar Wilde, and the sentiment is capacious enough to include Donald Trump. For even the most ardent Never Trumper would concede that when this president offends, it's intentional.

During the 2016 campaign, for example, Mr. Trump claimed a judge's Mexican heritage meant he couldn't be impartial. He belittled a Muslim mom and dad whose U.S. Army officer son had given his life in Iraq. And he declared John McCain was "not a war hero" because he had been a prisoner of war. The insults continued in the Oval Office, from regular jabs at "Crooked Hillary" to "low IQ" tweets variously directed at MSNBC's Mika Brzezinski, actor Robert De Niro and Rep. Maxine Waters (D., Calif.).

As America heads toward the November midterms, one fruit of Mr. Trump's insults is a national lecture about the need to restore civility and norms to our politics. The latest campaign was launched Friday when Barack Obama, in what he conceded was his own departure from a long-established norm of "ex-presidents gracefully exiting the political stage," scored the Republican Congress for its "phony" civility and savaged

his successor as an existential threat to democracy.

Yet the civility offensive is not without contradiction. How is it that those who presume they possess the moral standing to preach on Mr. Trump's incivility are so conspicuously blind to the equally glaring outrages of his critics?

Was it civil, for example, for Hillary Clinton to dismiss half of Trump voters as "deplorables" who were also "irredeemable"? Is it civil that showing up with a "Make America Great Again" cap can invite a beating?

Perhaps this explains why the civility conversation is mostly confined to those who already agree. In the past few months alone, after all, Americans have watched press secretary Sarah Sanders and her family hounded out of a Virginia restaurant while Senate Majority Leader Mitch McConnell and his wife were harassed by young men. More recently, John McCain's memorial services became a weeklong taunt to the president—all by the same people applauding each other for their exquisite decency.

The denouement was telling as well. Two days after McCain was laid to rest at his beloved U.S. Naval Academy, the Senate Judiciary Committee began confirmation hearings for Mr. Trump's Supreme Court nominee, Judge Brett Kavanaugh.

Talk about incivility and norm-breaking. Leave aside the disruptive audience members. When Democratic senators weren't interrupting Ju-

niority Committee Chairman Chuck Grassley, they were attempting to smear a decent and respected husband, father and jurist. Surely the proposition that Mr. Trump has a monopoly on rudeness and incivility took a beating from the antics of Sen. Cory Booker.

Of course, the New Jersey Democrat's conscious defiance of Senate decorum is but the latest in a long line of progressive norm-shattering.

The upending of basic decency and norms began long before Donald Trump.

Anyone remember when the New York Times announced on its front page that the journalistic norm of objectivity shouldn't apply to Mr. Trump?

Or the reporter who used the F-word in a tweet accusing the president of incest with his daughter, and yet has not been rendered morally unfit by the world of journalism?

Or, less salaciously, those who illegally unmasked national security adviser Mike Flynn? Those who have leaked the president's phone calls with foreign leaders? What about Sally Yates, the acting attorney general who refused a lawful presidential order?

This is civility? These are people concerned with norms? Forgive those Americans who concur with blogger Ann Altouse that today's pious demands for civility are often

less about good manners than shutting down folks with an opposing view. Certainly the anti-Trump side has indulged in plenty of the latter, whether it be the Obama Internal Revenue Service targeting tea party, pro-Israel and pro-life nonprofits for harassment or rioters who would rather set university buildings on fire than allow a conservative point to be uttered on a woke campus.

On top of this, anyone even vaguely familiar with how respectable Washington defamed Judge Robert Bork and grossly distorted his record during his Supreme Court hearings further appreciates that incivility didn't start when Mr. Trump came to town. It wasn't all that long ago when Republicans were—falsely—blamed for a nutjob's shooting of Rep. Gabby Giffords in 2011.

During our last national outburst of disquisitions on political comity, columnist Froma Harrop, as head of the National Conference of Editorial Writers, was running something called "the Civility Project." In 2012, John Oliver of "The Daily Show" had great sport with Ms. Harrop for seeing no contradiction between her leading the charge for civility even as she defended likening tea partiers to al Qaeda terrorists.

None of this justifies Mr. Trump's own excesses. But it may help explain why so many on the receiving end of today's civility sermons aren't buying.

Write to mcgurn@wsj.com

BOOKSHELF | By Michael Barone

Tales From a 'Zoo Without Walls'

Fear: Trump in the White House

By Bob Woodward
(Simon & Schuster, 420 pages, \$30)

You and I spent a whole lunch on it, Kellyanne." According to a Washington Post transcript, this is Bob Woodward about a month ago, in a phone call from President Trump after the president patched his adviser Kellyanne Conway into the conversation. Mr. Woodward is explaining that he did request a presidential interview, and never got it, for the book just sent to the printer. "And I said, I want to cover the substantive issues in foreign policy and domestic policy. And you said you would get back to me. Nothing."

Mr. Woodward had obtained interviews with Presidents Clinton, Bush and Obama for books they must have expected to be critical. They agreed to participate, many in Washington assume, out of fear that others would talk and a belief that they had better get their own versions in. The title that Mr. Woodward chooses for his book on the Trump White House

is "Fear," from a 2016 interview with candidate Trump, who said: "Real power is—I don't even want to use the word—fear."

You have probably already seen the juicy quotes—the high officials calling the president

"idiot" and a "moron," "dumb" and "unhinged"—and the denials that they were ever uttered. But most of Mr.

Woodward's text is indeed, as he said to Ms. Conway, about substantive issues—North Korea, the Middle East, Afghanistan, the Iran nuclear agreement, trade, tariffs, the Paris

climate treaty, taxes, China, immigration.

Not that the president emerges as a philosopher-king. His ignorance is vast. One might have thought that cable business channels had taught him about the debt ceiling, but no. His priorities are eccentric: He is repeatedly angry that South Korea pays only part of the cost of U.S. military deployment there. He wrongly (in Mr. Woodward's and most economists' views) laments U.S. trade deficits and angrily refuses to be budged on the issue.

But he sometimes yields to unwanted advice. Like his predecessor, he wants to withdraw troops from Afghanistan but, told that he'd be blamed for another 9/11-type attack, agrees to send more. As for troops and weapons costs in South Korea, he heeds the pleas of Defense Secretary James Mattis ("We're doing this in order to prevent World War III"). And despite Mr. Trump's fury over his attorney general's decision to recuse himself from Russia-related investigations, he is persuaded of the unwise of firing Jeff Sessions.

On other matters he has prevailed. State Department arguments that we couldn't withdraw from the Paris climate agreement were overcome. In April 2017, advisers said that withdrawal from Barack Obama's Iran nuclear agreement would be resisted by allies with economic interests there. Today, after withdrawal, European firms are scrambling to leave Iran rather than lose access to U.S. banks. Fear sometimes works.

The president doesn't emerge as a philosopher-king, and his priorities can be eccentric. But sometimes he yields to unwanted advice.

Mr. Trump's work habits—a short attention span, a steady diet of TV viewing—have made it easier for others to deflect his impulses. "Fear" opens with economic adviser Gary Cohn stopping Mr. Trump from withdrawing from the U.S.-South Korea free-trade agreement by simply removing the withdrawal letter from his desk. The president—"emotionally overwrought, mercurial, and unpredictable," in Mr. Woodward's words—evidently never missed it.

Establishment Washington is appalled by such scenes, but they are not unprecedented. H.R. Haldeman pigeonholed many orders that Richard Nixon issued when irritated. Readers of Mr. Woodward's books on the past three presidents will recall scenes of chaos, internal strife, dithering, outpourings of rage. Mr. Trump made no secret during his campaign—quite the contrary—of his determination to change long-standing policies, and he won the election. On some issues the disrupter may even have an institutional advantage. In the 1930s and 1940s, after the Smoot-Hawley fiasco, Congress delegated its tariff-setting powers to the executive branch, confident that presidents of both parties would mostly back free trade. And they did until 2017, at which point Mr. Trump and appointees Peter Navarro and Wilbur Ross were able to slap tariffs on by decree.

Mr. Woodward makes it plain, if anyone had doubts, that it's no fun serving in the Trump administration. The president compares Reince Priebus, who did him yeoman service as Republican chairman and chief of staff, to "a little rat. He just scurries around." The fired Mr. Priebus compares the Trump White House to "a snake and a rat and a falcon and a rabbit and a shark and a seal in a zoo without walls." A record number of appointees have disappeared by March 2018, when the book ends.

Including some who seem to be Mr. Woodward's primary sources. We see many meetings and incidents through the eyes of Steve Bannon, the iconoclastic strategist who resigned in August 2017, convinced that the establishment had won. Staff secretary Rob Porter, portrayed as a force for restraint, left in February 2018 amid charges of spousal abuse. Gary Cohn, whom Mr. Woodward shows being dismayed by the president's comments after the 2017 violence in Charlottesville, Va., stayed on for tax reform but left last March.

Those anticipating Mr. Trump's downfall for collusion with Russia will be disappointed by "Fear." Mr. Woodward recalls his own pre-inauguration TV assessment of the Steele dossier—"a garbage document. It never should have been presented as part of an intelligence briefing"—and notes that Mr. Trump's lawyers answered all of Special Counsel Robert Mueller's factual questions. He quotes without disapproval Trump lawyer John Dowd's conclusion: "The entire inquiry appears to be the product of a conspiracy by the DNC, Fusion GPS—which did the Steele dossier—and senior FBI intelligence officials to undermine the Trump presidency." Is the reporter who broke the Watergate scandal suggesting there's no real scandal here?

Mr. Barone is senior political analyst for the Washington Examiner, resident fellow at the American Enterprise Institute and co-author of "The Almanac of American Politics."

Jeremy Corbyn and the Socialism of Fools



GLOBAL VIEW
By Walter Russell Mead

That Jeremy Corbyn, who hopes someday to occupy the office previously held by Winston Churchill, Benjamin Disraeli and William Pitt, is an anti-Semitic seems no longer in question. No anti-Israeli terrorist entity is too drenched in Jewish blood for him to cheer on. Hamas, Hezbollah, the mullahs of Iran—their sins against freedom of speech, against freedom of assembly, and against women and gays may be crimson, but if they hate the Jewish state enough, Labour has a leader who will wash them as white as snow.

But not all anti-Semites are alike. Different forms of anti-Semitism can have very different consequences. What kind does Jeremy Corbyn profess, and how does it relate to the rest of his worldview?

Mr. Corbyn and his colleagues in the hard-left Labour elite are, above all, modern. They don't hate the Jews for killing Christ as medieval Christians did. They don't think the Jews use the blood of gentle children to make matzoh. Whatever some of the less enlightened members of Mr. Corbyn's base among the British Muslim community may think, the secular Labour elite doesn't blame the Jews for rejecting Muhammed.

Nor is their hatred racial.

Mr. Corbyn's worldview is blinkered and sadly skewed, but he is neither wicked nor delusional enough to imagine that the Jewish "race" is competing with the "Aryan" Anglo-Saxons to dominate the world.

It is Zionism that drives Mr. Corbyn's anti-Jewish passion. He is not anti-Israel because some or even many of Israel's policies are wrong. He is existentially anti-Zionist. He does not believe that the Jewish people are a nation. From this point of view, the notorious U.N. Resolution 3379 of 1975 got it exactly right: Zionism is racism, and the Jewish state is racist to the core.

What elevates the Jewish state from an irritation to an obsession in the Corbynite world is Israel's relationship with the U.S. The U.S. is the center of international capitalism. Destroying American capitalism and the imperialist system it imposes on the world is the overarching goal of the Marxist zealotry that drives Mr. Corbyn's world-view and justifies his sympathy for otherwise dubious regimes. The Iranian mullahs may hang homosexuals and stone the occasional adulteress, but in the all-important struggle against American imperialism and its Zionist sidekick, they are a natural and necessary part of the Resistance.

It's a short step for hard-left Labour from hating Israel to finding "Zionist" conspira-

cies on every side. Marxism typically rejects liberal democracy as a sham. Rich and powerful capitalists make all the big decisions: They control the political parties, they control the press, and they use the facade of democratic politics to amuse, befuddle and ultimately control the masses. From this standpoint,

At the root of his bigotry is a Marxist hatred of capitalist U.S. 'imperialism.'

conspiracy thinking isn't a sign of ignorance or emotionalism; to the contrary, perceiving the hidden plots of our true rulers is a necessary and vital step in seeing through the myth of liberal democracy.

The hard-line Marxist and the classic anti-Semite agree that the world is really run by a cabal of greedy men behind closed doors. But where the Marxist sees capitalist string-pullers, some of whom may happen to be Jewish, the anti-Semite sees only Jews.

This is the meaning behind

the famous statement, once popular on the European left, that anti-Semitism is the "socialism of fools": the anti-Semitic conspiracy theories are too narrow and miss the real point.

But for Jeremy Corbyn and his Labour colleagues, the

perceived special relationship between American imperialism and Zionism collapses the distinction between the socialism of fools and the "real" thing. The urban legend that "the Jews" control America's Middle Eastern policy and that Jewish power forces the U.S. to march in lockstep with right-wing Israeli governments is also an organizing principle of the Corbynite worldview. The supposed control exerted by Zionist Jewish billionaires over American politics makes the fight against imperialism also a fight against a powerful Jewish conspiracy.

Those ideas, as any serious student of American politics or of the American Jewish community knows, are nonsensical. In every presidential election of the 21st century, American Jews have given significantly more money and votes to Democratic than to Republican candidates. If the American Jewish community controlled American politics, President Trump would still be hosting a television show and there would be no U.S. Embassy in Jerusalem.

Yet myths are no less powerful because they are false. Mr. Corbyn's outlook will lead any government he forms into deep trouble and frustration, but that in itself won't keep him out of Downing Street. Liberalism today may face its deepest crisis in the country that gave the liberal tradition to the world.

By Peter J. Ferrara

Barack Obama is back, and he wants credit for the booming economy. "When you hear how great the economy is doing right now," he said in a speech last week, "let's just remember when this recovery started." That would be in the summer of 2009, but the story is more complicated.

Milton Friedman was the first economist to notice a pattern in American economic history: The deeper the recession, the stronger the recovery. The economy has to grow even faster than normal for a while to catch up to where it would have been without the recession. The fundamentals of America's world-leading economy are so strong that the pattern held throughout the country's history.

Until the past decade. The 2008-09 recession was so bad, the economy should have come

roaring back with a booming recovery—even stronger than Reagan's boom in the 1980s. But Mr. Obama carefully, studiously pursued the opposite of every pro-growth policy Reagan had followed. What he got was the worst recovery from a recession since the Great Depression.

The economy should have roared back. Instead it crawled.

Before Mr. Obama, in the 11 previous recessions since the Depression, the economy recovered all jobs lost during the recession an average of 27 months after the recession began. In Mr. Obama's recovery, dating from the summer of 2009, the recession's job losses were not recovered until after 76 months—more than six years.

America also suffered a severe recession during Reagan's early years, because of the tight monetary policy that broke the back of 1970s inflation. All the job losses from that recession were recovered after 35 months. Seventy-six months after that recession started, the number of jobs was up 12.8 million from the previous peak.

Before Mr. Obama, in the 11 previous post-Depression recessions, the economy recovered the gross domestic product lost during the recession within an average of 4.6 quarters, or a little over a year. It took Mr. Obama's recovery 14 quarters, or 3½ years, to reach that point. The Reagan recovery took half that time.

Obama apologists argued America could no longer grow any faster than Mr. Obama's 2% real growth averaged over eight years. Slow growth was the "new normal." The American Dream was over. Get used

to it. Hillary Clinton promised to continue Mr. Obama's economic policies. America's blue-collar voters rose up.

The recovery took off on

Electoral Day 2016, as the stock market communicated. Mr. Trump's tax cuts and sweeping deregulation—especially regarding energy—fundamentally changed course from Mr. Obama. These policies have driven today's boom, increasing annual growth to more than 3% within six months and now to over 4%. Will Democrats ever figure out what policies create jobs, economic growth and rising wages? If not, they'll wake up some Wednesday morning to find they have been routed in a fundamental realignment election, in which they have permanently lost the blue-collar vote—once the backbone of their party.

Mr. Ferrara teaches economics at the King's College.

OPINION

REVIEW & OUTLOOK

California's Corporate Quotas

The right-thinking progressives who rule Sacramento aren't satisfied with punishing business with high taxes and costly regulation. Now they want to dictate to shareholders the gender of whom they can elect as corporate directors.

This imposition on business management passed the state Senate last month 23-9 and the

Assembly 41-26. The law requires a company to appoint one woman to its board of directors by the end of 2019. By the end of 2021 a five-member board would need to have two women, while boards with six or more directors would need three. The Legislature, always alert to possible micro-aggressions, defines female as "an individual who self-identifies her gender as a woman, without regard to the individual's designated sex at birth."

"Countless highly-qualified women are ready and waiting to serve on the boards of our publicly traded corporations," declared Senate President Toni Atkins. "SB 826 will open the door to these talented women."

Except no one is blocking the doorway now, as board trends clearly show. Investment funds like BlackRock and Vanguard already push for board diversity on companies in their portfolios. And it's a rare board these days that isn't hunting for more women as directors.

More than a third of new directors appointed in the second quarter this year were women, according to corporate-data firm Equilar. Only 17.1% of Russell 3000 companies had all-male boards in the same period, down from 19.5% the previous quarter. Deloitte found earlier this year that the number of white men on Fortune 500 boards decreased 6.4% between 2012 and 2016.

Quotas could speed up these trends—but to what end? The point of a corporate board is to represent the interest of shareholders who own the company. That requires experience, expertise and judgment. After the corporate frauds of the early 2000s, corporations were told they needed directors who are more independent of management and have more technical knowledge of the business.

The California law will now have nominating committees looking to fill some seats based on gender first, which invariably means a smaller pool of candidates. Companies will have to file

A bill in Sacramento would dictate the gender of company directors.

reports detailing compliance or face a \$100,000 fine. Failure to fill one board seat with a woman leads to another \$100,000 fine. The penalty is \$300,000 for subsequent violations—and the negative publicity of being cited would arguably be worse.

Many companies would merely create a new board seat and appoint a woman to

check this government box. Male minorities could also lose seats to white women as other companies comply without growing the board. If minorities lose ground, will there be new quotas based on race?

Europe provides examples of what's to come. Since 2008 Norwegian firms have faced dissolution if their boards aren't at least 40% female. Belgium, France and Italy impose sanctions if quotas aren't met. Germany, Spain and the Netherlands set quotas without real penalties.

A 2012 study from USC professor Kenneth Ahern and University of Michigan professor Amy Dittmar found Norway's "quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance, consistent with less capable boards."

There's also the question of whether these quotas are legal. The California Civil Code, the California Constitution and the U.S. Constitution proscribe sex-based discrimination, and the Supreme Court has consistently ruled that explicit quotas are illegal.

California is also seeking to intrude, as it so often does these days, on the laws of other states. Corporate governance is determined by the state of incorporation, and many companies choose Delaware for the simplicity of its rules and its long corporate legal history. Yet the California bill imposes quotas on companies with "principal executive offices" in California, regardless of where they're incorporated. What does a tech company based in Palo Alto but incorporated in Delaware do?

Companies have a difficult time finding board members with sufficient knowledge and authority without gender quotas. The bill is now on Governor Jerry Brown's desk, and he hasn't said if he'll sign it. He can be a voice of reason in Sacramento and veto a bill that will damage U.S. corporate governance.

A Gas Tax Economics Lesson

The Tax Foundation ranks New Jersey as the third most taxed state in America, after New York and Connecticut. But a silver lining used to be the Garden State's relatively low gasoline tax of 14.5 cents a gallon—second lowest in the U.S. No more, and therein lies a tale of why taxing the rich to finance government is an illusion.

In October 2016, then-Gov. Chris Christie signed a bill raising the gas tax by 22.6 cents to 37.1 cents a gallon to replenish the Transportation Trust Fund. The TTF was set up to pay for road and rail projects, but it had been raided so often by governors for other uses that it was exhausted. At least in return Mr. Christie negotiated a cut in the sales tax to 6.625% from 7% and the elimination of the state death tax.

But—in New Jersey taxation there's always a "but"—the bill also included a clause that automatically raises the gas tax if it doesn't produce the expected revenue each year. This is a self-fulfilling economic prophecy. A higher gas tax causes people to drive less, which in turn has meant that revenues have fallen short of the expected \$2 billion target. So on Oct.

New Jersey raised the tax on driving, and got less driving—and revenue.

1 the gas tax will rise another 4.3 cents to 41.4 cents per gallon, which will be the ninth highest in the U.S.

This will be the state's third tax increase in four months, following June's increase in income and corporate tax rates. Oh, and now Gov. Phil Murphy, who made his fortune at Goldman Sachs

but seems to have learned nothing about financial incentives, wants to raise the sales tax back to 7%, reneging on Mr. Christie's 2016 gas and sales tax swap.

Mr. Murphy blames Mr. Christie for the gas tax increase for overestimating consumption, but if the same incentives hold he'll be back in a year with another increase. Tax something more and you get less of it.

The larger lesson is that sooner or later the middle class always gets the bill for bigger government. Higher income and corporate taxes drive the affluent out of the state, which means less revenue. That leaves the middle class to pay in higher sales, property and now gasoline taxes. And don't be surprised if that money earmarked for more roads and the daily debacle that is New Jersey Transit instead goes to state employee benefits and pensions.

Shutting Down the PLO

The Trump Administration is blowing the whistle on the Palestine Liberation Organization, and it would be hard to identify a more overdue reality check in U.S. foreign policy.

The Administration announced Monday that it is closing the PLO's Washington office, citing lack of progress on peace negotiations. The PLO began as a terrorist organization but was allowed to open an office in Washington in 1994 after the Oslo accords produced hope for a new era of reconciliation between the PLO and Israel.

That hope has never been fulfilled, notably since the late PLO leader Yasser Arafat began the second *intifada* after walking away from the historic and generous Israeli peace offer brokered by Bill Clinton in 2000. Long-term indulgence of the PLO's recalcitrance has had the effect of allowing a toxic and reflexive anti-Israel sentiment to build in international institutions, not least among academics and students on U.S. campuses.

The Trump Administration has tried to revive the Israeli-Palestinian talks, but it has also shown less tolerance for Palestinian resistance. Last November Palestinian Authority President Mahmoud Abbas used his speech at the United Nations to call for the investigation and prosecution of Israeli officials by the International Criminal Court (ICC). The Trump Administration said then that the PLO's Washington office was at risk of closure.

Mr. Abbas's call for an investigation of Israel by the ICC was consciously provocative, and the

The U.S. stops indulging Palestinian hostility to Israel.

PLO's Washington office would have known that. The U.S. Congress said in 2015—before Donald Trump became President—that the Secretary of State was required to certify that the PLO wasn't trying to use the ICC against Israel.

In a speech Monday to the Federalist Society, White House National Security Adviser John Bolton made clear the U.S. will push back hard against any ICC investigation involving members of the U.S. military or the country's allies.

"The United States," Mr. Bolton said, "will use any means necessary to protect our citizens and those of our allies from unjust prosecution by this illegitimate court. We will not cooperate with the ICC."

Meanwhile, late last month the U.S. announced it is permanently cutting funding to the United Nations Relief and Works Agency, or Unrwa, a primary source of Palestinian financial support for decades. The numbers are significant. The U.S. decision will cut off more than \$300 million from Unrwa's \$1.24 billion budget. By now the U.N. agency is essentially a shadow government in the Palestinian-held territories. In Gaza alone, there are 274 Unrwa schools with a student population of 280,000.

The point of all this isn't to be vindictive but to show Mr. Abbas and the PLO that they can't continue to underwrite anti-Semitic textbooks and anti-Israel terrorism without consequences. If the Palestinians want to be treated with the respect of a peace partner, they have to first show a desire for peace.

OPINION

LETTERS TO THE EDITOR

Dianne Got Her Gun, Too Bad About Yours

Regarding your editorial "Dianne, Get Your Gun" (Sept. 6): When Sen. Dianne Feinstein says certain guns can be banned since they are in storage most of the time and thus not "in common use" as qualified by constitutional standards, she constructs a line of reasoning that covers virtually everything. By her standard, lawn mowers aren't in common use, even cars might not qualify. Only cellphones and perhaps television sets might meet her common-use standard.

JAMES W. BENEFIEL
Dunedin, Fla.

Sen. Feinstein is a woman who, as a local official in San Francisco, carried a concealed weapon when she felt threatened. She believed in self-protection at that time and years later admitted, "If someone was going to try to take me out, I was going to take them with me." Now she seems to want the Second Amendment annulled and all Supreme Court nominees to agree with her new position. Perhaps as a senator she has armed guards and

TERENCE KANE
Long Beach, N.Y.

I can assure you my semiautomatic rifles don't spend time being stored. I am on one of the two ranges I belong to during the week, and on weekends it's like a bagel shop, take a number and wait for a place on the range. There's a whole lot of "common use" going on down here in Jacksonville.

CAPT. JOHN F. KALL, USN (RET.)
Jacksonville, Fla.

Sen. Feinstein is welcome to visit my shooting club as my guest to see all the semiautomatic rifles in common use.

STEPHEN WEEKS
Houston

Young Socialists Should Be Clear on Facts

Regarding Crispin Sartwell's "How to Argue With a Young Socialist" (op-ed, Aug. 23): The published vision of the Young Democratic Socialists of America seeks "a humane social order based on popular control of resources and production, economic planning, equitable distribution, feminism, racial equality and non-oppressive relationships."

These young airheads do not like to use Venezuela or Cuba as examples of this failed philosophy but instead refer to Denmark, Sweden and Norway apparently not realizing that these countries are not technically "socialist" since the means of production are privately held and they do not have centrally planned economies (not "popular control of resources and production"). These countries are indeed "welfare" states but open-market policies generate enough revenue to support the

BOB GRUY
Pawleys Island, S.C.

History shows that, with a few honorable exceptions like Sweden, Denmark, etc., the people in power in socialist societies tend to defend their positions by removing the democratic opposition. Look at the National Socialist German Workers' Party, the Communist Party of the Soviet Union or the chavistas in Venezuela. At first suppressing dissent might seem necessary to supporters to achieve the idealistic goals they believe in, but it never seems to end well.

DAVID LUCHT
Mooresville, N.C.

California Crushes Health-Insurance Choice

Your editorial "ObamaCare's Hotel California" (Sept. 4) is on the mark. The one short-term health plan available in California just closed new enrollments effective Sept. 1. This means that many people will go without insurance because the Affordable Care Act plans aren't allowing most people to enroll until Jan. 1, 2019.

The majority of these people are self-employed and make too much money to qualify for a subsidy. A client emailed me: "It is horrible how California government messes with its constituents. I cannot fathom how they would rather have bankruptcies than insured citizens." He reasoned that ACA enrollment should be opened up immediately since the California government has banned the alternatives.

In my experience as an independent insurance broker, the majority of people who like the ACA aren't paying for it. People who make a little too much money have to pay for themselves plus the people who are getting subsidies.

The problem is the ACA plans are

too rich in benefits to be sustained premium-wise. The politicians loaded in benefits without looking at the costs.

My client also said, "There are too many reasons to leave the state. I have had it."

PATRICK FREEMAN
Laguna Beach, Calif.

Are our memories so short that we have forgotten what health insurance used to be in the 1990s? If you got sick, you got dropped. When you got laid off, you lost your insurance, and when you got another job, your insurance wouldn't cover everything your old insurance did. Policies had "maximums," entirely defeating the purpose of having insurance to avoid financial ruin.

As for consumer choice, remember, bad insurance drives out good. The ACA has its faults, but they can be fixed and the program strengthened.

CONRAD REYNOLDS
Louisville, Ky.

Does a Built-In Bias Cloud Some Buyback Decisions?

I believe some of your readers who wrote (Letters, Aug. 25) responding to Clifford Asness's "Buyback Derangement Syndrome" (op-ed, Aug. 17) missed a subtle bias by insider executives and board members. Corporate insiders in management and on the boards usually have stock options that suffer valuation decreases from special dividends, which naturally only go to holders of outstanding stock. However, buybacks benefit both existing stockholders and option holders (unless too high of a price is paid relative to book value or future earnings). Thus, inside executives and board members have a bias against special dividends and a preference for the buybacks and the enrichment of all, including themselves.

HARVEY GILLIS
Scottsdale, Ariz.

Pepper ... And Salt

THE WALL STREET JOURNAL



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. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

LAUREN RABECK
Salisbury, Md.

When I see millennials covered in expensive ink, my only thought is that they are wearing their retirement. If only they could let go of the immediate gratification and wisely invest that money, in 30 or 40 years the accumulated wealth would look considerably better and be more useful.

STEVE ZIMMERMAN
Scottsdale, Ariz.

We want to help people — including young people — understand the risks of misusing prescription medications, including opioids.

Every day our nation faces tragic stories of struggles with opioid addiction and lives lost to prescription and illicit opioid overdose. We are deeply concerned about the toll the opioid crisis is having on individuals and communities across the nation. As a manufacturer of prescription opioid medications, Purdue Pharma is committed to supporting meaningful solutions to address this crisis.

We want to help people — including young people — understand the risks of misusing prescription medications, including opioids. The National Institute on Drug Abuse, part of the National Institutes of Health, states, “after alcohol, marijuana, and tobacco, prescription drugs (taken nonmedically) are among the most commonly used drugs by 12th graders.”¹

That’s why we support school-based prevention education efforts, including being a member of the Prescription Drug Safety Network, a public-private initiative created by EVERFI, a leading prevention education innovator. The potential benefits of high school prevention education are significant, with school-based programs shown to save an estimated \$18 in substance-abuse-related medical care, state and local government costs, and lost productivity over a lifetime for every \$1 spent.^{2,3} Founded in collaboration with educators and prevention experts, and launched with support from members of the healthcare industry, as well as community and state leaders, this national coalition brings an innovative digital experience into the classroom that is designed to empower students with knowledge, skills, and strategies to help prevent prescription drug misuse and abuse. Real-world scenarios drive home the lessons and provide students with tips on how to spot and help a friend in trouble.

More than 57,000 students at more than 800 high schools nationwide accessed the digital Prescription Drug Safety prevention curriculum in the 2017-2018 academic year and increased their knowledge on six different learning modules — including the science of addiction, safe use, refusal skills, and supporting a friend — by an average of 49 percent.⁴

Nearly 100,000 students have already participated in this course in schools across the country through the efforts of the Network. We look forward to seeing the Network’s impact grow and to helping more students learn these valuable skills in the coming school year, and beyond.

We hope that others will embrace the importance of prevention-focused education. We urge you to learn more about the national initiative and help broaden the reach of the Prescription Drug Safety Network.

While no one intervention alone will solve this crisis, partnerships, determination, and innovative approaches are steps in the right direction.



www.purduepharma.com

¹National Institute on Drug Abuse. Misuse of Prescription Drugs. January 2018. Retrieved from <https://www.drugabuse.gov/publications/research-reports/misuse-prescription-drugs/summary>. Accessed August 21, 2018.

²Substance Abuse and Mental Health Services Administration. Substance Abuse Prevention Dollars and Cents: A Cost-Benefit Analysis. Retrieved from <https://www.samhsa.gov/sites/default/files/cost-benefits-prevention.pdf>. Accessed August 21, 2018.

³Prescription Drug Safety Network. The Case for Prescription Drug Education. Retrieved from http://info.everfi.com/rs/410-YCZ-984/images/White%20Paper_Case%20for%20Rx%20Drug%20Education.pdf. Accessed August 21, 2018.

⁴Prescription Drug Safety Network. Prescription Drug Safety Course. K-12 Impact Report 2017-2018. Retrieved from <https://everfi.com/networks/prescription-drug-safety-network/impact/>. Accessed August 21, 2018.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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NXP Charts Post-Qualcomm Path

Dutch chip firm keeps focus on auto sector, sets cash for investors after a collapsed deal

By STU WOO

NXP Semiconductors NV, frozen for almost two years by **Qualcomm** Inc.'s failed bid to buy it, now must persuade shareholders to support the Dutch chip maker's new go-it-alone strategy, which includes a new quarterly dividend.

NXP's investor day Tuesday in New York will mark the first time the company has seriously engaged investors and analysts since Qualcomm announced the proposed merger in October 2016. Chief Executive Rick Clemmer said Mon-

day that he doesn't plan to significantly alter his company's predeal strategy, which focused on leading the market for chips for automobiles.

"We hadn't gone through the strategy a lot in the 21-month period of time" that the company was waiting for approval of the deal, Mr. Clemmer said in an interview. Qualcomm had asked NXP to keep quiet during the transaction process, so Mr. Clemmer didn't hold conference calls or meet with investors or analysts during that time.

"As soon as I realized there was a chance the deal would break, I said we'd dust off our strategy, not reformulate strategy," he said. The \$44 billion deal between Qualcomm and NXP fell apart after failing to win approval from Chinese

regulators.

Mr. Clemmer said he planned to tell investors Tuesday that NXP is a functioning company that doesn't need major changes. He said he would focus on explaining



Chief Executive
Rick Clemmer
plans to tell
investors the
company
doesn't need
major changes.

some recent moves: removing a layer of management, combining two divisions and entering the electric-vehicle market with a new product.

Helping the Nasdaq-listed company to win over investors

is the \$2 billion breakup fee from Qualcomm. Mr. Clemmer said he now plans to reward investors, announcing a regular quarterly cash dividend. The initial dividend for the fourth quarter will be 25 cents per ordinary share.

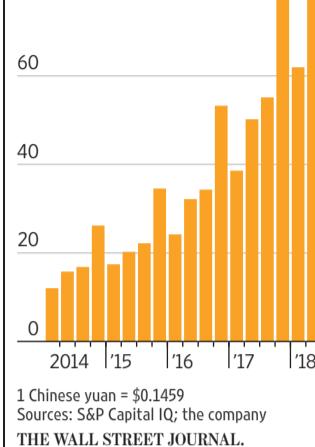
"I said, 'Wait, that's not the purpose of our discussion,'" Mr. Clemmer said. The two sides announced the deal in October 2016 for \$39 billion; Qualcomm later raised its bid to \$44 billion. An intensifying trade spat between the U.S. and China weighed on the deal's prospects. On May 14, NXP stock jumped 12% after President Trump said he was working with Chinese President Xi Jinping to provide a reprieve to ZTE Corp., the Chinese telecommunications company that Washington had punished for breaking terms of a sanctions-busting settlement. A month later, Mr. Clemmer joined a Dutch delegation at the White House and left with the impression that U.S.-China trade

"Please turn to page B2

Sales Surge

Alibaba's quarterly revenue

80 billion Chinese yuan



1 Chinese yuan = \$0.1459

Sources: S&P Capital IQ; the company

THE WALL STREET JOURNAL.

Alibaba's Next Boss Is a Retail Innovator

By LIZA LIN

The man who has been anointed as the next executive chairman of **Alibaba Group Holding** Ltd. chose "Free and Unfettered Person" as his company nickname.

It might have been wishful thinking.

Daniel Zhang, 46 years old, an accountant by training and chief executive officer at one of China's largest internet companies, works most nights until 11:00 and spends many weekends networking with other executives, according to a person familiar with Mr. Zhang.

On Monday, Alibaba founder Jack Ma announced Mr. Zhang would succeed him as executive chairman when Mr. Ma steps down in a year.

It was hardly a surprise: Mr. Zhang has been chief executive officer since 2015 and is widely respected for helping the company continue its growth during that time, with net income last year of \$10.2 billion.

Alibaba employees all choose in-house nicknames, and Mr. Zhang chose "Free and Unfettered" because "he's always chasing and seeking—to be free and not tied down to anything," another person familiar with Mr. Zhang's thinking said.

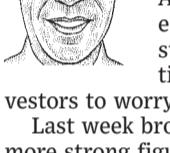
Alibaba didn't make Mr. Zhang available for comment.

Among other accomplishments, Mr. Zhang is known for turning Singles Day, an infor-

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STREETWISE | By James Mackintosh

High Confidence Can Be Sell Signal for Investors



Rarely have gauges of the American economy been stronger. It is time for investors to worry.

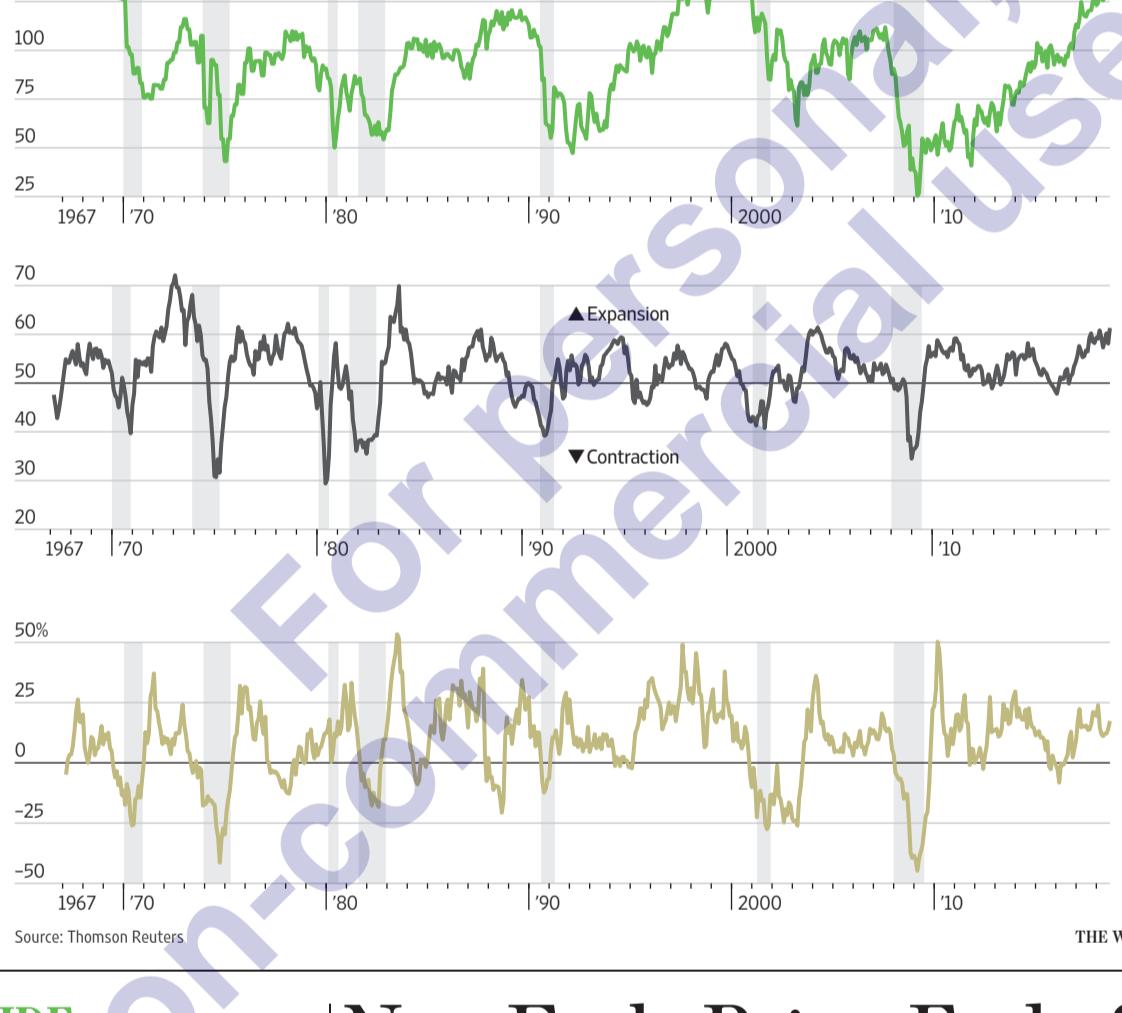
Last week brought yet more strong figures from the U.S. economy, with another surprisingly strong jobs number, wages rising the fastest since the last recession ended and the Institute for Supply Management survey of manufacturing the best since 2004. The previous week brought consumer-confidence measures at their highest since 2000, according to the Conference Board. What's not to like?

For investors, a lot. The problem is well-studied and should be obvious, yet continues to be ignored: When the economy is strong, stocks soar as confident investors bet that the good times will keep on rolling. When the economy struggles, investors assume it will never recover. Rather than look to the future, investors tend to extrapolate the recent past and mostly get it wrong.

This shows up most obviously by looking at how closely stocks move with gauges of consumer sentiment or the economy. Since

Please turn to page B2

The economy looks great and consumers are happy. But history shows that those conditions don't necessarily predict further gains for investors.



The Conference Board gauge of U.S. consumer confidence has rarely been higher.

The Institute for Supply Management purchasing managers' index has rarely been more positive.

U.S. stocks are near records but past isn't prologue.
S&P 500 12-month percentage change

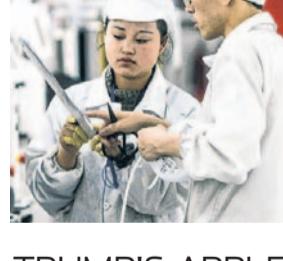
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INSIDE



JIMMY BUFFETT KICKS IN FOR POT STARTUP

MEDICAL MARIJUANA, B5



TRUMP'S APPLE TWEET RIPPLES INTO ASIA

MARKETS, B10

New Fuels Bring End of Oil Era Nearer

By SARAH KENT

LONDON—The Era of Oil is coming to a close, but experts and corporate analysts disagree about just when that will happen.

The time left before global demand for crude peaks is increasingly tightening, according to projections from industry analysts. Two reports published this week point to an end of oil's growth within the next five years, far earlier than many in the industry expect.

Though most forecasts of oil's demise project a long tail, the estimates put increased pressure on big oil companies to clarify how they intend to confront a looming energy transition.

Demand for fossil fuels will peak around 2023, as increasingly cost-competitive solar and wind are buoyed by supportive government policies to displace growth in oil, coal and natural gas, according to an analysis by London-based think tank the Carbon Tracker Initiative.

"It's not a scenario; it's just obvious," said Kingsmill Bond, new energy strategist and author of the Carbon Tracker report.

Norwegian risk-management company DNV GL takes a similar view in an analysis released in London on Monday. It predicts oil demand will max out in five years, making

way for renewables to dominate an increasingly electrified and efficient energy system.

"The transition is undeniable," said DNV Chief Executive Remi Eriksen.

The aggressive forecasts add to a raging debate among energy executives and analysts over what the coming decades may hold for the industry. Mainstream views have shifted from a decade ago, when many fretted over the prospect that oil supply could run out.

Now, global ambitions to curb global warming, coupled

with cheaper and better renewable technologies, are pressuring assumptions about long-term demand.

Investors are increasingly sitting up and taking notice, demanding big oil companies outline how resilient their businesses are to an energy transition.

While the industry unsurprisingly has a more bullish outlook on the commodity, even some big oil companies acknowledge a tipping point may be coming sooner than previously anticipated.

Earlier this year, BP PLC said the world's appetite for oil could plateau and then begin to decline between 2035 and 2040, acknowledging that renewables like solar power are growing faster than expected.

Previously, the company had said crude demand would keep growing into the 2040s. Royal Dutch Shell PLC has said if serious global action is taken to combat global warming, consumption could peak by the mid-2020s. Both com-

Please turn to page B5



An oil platform in Norway's North Sea. Some experts see demand for fossil fuels peaking around 2023.

Borrowers Struggle as Emerging Markets Slide

By JOE WALLACE

AND MANJU DALAL

The steep falls in emerging markets have hurt the ability of developing-world companies and governments to issue bonds overseas, making it harder to pay back existing debt and putting potential pressure on economic growth there.

After a record 2017, emerging-market debt issuers raised less money abroad in June, July and August than in any summer since 2013 and the taper tantrum, when concern that the U.S. was rolling back monetary

stimulus triggered a sell-off across bond markets. The current drop underscores the changing dynamics for emerging markets, which benefited from years of central-bank stimulus and a recent period of synchronized global growth. Now, U.S. interest rates are rising and the dollar is surging, making debt more expensive at a time of heightened concern over trade protectionism and domestic problems in giants such as Turkey and Argentina.

Emerging-market compa-

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NXP Sets Path After Qualcomm

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tensions were easing and that the Qualcomm-NXP deal would no longer be a negotiating chip.

Still, in May, he asked his strategy team to create a Plan B in case the deal fell through.

"We thought it was wasted effort," Mr. Clemmer said, "but we thought it was too critical to not have a backup plan in place because of the trade tension."

He didn't give up on the deal until the midnight deadline passed in July.

Mr. Clemmer said he has spent the past weeks meeting with skeptical analysts and investors, including Bernstein Research's Stacy Rasgon.

Mr. Rasgon said Mr. Clemmer's challenges will be running NXP after it lost top managers during the merger process, and providing a clear corporate strategy.

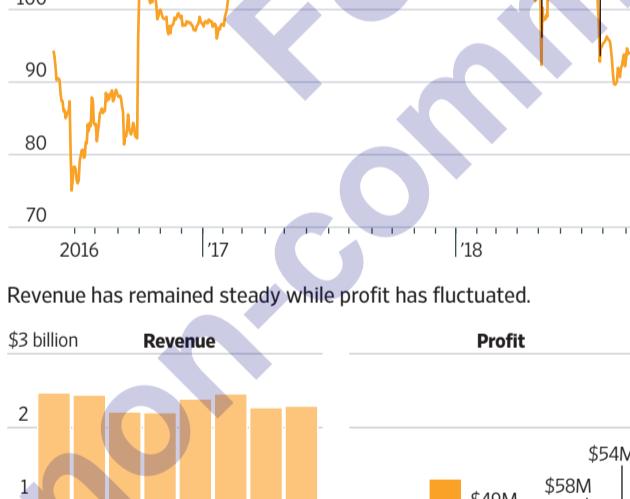
Confidence Could Be Sell Sign

Continued from page B1
1974, there has been a 48% positive correlation between the change in the Conference Board consumer-confidence index and stock prices over the previous 12 months, meaning stocks have a fairly strong tendency to rise when consumers feel more positive. This should surprise nobody. Yet those who buy because of past changes will find a slight negative correlation between consumer confidence and returns over the next year—because confidence typically doesn't keep improving (or worsening).

There is an even more powerful effect with ISM manufacturing, frequently used as an indicator of the broader health of the U.S. economy. The 12-month change in ISM had a 44% correlation with the change in stock prices since 1974,

Deal, No Deal

NXP shares have swung widely since Qualcomm agreed to buy it, then walked away



Revenue has remained steady while profit has fluctuated.



Source: FactSet (prices), staff reports (events); the company (revenue, profit)

again something which should elicit a big yawn, because we all know that when the economy gets better, stock prices rise. But the future returns have a tendency—a notable but weak negative 20% correlation—to move in the opposite direction. Again, it suggests investors assume that recent economic trends will continue and are wrong-footed when they don't.

The exact same effects apply to the overall economy, too. Armed with perfect hindsight, GDP is one of the best investment tools there is, as a better economy means higher share prices, and vice versa.

But if you buy because of what the economy did over the past year or the past quarter, you are making a big mistake. There is essentially no link between what U.S. GDP did and what stocks do over the next quarter or the next year, because what matters is what the economy will do in the future. If you think you know that, great, but your crystal-ball-gazing skills might not be quite so good as you imagine. Plenty of smart people are trying to

predict the economy, and their record of getting it wrong is superb.

Academics Elroy Dimson, Paul Marsh and Mike Staunton in 2010 demonstrated that the same is true in lots of countries. They found no link between the latest report on the economy and fu-

ture returns but a strong link between the—unknown—future state of the economy and future returns.

Even worse is that so many gauges are close to extremes. Buying stocks when confidence or growth is extremely high or selling when they are extremely low works even less well, because from extremes both tend to snap back a lot further. The current levels are truly extreme, with consumers more buoyant only during the excesses of the late 1960s and

the late 1990s. Both times ended badly for shareholders when bubbles popped.

The hope for investors is that this time round a bubble might inflate too. Households aren't holding nearly as much debt as they were in the last economic cycle. If American consumers start to borrow to fund a spending splurge, stocks could rise a lot further—even if it would ultimately end badly.

History provides the weakest of justifications for hope. Going back to the 1960s, on average stocks rose in the 12 months after consumer confidence came in very high, above 120 on the Conference Board index. But they only rose 3% on average, compared with the handy 14% average made by time travelers—or perfect forecasters—who bought 12 months before confidence rose to such levels. It was better to hold bonds than shares at such high levels, too, giving a better return and less volatility. Still, at least shareholders who were late to the party didn't lose money, so long as they sold promptly once confidence began to fall.

-20%

Correlation of future returns and ISM manufacturing index

BUSINESS & FINANCE



The European Parliament plans to vote on a draft directive that would hold online platforms more responsible for paying for content.

EU Copyright Battle Heats Up

BY DANIEL MICHAELS

BRUSSELS—A new European push to rein in tech giants through copyright legislation is sparking fierce debate and questions about whether the proposed law would accomplish its goals.

The fight pits big publishers, music companies and movie directors against internet giants including Facebook Inc. and Alphabet Inc.'s Google, as well as open-internet advocates and some small publishers.

It is coming to a head because the European Parliament plans to vote Wednesday on a draft copyright directive that supporters say would bolster media producers against internet platforms and hold those platforms more responsible for paying for content, such as copyrighted music playing in the background of an uploaded home video.

The vote, which will include more than 200 proposed amendments, will set parame-

ters for potentially protracted negotiations among the parliament, the EU's executive body and European governments. If a law is ultimately agreed to, EU countries would have up to two years to implement the new rules, which would be enforced by member countries.

The proposal comes atop recently enacted EU web-privacy legislation, known as GDPR, a \$5 billion fine levied on Google's Android mobile operating system, and EU rules requiring search engines to remove material as requested by individuals in certain cases.

Critics of the draft, including technology giants and individuals who want to maintain easy sharing on the web, contend the law would have many negative consequences, including stifling free expression, hampering innovation and forcing new expenses on small startups required to filter content for copyright material.

Fighting over the law has

been unusually fierce, say veterans of EU legislative battles. Celebrities including Paul McCartney and Wikipedia founder Jimmy Wales have lobbied for and against the law, respectively. EU legislators say they've received hundreds of emails against the draft text on some days.

Media companies, particularly publishers, say their business has been gutted by Facebook and Google through their sharing of published materials that provide little or no revenue or user data back to the publishers. The platforms' behavior amounts to theft, said Mathias Döpfner, chief executive of German publisher Axel Springer SE. The new law would give news publishers the right to negotiate payment for "digital use" of their content by tech firms.

"If somebody else can just steal what you have created," Mr. Döpfner told a conference organized by German rival Hubert Burda Media in Brussels, "then this is just a hopeless

case for content creators."

Burda CEO Paul-Bernhard Kallen said the principle "is a matter of justice."

News Corp., publisher of The Wall Street Journal, supports the law's copyright protection.

A Google spokesman declined to comment on the draft law. When it was first proposed in 2016, Google's head of public policy said in a blog that the draft contained "worrying elements" that could mean "everything uploaded to the web must be cleared by lawyers before it can find an audience."

A spokeswoman for Facebook said its platform offers tools for rights holders to protect their content, adding "We hope that the debate going forward will focus on the original mission of protecting copyright and ensuring a vibrant marketplace for content creation."

—Sam Schechner and Valentina Pop contributed to this article.

HCA Healthcare President Is Tapped to Fill CEO Seat

By KIMBERLY CHIN

HCA Healthcare Inc. said President and Chief Operating Officer Sam Hazen will take the top spot at the hospital operator, succeeding R. Milton Johnson as chief executive at the beginning of next year.

Mr. Hazen also joined HCA's board, effective Monday, expanding the number of directors to 12.

Mr. Johnson, who has been CEO for four years, plans to step down from the role on Dec. 31.

He will remain chairman until the company's next an-

nual shareholder meeting on April 26, 2019.

Thomas Frist III, the son of the founder, Thomas Frist Jr., will become chairman next year.

He has been a board member since 2006.

Mr. Hazen, who is a 36-year HCA veteran, has served in various roles at the company, including president and chief financial officer of HCA's Western Group overseeing operations in Northern Texas and other markets.

HCA's shares were down 0.7% Monday. Its stock has nearly doubled for the year.

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TECHNOLOGY

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Jack Ma, a Tech Boom Showman

BY STELLA YIFAN XIE

HONG KONG—As China's most famous celebrity businessman, Jack Ma did more than build **Alibaba Group Holding** Ltd. into one of the world's biggest companies—he also helped create China's technology boom by inspiring a generation of entrepreneurs to follow his path.

Mr. Ma's charisma and zeal for the limelight made him the perfect frontman for China's emerging tech industry, observers say, sending a message to China's young and ambitious that there were opportunities beyond government work and state-owned enterprises.

"The biggest legacy he left for China's new wave of entrepreneurs is not the amount of wealth he accumulated but the hope that, regardless of your background, if you stick to your dream you can create change," said Michael Zhu, managing partner at venture-capital firm Gobi Investment.

Mr. Ma used the occasion of his 54th birthday Monday to announce he would step down as Alibaba's executive chair-



Jack Ma started Alibaba in his apartment about 19 years ago.

CHINA DAILY/REUTERS

man one year from now to pursue other interests, including education.

"Having been trained as a teacher, I feel extremely proud of what I have achieved," Mr. Ma said in a statement announcing his decision to surrender the chairman position to Chief Executive Daniel Zhang next year. "Teachers al-

ways want their students to exceed them, so the responsible thing to do for me and the company to do is to let younger, more talented people take over in leadership roles."

The company—and China—is far different today from 19 years ago, when Mr. Ma and 18 friends started Alibaba in his Hangzhou apartment.

Alibaba's New Boss Is Innovator

Continued from page B1

mal holiday celebrated by China's young singles, into a phenomenal promotional vehicle for Alibaba's online shopping platforms.

Young singles are among Alibaba's core customers, and on Singles Day in 2009—Nov. 11—Alibaba offered them huge discounts on apparel, electronics and just about everything else it sold.

Now past its ninth year, the discounts have been scaled back, but the day has since become a must-do marketing

event for consumer brands in China, with some brands preparing months in advance for the shopping bonanza.

Last year, the e-commerce giant said it racked up more than \$25.3 billion in sales in the 24-hour period that began at 12 a.m. on Nov. 11—helped along by a gala TV show, a marketing campaign that pushed advance orders and the usual discounts on everything from cosmetics to cars.

"Ahead of that first 11.11, for us, it was just about survival, about finding a way to make a small business grow quicker," Mr. Zhang, soft-spoken and cerebral, said late last year in an interview on an Alibaba media site. "But looking back, it was really all about the spirit of entrepreneurship that prevails at Alibaba."

Mr. Zhang, who received his bachelor's degree in finance

from Shanghai University of Finance and Economics, joined Alibaba in 2007 as chief financial officer of Taobao, the company's e-commerce website that consumers and small businesses use to sell to each other.

Mr. Zhang was a key architect behind a retail initiative blending online and physical commerce.

The following year, he started overseeing online retail site Tmall's predecessor, Taobao Global, and helped convert the business-to-consumer platform from an obscure shopping website into a behemoth highly sought after by brands looking

The idea then was to use the internet to help small companies in China sell their goods globally. It pivoted from there, catching the wave of China's rising middle class to turn Alibaba into an e-commerce behemoth through online sales platforms Taobao and Tmall, where Chinese consumers and businesses alike shop for apparel, food, electronics and other goods.

Now valued at about \$420 billion, Alibaba has moved into entertainment, cloud computing and financial services through an affiliate. It posted a profit of \$10.2 billion for the year ended March 2018.

Along the way, Mr. Ma emerged as the emcee of China's consumer boom, including presiding over its annual televised, celebrity-fueled shopping extravaganza known as Singles Day that has become something of a national holiday in China.

Mr. Ma has his critics. Apparel manufacturers have complained that he doesn't do enough to rid his sites of counterfeits. The U.S. Trade Representative's office has

placed Alibaba's consumer-shopping site on a list of notorious markets.

Within the company, however, Mr. Ma is widely revered.

"We address Jack Ma as 'Teacher Ma' within the company, and we call each other 'classmates,'" said George Huang, executive assistant to the CEO at Ant Financial. "He really values cultivating people," he added.

His management style shows the influence of both U.S. business practices and ancient Chinese wisdom. Mr. Ma's love of martial arts helped create a tradition in which employees use aliases that are inspired by kung fu novels to reinforce a lack of hierarchy.

Many are told that is because they couldn't choose their names at birth, they can pick their own aliases.

"His management style ranges from martial-arts strategy to Mao's guerrilla tactics," said Porter Erisman, a former vice president at Alibaba and author of "Alibaba's World."

—Liza Lin in Singapore contributed to this article.

Uber Hires First Head Of Global Marketing

BY SUZANNE VRNICA

Uber Technologies Inc. has hired its first global chief marketing officer, as the ride-hailing company continues to work on shoring up its brand.

The San Francisco-based company has hired Rebecca Messina, a longtime Coca-Cola Co. marketing executive, who most recently was marketing chief for liquor maker **Beam Suntory Inc.**

Ms. Messina said she was attracted to Uber because of the brand's potential and the "utility that it gives" consumers.

The 46-year-old marketer joins Uber as the Silicon Valley startup has been airing an expensive campaign to repair its reputation, which took a hit after a rash of corporate scandals that ranged from the mistreatment of its drivers to allegations of sexual harassment and discrimination at the company.

The controversies eventually led to the resignation of the company's co-founder and chief executive, Travis Kalanick, last year.

Earlier this year, Uber began an advertising campaign featuring new Chief Executive Dara Khosrowshahi, promising that Uber, one of the highest-valued private technology companies in the world, is moving in a new direction and vowing to be a better company for riders and drivers.

Recent ads have touted how the company is improving the safety of its service with new products, including a new app feature that allows riders to let their families know they are on their way home.

Uber has spent \$42.6 million on its "Moving Forward" TV ads that began airing in the U.S. in May, according to estimates from iSpot, an ad research firm.

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Customer testimonial from an independent, third-party survey.



A Tencent gaming event in Chengdu last December. Tencent will close 'Everyday Texas Hold'Em.'

Tencent Shuts Videogame as Beijing Crackdown Continues

BY SHAN LI

BEL京ING—Tencent Holdings Ltd. is shutting down a poker-based online game as the government increases controls on the videogame industry in China.

The Shenzhen-based tech giant said Monday it had started to phase out "Everyday Texas Hold'Em," a gambling game based on the poker card game, and would shut down the game server Sept. 25. Players will be compensated according to Ministry of Culture and Tourism guidelines, the company said on its official WeChat account.

Tencent said it will either issue refunds to players or convert their virtual currency in the poker game so it can be used in other games.

The company in a statement said it was closing down the game because of "an adjustment in its business," and a spokeswoman declined to elaborate.

The Ministry of Culture and Tourism and the General Administration of Press and Publication—which analysts say will likely be responsible for game approvals after a bureaucratic reshuffle—didn't respond to requests for com-

ment. But Chinese authorities have cracked down in the past on online gambling, which is illegal in mainland China.

Players in Chinese poker games use virtual currency instead of real money to bet, and commonly go through middlemen services to transfer or cash out their winnings.

The videogame industry has been facing heightened scrutiny from regulators. State media in recent years has denounced videogames for violent content and their addictive nature.

Tencent, the world's largest videogame company by revenue, has taken a hit after facing a string of regulatory hurdles.

Last month, the company lost more than \$20 billion in market value in a single day after Chinese regulators said they would limit videogame releases and set new restrictions on play time for young people as part of a broader plan to combat vision problems among schoolchildren and adolescents.

Tencent also was forced to stop sales of "Monster Hunter: World," which it had only launched the week before, when Chinese regulators pulled the game's operating li-

cense.

A few days later, the company reported its second-quarter profit fell from a year earlier, the first such drop since 2005.

Executives said Tencent had been unable to make money off two of its most popular games because a bureaucratic reshuffle had temporarily halted regulator game approvals.

Since then, Tencent has proactively tightened control over its games.

Last week, the company said it will start checking the identities and ages of players on its hit "Honor of Kings" videogame against a police database to pinpoint "irrational consumption" of the game by minors. The company called the move a first for the industry.

On its WeChat account, the company said it will expand identity verification to other games in the future.

"Children are the hope of their families, the future of the country," the company said. "Tencent has always seen healthy online access for minors as a matter of utmost importance."

—Xiao Xiao in Beijing contributed to this article.

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BUSINESS & FINANCE

Playboy Doubles Down On Its Media Strategy

BY LUKAS I. ALPERT

Playboy Enterprises Inc. has focused recently on becoming a lifestyle brand, but it isn't ready to give up on its editorial roots just yet.

Nearly a year after founder Hugh Hefner died at 91 years old, Playboy is looking to revitalize its editorial output, with greater integration of its online and television offerings built around a streamlined version of the magazine.

To that end, Playboy has hired Julie Uhrman as its first-ever president of media to help the company develop a greater presence in streaming television, videogames and virtual- and augmented-reality platforms.

"Julie brings a wealth of experience with technology, platforms and gaming, which is integral to our strategy going forward," said Playboy Chief Executive Ben Kohn.

She joins from **Lions Gate Entertainment Corp.**, where she served as executive vice president and general manager

of the company's streaming-television business since 2016.

The move to revamp Playboy's content comes after the company reached a deal at the end of July with Mr. Hefner's estate to sell the family's roughly 35% stake to its majority owner, private-equity firm Rizvi Traverse, for \$35 million. Rizvi Traverse took control of roughly two-thirds of Playboy in 2011 when it helped Mr. Hefner take the company private.

After Mr. Hefner's death, the company began to re-evaluate the future of the money-losing U.S. magazine, which was scaled back to six issues a year from 10 in 2017, after a brief period in which it stopped printing nude pictures.

In early January, Mr. Kohn said the company was considering ending its run in print entirely but he now says the magazine will continue, although pared back to a quarterly next year. Each issue will feature 220 pages—nearly double its current size—and three playmates.

BUSINESS WATCH

RENESAS ELECTRONICS**Japanese Chip Maker To Buy IDT of U.S.**

Renesas Electronics Corp. will buy California-based **Integrated Device Technology Inc.** for \$6.7 billion, the Japanese chip maker said Tuesday.

Renesas isn't planning a new share offering to finance the deal. Instead, it will use cash and new loans from its banks, worth a total of 679 billion yen (\$6.1 billion). The \$6.7 billion price tag translates to \$49 a share, a 29.5% premium over IDT's stock price as of Aug. 30.

Renesas said the IDT acquisition will help to expand its presence in the auto industry.

The deal is expected to close by June next year, Renesas said.

—Takashi Mochizuki

PLAYMONSTER**Toy Maker Considers Sale**

PlayMonster LLC is weighing a sale, said people familiar with the matter, as the industry navigates turbulence after the collapse of **Toys "R" Us Inc.**

The **Topspin Partners**-backed toy company is projected to generate about \$13 million in earnings before interest, taxes, depreciation and amortization and sales of about \$75 million for 2018, the people said. **Robert W. Baird & Co.** is providing financial advice to PlayMonster for the potential sale, they added.

The Beloit, Wis.-based company designs, manufactures and distributes toys across national chains and specialty stores.

—Jaewon Kang



Marijuana plants growing in a Surterra facility near Tallahassee, Fla.

JOE RONDONE/TALLAHASSEE DEMOCRAT/APASSOCIATED PRESS

Jimmy Buffett, Wrigley Scion Back Weed Startup

BY JENNIFER MALONEY

Singer Jimmy Buffett and billionaire William "Beau" Wrigley Jr. are getting behind a U.S. marijuana startup, joining a scrum of companies betting on the increasingly crowded cannabis industry.

Mr. Buffett, whose hits like "Margaritaville" evoke a beach-bum lifestyle, will license his Coral Reefer brand to **Surterra Holdings Inc.** for a line of cannabis products including vape pens, gel caps, edibles and lotions.

The deal comes a month after Mr. Wrigley, 54 years old, the former CEO of the Wrigley gum and candy company, joined Surterra as chairman when his family investment firm Wychwood Asset Management led a \$65 million fundraising round.

Founded in 2014, Surterra is based in Atlanta and is licensed to operate in Florida and Texas. It grows marijuana, manufactures medical cannabis products and operates retail outlets. It has raised more than \$100 million since 2015.

Surterra is one of many

startups seeking to capitalize on legal marijuana sales. Although marijuana use is prohibited by federal law, 30 states permit medical use, and it is allowed for recreational use in nine states and Washington, D.C.

Cannabis startups have access to a limited pool of capital because many limited partnerships and retirement funds are restricted from investing in marijuana. These companies are increasingly turning to high-net-worth individuals and family offices.

In the U.S., more than 60 cannabis startups have raised at least \$5 million from venture capital or private equity in the past five years, according to research firm PitchBook. Others have listed on stock exchanges in Canada, where recreational cannabis will become legal in October. Three big brewers, including Corona brewer **Constellation Brands Inc.**, have recently announced large investments in Canadian cannabis companies.

Mr. Buffett, 71, has built a licensing empire that includes Margaritaville-branded restaur-

ants, hotels, casinos and retirement communities.

The musician was approached by several other cannabis ventures but decided to go with Surterra because it focused on health and wellness rather than recreation, according to John Cohlan, Mr. Buffett's business partner. He said Mr. Buffett would receive royalties from the deal but not a stake in the startup.

"We have made a conscious decision to not go into the recreational business," Mr. Cohlan said in an interview.

The Coral Reefer marijuana products will initially be available at Surterra stores in Florida starting next spring. In other states, the products could later be sold through other retail outlets or wholesalers, said Jake Bergmann, Surterra's founder and CEO.

Surterra will market Coral Reefer products aimed at improving appetite and mood, relieving pain and alleviating symptoms from chemotherapy, he said. In states where recreational marijuana use is legal, the products won't require a prescription.

New Fuels Spur End Of Oil Era

Continued from page B1
panies look at a range of scenarios when planning their strategies and don't treat such numbers as forecasts.

"As an industry we will have to deal with radical uncertainty on a scale which we have not experienced before," Shell CEO Ben van Beurden told an industry conference in March. "We ignore that at our peril."

The International Energy Agency—whose outlooks are often used as an industry benchmark—has also published scenarios in which oil consumption peaks in the 2020s on the basis of aggressive climate action. But its central assumption is still that oil demand will continue to grow into the 2040s. That is also the view of U.S. oil giants **Exxon Mobil Corp.** and **Chevron Corp.**

"The oil companies and the IEA think we have decades to go," Carbon Tracker's Mr. Bond said. "This is a real turning point...[and] it's jolly soon."

Within the oil industry, when demand will peak is the subject of hot debate

- ◆ **Carbon Tracker:** Fossil fuel demand to peak in 2023
- ◆ **DNV:** 2023
- ◆ **IEA:** 2040
- ◆ **Equinor:** Around 2030
- ◆ **Shell:** As soon as 2025, as late as 2040
- ◆ **BP:** 2035-40
- ◆ **Exxon:** 2040
- ◆ **Chevron:** No peak in the near or intermediate future

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25857.07 ▼59.47, or 0.23%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.37 20.18
P/E estimate * 16.76 18.39
Dividend yield 2.13 2.34
All-time high 26616.71, 01/26/18



Bars measure the point change from session's open

Current divisor 0.14748071991788
Last 23000
June July Aug. Sept.

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

S&P 500 Index

2877.13 ▲5.45, or 0.19%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.20 23.82
P/E estimate * 17.84 18.83
Dividend yield 1.81 2.00
All-time high 2914.04, 08/29/18



Last 2600
June July Aug. Sept.

Nasdaq Composite Index

7924.16 ▲21.62, or 0.27%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.75 25.87
P/E estimate * 21.40 21.43
Dividend yield 0.96 1.11
All-time high: 8109.69, 08/29/18



Last 7200
June July Aug. Sept.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	SPX	S&P 500
Industrial Average	26039.96	25854.13	25857.07	-59.47	-0.23	26616.71	22057.37	17.2	4.6	16.6
Transportation Avg	11576.30	11377.37	11554.08	206.54	1.82	11554.08	9440.87	21.8	8.9	12.9
Utility Average	739.90	734.26	737.53	3.93	0.54	774.47	647.90	-2.3	2.0	10.6
Total Stock Market	29999.55	29895.01	29913.74	66.02	0.22	30290.78	25721.67	16.3	8.1	13.6
Barron's 400	780.49	777.09	778.41	3.40	0.44	786.73	648.10	20.1	9.5	13.9

Nasdaq Stock Market

Nasdaq Composite	7945.03	7890.39	7924.16	21.62	0.27	8109.69	6370.59	23.2	14.8	18.2
Nasdaq 100	7473.75	7410.74	7447.68	17.42	0.23	7660.18	5867.35	24.5	16.4	20.1

S&P

S&P	500 Index	2886.93	2875.94	2877.13	5.45	0.19	2914.04	2488.11	15.6	7.6	13.8
MidCap 400	2038.69	2029.65	2031.78	4.53	0.22		2050.23	1739.02	16.8	6.9	13.0
SmallCap 600	1088.02	1081.51	1082.57	1.42	0.13		1098.36	847.73	27.7	15.6	17.4

Other Indexes

Russell 2000	1723.81	1714.49	1717.47	4.29	0.25	1740.75	1414.83	21.4	11.8	14.2
NYSE Composite	12994.84	12928.12	12928.67	17.55	0.14	13637.02	12010.27	7.6	0.9	8.9
Value Line	585.29	582.29	583.68	1.39	0.24	593.57	520.18	12.2	3.8	8.5
NYSE Arca Biotech	5171.59	5126.05	5161.02	20.98	0.41	5342.46	4045.25	22.8	22.2	9.9
NYSE Arca Pharma	582.66	577.55	577.58	0.20	0.03	593.12	516.32	5.8	6.0	1.6
KBW Bank	110.41	109.65	109.68	-0.14	-0.13	116.52	92.00	19.2	2.8	15.3
PHLX® Gold/Silver	63.31	61.92	61.92	-1.11	-1.76	92.08	61.92	-30.9	-27.4	-11.7
PHLX® Oil Service	137.54	135.95	136.18	0.28	0.21	170.18	126.58	7.6	-8.9	-8.0
PHLX® Semiconductor	1376.00	1362.56	1375.74	14.97	1.10	1449.90	1115.46	23.3	9.8	30.8
Cboe Volatility	15.20	13.93	14.16	-0.72	-4.84	37.32	9.14	32.0	28.3	-16.6

\$ 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
Weatherford International	WFT	7,686.2	2.39	0.01	0.42	2.44	2.36
SPDR S&P 500	SPY	7,102.3	288.11	0.01	0.003	288.67	287.46
MGM Resorts Intl	MGM	4,039.2	27.05	0.10	0.37	27.05	26.72
Principal US Mega-Cap	USMC	3,750.0	27.82	-0.10	-0.34	27.82	27.82
iShares MSCI Emg Markets	EEM	3,659.2	41.14	...	unch.	41.18	41.10
Bank of America	BAC	2,702.2	30.83	0.01	0.03	30.87	30.80
DowDuPont	DWDP	2,385.9	70.06	...	unch.	70.41	70.06
Invesco QQQ Trust I	QQQ	2,363.5	181.81	0.09	0.05	181.88	181.29

Percentage gainers...

McEwen Mining	MUX	190.2	2.08	0.13	6.66	2.08	1.95
Nutanix CIA	NTNX	563.5	53.54	1.72	3.32	54.00	50.96
IamGold	IAG	155.3	3.77	0.10	2.72	3.77	3.67
Comm Svcs Select SPDR	XLC	61.0	48.99	1.21	2.53	49.10	47.75
Tilray	TLRY	112.9	86.40				

COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi	lo	Low	Settle	Chg	Open	interest
		Open	High	hi	lo	Low	Settle	Chg	Open	interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.		2,610.5	2,615.5	2,586.0	2,602.5	2,628.0	0.070	3,277		
Sept 2,598.0	2,615.5	2,586.0	2,602.5	2,628.0	0.055	150,070				
Gold (CMX) -100 troy oz.; \$ per troy oz.										
Sept 1193.00	-0.60	45							
Oct 1195.40	1198.50	1190.90	1194.50	-0.60	41,838					
Dec 1200.70	1203.80	1196.20	1199.80	-0.60	358,305					
Feb'19 1206.20	1209.00	1202.40	1205.50	-0.60	38,819					
Jun 1214.40	1219.20	1214.40	1217.10	-0.50	9,803					
Dec 1233.70	1237.20	1233.50	1235.00	-0.50	4,508					
Palladium (NYM) -50 troy oz.; \$ per troy oz.										
Sept 992.00	992.00	987.00	983.60	-4.20	72					
Dec 965.80	978.30	961.40	964.60	-4.20	16,611					
March'19 959.10	970.90	▲ 956.00	958.60	-3.40	578					
Platinum (NYM) -50 troy oz.; \$ per troy oz.										
Sept 799.10	799.10	799.10	788.80	9.60	2					
Oct 782.00	801.10	776.70	790.00	9.60	73,920					
Silver (CMX) -5,000 troy oz.; \$ per troy oz.										
Sept 14,040	14,145	14,040	14,079	0.012	799					
Dec 14,160	14,285	14,110	14,181	0.018	184,852					
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.										
Oct 67.91	68.52	67.35	67.54	-0.21	360,833					
Nov 67.74	68.33	67.20	67.41	-0.14	250,369					
Jan'19 67.45	67.99	66.95	67.17	-0.02	156,031					
Jun 66.37	66.85	65.94	66.20	0.16	163,706					
Dec 64.66	65.19	64.37	64.64	0.20	233,540					
NY Harbor Usld (NYM) -42,000 gal.; \$ per gal.										
Oct 2,223.2	2,242.5	2,210.9	2,217.8	-0.004	124,914					
Nov 2,229.5	2,244.4	2,213.5	2,221.3	0.011	80,827					
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.										
Oct 1,974.50	1,998.00	1,956.4	1,959.2	-0.018	132,213					
Nov 1,955.00	1,972.00	1,941.2	1,943.4	-0.0058	121,086					
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.										
Oct 2,775.00	2,814	2,752	2,804	0.028	217,005					
Nov 2,789.28	2,820	2,764	2,808	0.018	22,965					
Dec 2,877.00	2,904	2,855	2,895	0.017	145,582					
Jan'19 2,963.00	2,988	2,943	2,982	0.017	193,904					
March 2,841.00	2,865	2,822	2,861	0.020	199,092					

	Contract	Open	High	hi	lo	Low	Settle	Chg	Open	interest
		Open	High	hi	lo	Low	Settle	Chg	Open	interest
Corn (CBT) -5,000 bu.; cents per bu.		353.25	356.00	353.00	355.50	1.25	1,651			
Sept 366.75	368.00	364.25	367.25	.25	990,680					
Oats (CBT) -5,000 bu.; cents per bu.		247.50	247.50	238.75	4.25	1				
Sept 248.00	252.00	246.00	251.50	4.25	3,548					
Soybeans (CBT) -5,000 bu.; cents per bu.		832.25	838.25	833.50	1.50	389				
Sept 841.75	851.25	840.50	845.25	1.25	440,851					
Soybean Meal (CBT) -100 tons; \$ per ton.		313.30	316.60	315.90	1.70	868				
Sept 315.50	319.70	314.50	318.60	1.60	222,863					
Soybean Oil (CBT) -60,000 lbs.; cents per lb.		27.90	28.03	28.03	.09	694				
Sept 28.27	28.38	28.18	28.36	.09	262,858					
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.		1094.50	1103.50	1085.00	1092.00	-3.00	6,596			
Nov 1094.50	1103.50	1109.00	1112.50	-5.00	427					
Wheat (CBT) -5,000 bu.; cents per bu.		488.00	498.50	488.00	504.00	17.75	232			
Sept 512.00	529.00	508.25	528.25	17.00	220,190					
Wheat (KCO) -5,000 bu.; cents per bu.		495.00	499.00	495.00	503.75	15.25	48			
Sept 515.25	532.00	511.50	530.75	16.00	152,792					
Wheat (MPLS) -5,000 bu.; cents per bu.		562.25	562.25	559.75	559.75	4.50	24			
Sept 570.00	580.75	567.00	580.00	10.00	34,293					
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.		153.00	153.350	152.225	152.525	-4.50	3,233			
Oct 152.975	153.300	152.100	152.675	-2.75	17,898					
Cattle-Live (CME) -40,000 lbs.; cents per lb.		109.75	110.775	110.150	.200	101,368				
Oct 114.575	115.025	114.375	114.425	... 85,916						
Hogs-Lean (CME) -40,000 lbs.; cents per lb.		56.400	57.250	55.850	55.950	.300	83,198			
Dec 57.000	57.600	55.550	55.700	-1.100	72,252					
Lumber (CME) -110,000 bd ft.; \$ per 1,000 bd ft.		446.50	451.50	441.00	445.00	6.40	353			
Sept 382.60	390.80	375.00	383.30	.80	2,992					

Agriculture Futures

	Contract	Open	High	hi	lo	Low	Settle	Chg	Open	interest
		Open	High	hi	lo	Low	Settle	Chg	Open	interest
Soybean Meal, Cent IL, rail, ton 48-u		325.80		</						

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 ISE. 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.

Monday, September 10, 2018 Net Stock Sym Close Chg Stock Sym Close Chg

A B C BancBilbaoVz BBVA 6.01 ... CitizensFin CFG 40.76 -0.25

BancodeChile BCH 86.07 -0.48 CitrixSystems CTIX 110.79 -0.17

BancoSantander SAN 4.92 -0.07 CitrusHoldingz CRH 15.06 -0.18

Bancomext BSC 30.24 -0.19 Clorox CLX 150.56 -0.18

BanColombia CIB 40.23 -1.14 Coca-Cola CCE 43.33 -0.53

BankofAmerica BAC 30.82 -0.04 Coca-Cola Fensa KOF 59.26 -0.22

BankofMontreal BMO 81.42 -0.24 CognitecTCS CTSH 75.56 -0.17

BankNY Mellon BOC 52.03 -0.15 ColgatePalmolive CLH 67.16 -0.15

Banreservas FMS 50.00 -0.09 ColumbiaSportswear COLUM 92.57 -1.84

BancoSantander BMS 59.63 -0.02 Comcast A CMCSA 36.36 -0.19

Barclays BCS 9.37 -0.16 Commerzbank CRM 17.00 -0.10

BarclayGold ABK 9.76 -0.29 CommerceBchs CRIS 71.43 -0.02

BauschHealth BHIC 20.67 -0.03 ConagraBrands CAG 36.62 -0.29

BaxterIntl BAX 74.89 -0.30 ConchoRscs CXO 132.61 -0.09

Bayer AG 60.59 -0.12 Conophillips COP 71.93 -0.15

BayerGenn BGNE 165.34 -1.83 CognitecTCS CTSH 75.56 -0.17

BanFranRscs BEN 31.23 -1.09 ColgatePalmolive CLH 67.16 -0.15

BanFrancia FCB 13.20 -0.02 CompAgriCmct CHL 17.00 -0.12

BanFrancia FCB 13.20 -0.02 ComprTech CTSH 75.56 -0.17

BanFrancia FCB 13.20 -0.02 Corning CGN 54.32 -0.29

BanFrancia FCB 13.20 -0.02 CognitecTCS CTSH 75.56 -0.17

BANKING & FINANCE



The company, which has more than 360 restaurants, will use the money for expansion. Above, diners at one of its eateries in Shanghai.

Hot-Pot Chain Takes IPO Orders

BY JOANNE CHIU

A Chinese chain of hot-pot restaurants—where diners prepare their own dishes by dunking meat and vegetables in bubbling spicy soup—is cooking up a \$12 billion valuation that could match Domino's Pizza Inc.

Haidilao International Holding Ltd., which says it is China's largest hot-pot group by sales, began taking orders on Monday for a Hong Kong initial public offering that could raise \$801 million to \$963 million, according to a term sheet.

At the top of the range, that would imply a market capitalization of \$12 billion—in line with Domino's, the sixth-most valuable company in the U.S. S&P 1500 restaurant subindex.

Haidilao, which has grown fast, offers patrons ingredients such as goose intestines and pig brains to cook at their tables by dunking them in hot broth, typically a spicy soup from its home province of Sichuan. Where many Chinese restaurateurs are brusque, it has stood out by offering extras such as protective hair bands and shoe shines for



Haidilao customers dunk vegetables and meat in hot spicy broth.

guests as they wait for tables.

David Yu, managing director at Wan Lung Securities Ltd., said he was impressed by the chain's popularity among younger Chinese people. He recently visited a branch in the coastal city of Xiamen in

the middle of the night and found a long line. "People were waiting patiently to get a table while enjoying the services offered by Haidilao, which include free massage and manicures," he said.

Chairman Zhang Yong, 47,

and his co-founders used their savings to open the company's first hot-pot restaurant in Jiayang, Sichuan province, in 1994, according to the listing prospectus. Haidilao has since grown to more than 360 restaurants. More than 90% are in mainland China, with the rest in Taiwan, Hong Kong, Singapore, South Korea, Japan and the U.S.

Net profit rose 22% in 2017 to 1.19 billion yuan (\$173.9 million), and revenue was up 36% to 10.64 billion yuan. The IPO will consist entirely of new shares and will largely help fund the group's expansion.

The IPO comes as Hong Kong's benchmark Hang Seng Index has fallen 19.7% from a peak in January. Five cornerstone investors—including China-focused investment firm Hillhouse Capital Group and Morgan Stanley—have committed to invest a combined \$375 million no matter where in the range it prices.

Haidilao could increase the deal's size by 15% if demand is strong. The listing, sponsored by CMB International and Goldman Sachs Group Inc., concludes on Sept. 26.

Blockchain Startups To Combine

BY PAUL VIGNA

Chain Inc., a startup working with Nasdaq Inc. and others to build a blockchain-based trading platform, is merging with another cryptocurrency startup, a sign that efforts to plug the technology behind bitcoin into the traditional markets are proving harder than expected.

Lightyear Corp., a for-profit spinoff of the Stellar Foundation, will acquire Chain, combining the two companies into a company called Interstellar, according to the Stellar Foundation.

Chain Chief Executive Adam Ludwin will lead the new company, while Stellar co-founder Jed McCabe will be the company's chief technology officer.

Terms of the deal weren't disclosed, but Mr. Ludwin said Friday investors would be cashed out at a multiple of their initial investment. Chain was valued at about \$124 million after its latest fundraising round, Mr. Ludwin said. It has raised about \$43 million from investors including RRE Ventures, Khosla Ventures, Nasdaq and Visa Inc.

Startups such as Chain and Stellar are built around variations on the blockchain technology that underpins bitcoin and other cryptocurrencies.

Startups and established Wall Street players have attempted to adapt the technology for a range of uses including capital raising and stock trading.

Wall Street began experimenting more than three years ago with efforts to tailor blockchain for their own uses. Startups such as Chain, R3, and Hyperledger have been involved with established companies like Nasdaq, JPMorgan Chase & Co., Citigroup Inc., International Business Machines Corp. and Microsoft Corp.

There are myriad pilot programs, but so far none

have succeeded in launching a mainstream commercial product.

Four-year-old Chain struck a partnership with Nasdaq in 2015 to build blockchain-based trading platforms. Their first effort was a platform for trading private company stocks called Linq. But Mr. Ludwin said customers were never completely comfortable with the prospect of running their own blockchain networks.

"We hit a wall a little more than a year ago with respect to our customers' willingness to take the ultimate step, launching and operating a network of their own," Mr. Ludwin said in an interview. Customers would rather use a decentralized network they don't have to maintain and operate, he said.



Startups such as Adam Ludwin's Chain Inc. are built upon variations of blockchain technology.

Interstellar will focus on combining Stellar's open platform with the kinds of services built to the specifications of financial services, Mr. Ludwin said. Chain's existing customers, including Nasdaq and Visa, supported the deal, he said.

Stellar, founded three years ago by Mr. McCabe and Joyce Kim, is also built on bitcoin's concepts. It is designed primarily to lessen the friction in cross-border, cross-currency asset exchanges. Unlike the bank-led efforts, focused on networks where they would be in charge of who uses it, Stellar is open to the public.

An early bitcoin investor, Mr. McCabe is well known in cryptocurrency circles. He created the Mt. Gox exchange, which he later sold to Mark Karpeles, and co-founded the Ripple protocol.

Private-Equity Firm Weighs Public Listing

BY WILLIAM LOUCH

Sweden's EQT is considering listing on the public markets, according to a person familiar with the matter, putting the private-equity firm in line to follow U.S. behemoths such as Blackstone Group LP and KKR & Co.

The firm hasn't yet appointed an adviser and may sell a stake in itself instead, the person added.

"We are continuously looking at ways of future-proofing EQT and have decided to review options to further strengthen EQT's balance sheet," said EQT managing partner and chief executive Thomas von Koch in a statement Monday regarding board appointments. "We need a stronger balance sheet to support EQT's continued global growth and make us resilient to weather tougher times."

EQT—which is backed by Sweden's billionaire Wallenberg family—has expanded rapidly in recent years, capitalizing on soaring demand for

alternative-asset managers among institutional investors such as pension plans and sovereign-wealth funds.

Earlier this year, the firm closed on its largest-ever buyout fund, which invests in companies in Europe and the U.S.

EQT also in recent years has launched new investment strategies including venture-capital and real-estate arms.

Since inception in 1994, the firm has raised more than €50 billion from investors globally. EQT has offices in 14 countries throughout Europe, the U.S. and Asia and plans to expand further internationally.

If EQT presses ahead with plans to go public, which likely would happen next year, the person said, it would follow Blackstone, the world's largest private-equity firm, which sold shares to the public before the onset of the global financial crisis in 2007.

Other U.S. firms that have gone public include KKR, Apollo Global Management LLC and Carlyle Group LP.

Trump Apple Tweet Hits Asian Suppliers

BY MANJU DALAL AND SAUMYA VAISHAMPAYAN

Shares of companies that supply parts and assemble products for Apple Inc. slumped on Monday after President Trump called on the iPhone maker to shift production home.

Mr. Trump tweeted on Saturday that Apple should make devices in the U.S. rather than China if it wants to avoid tariffs. The comment came a day after he said tariffs on another \$267 billion in Chinese goods could be rolled out on short notice.

iPhone assembler Hon Hai Precision Industry Co., which is known as Foxconn, fell 3.3% to a two-year low. The stock was the biggest drag on Taiwan's Taiex index, which declined 1.1%.

Also in Taiwan, shares of lens makers Genius Electronic Optical Co. and Largan Precision Co., case maker Catcher Technology Co. and rival assembler Pegatron Corp. dropped between 2.9% and 8.9%. In Hong Kong, AAC Technologies Holdings Inc., which produces acoustic parts,



iPhone assembler Foxconn tumbled following a tweet by Mr. Trump.

fell 3.6%.

AAC and Foxconn are each down more than 20% this year. Their other challenges include a global slowdown in smartphone sales.

Kylie Huang, an analyst at Daiwa Capital Markets in Tai-

pei, said suppliers' shares would suffer further if Apple agrees to move production to the U.S., but the effects would be uneven.

The biggest impact would probably be on the contract manufacturers that assemble

Apple smartphones in China, such as Foxconn and Pegatron. That is because this discussion about making goods in the U.S. largely boils down to jobs, she said, and "assembly is more labor-intensive, compared with the components."

Most Apple products are assembled in China, but iPhone parts come from around the world, including Taiwan, South Korea, and the U.S. Ms. Huang said she doesn't expect Apple to change its camera-lens suppliers, for example, even if it moves some of its production to the U.S.

Overall, Hong Kong and Taiwan's main stock indexes were some of the biggest decliners in Asian trading on Monday, with Hong Kong's Hang Seng falling 1.3%. A late rebound meant the Hang Seng Index narrowly avoided closing in bear-market territory, or at least 20% below a recent peak. South Korea's Kospi and Japan's Topix ended slightly higher.

The yuan weakened 0.4% against the dollar in onshore trading, hitting its lowest level in more than two weeks at 6.8655 per dollar.

Overseas Borrowers Struggle

Continued from page B1
nies raised \$28 billion in bonds outside their home market, mainly in dollars, this summer, a fall of more than 60% from last year, according to data provider Dealogic. Governments raised \$21.2 billion, a decline of more than 40%.

New deals are being postponed or canceled and issuers coming to market are paying more for their dollar debt. This week, Papua New Guinea plans to issue a bond that will

test investors' appetite for risk in emerging markets.

Investors and bankers expect issuance to stay subdued for the rest of the year.

"You would expect volumes to be lower than in 2017, when all the stars aligned," said Samad Sirohey, head of debt capital markets for central and Eastern Europe, the Middle East and Africa at Citigroup. But "the last four months have been really subpar," he said.

In early August, Indonesian property developer Intiland Development pulled an up-to-\$250 million three-year bond deal despite offering a juicy yield of 11.5%. Theresia Rustandi, the company's corporate secretary, said they withdrew the deal because of unfavorable market conditions.

Those coming to market

may have to pay more. Last week, China Petrochemical Corp., known as Sinopec, set out to raise \$3 billion in debt but ended up with \$2.4 billion as investors demanded a higher return from China's largest oil

refiner. Sinopec didn't return phone calls seeking comment.

The concern is that a drop-off in credit growth will affect economic growth while making it harder to pay off outstanding debt. Asian companies

have \$38 billion of publicly issued dollar-denominated debt coming due this year, according to Dealogic.

Most analysts believe that even if bond markets remain weak during the rest of the year, most developing countries and companies should be able to ride it out. For a start, the maturity of hard-currency debt in emerging markets has lengthened in recent years, reducing the urgency that borrowers must repay or refinance outstanding debt. Issuance in some developing countries has held up well, including parts of Asia. Some companies and countries raised their money at the start of the year, expecting rates to rise, which may have front-loaded issuance in 2018, bankers say.

But if conditions remain

stressed for longer, there would be a high risk of default in areas such as Turkish banks and the Argentine government, said William Jackson, an emerging-market specialist at Capital Economics.

Last week, MSCI's emerging-markets stock index fell into bear-market territory, commonly defined as a fall of 20% below its recent peak. Some currencies have gone into free fall, with Turkey's lira and Argentina's peso down 41% and 50%, respectively, against the dollar since the start of the year.

In bond markets, yields on hard-currency emerging-market debt have risen from 4.5% to 6% this year, according to the Bloomberg Barclays EM USD Aggregate index, which includes dollar-denomi-

nated sovereign, quasiregional and corporate bonds. Investors in hard-currency emerging-market debt have recorded a negative return of 3.7% this year, based on the index.

Charles Robertson, global chief economist at investment bank Renaissance Capital, said emerging-market companies are more exposed to the international bond market than they were during the financial crisis, when risk appetite also dried up and emerging markets struggled to raise cash.

That is because banks in developed economies have scaled back syndicated-loan operations outside their home markets, forcing some companies in poorer countries to turn to public bonds instead.

—Christopher Whittall contributed to this article.

MARKETS

S&P 500 Rises Ahead of Economic Data

Technology shares help lead gains after slumping last week; Dow industrials decline

BY JON SINDREU
AND AKANE OTANI

The S&P 500 snapped a four-session losing streak Monday, buoyed by gains among industrial and technology companies, as investors looked ahead at a busy week for economic data.

Stocks opened the trading day at their highs and gave up ground shortly afterward, although the S&P 500 and Nasdaq Composite managed to hold on to gains for the day.

With the second-quarter earnings season largely over, analysts said investors' attention would likely turn to economic data, with reports on producer prices, consumer prices and retail sales scheduled for release in the coming days.

Economic data have largely been upbeat this year, driving

up the dollar and helping offset investors' worries that tense trade negotiations could trigger a wave of protectionism across the globe. Many investors are looking at the November U.S. midterm elections as a key date.

"I think that after the midterm election, the trade issue will become somewhat resolved and we'll start focusing on fundamentals a bit more," said Mark Phelps, chief investment officer of concentrated global equities at AllianceBernstein.

The S&P 500 climbed 5.45 points, or 0.2%, to 2877.13 and the Nasdaq Composite advanced 21.62 points, or 0.3%, to 7924.16. The Dow Jones Industrial Average fell 59.47 points, or 0.2%, to 25857.07.

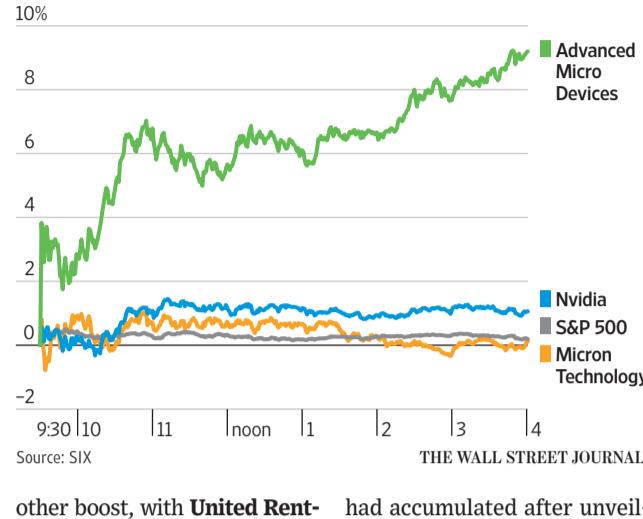
Technology stocks advanced after losses in the sector had dragged the Nasdaq to its biggest one-week loss since March.

Chip maker Nvidia added \$2.87, or 1.1%, to \$274.73 and Advanced Micro Devices, whose price target was raised by Wells Fargo, jumped 2.51, or 9.2%, to 29.89.

Shares of industrial companies gave major indexes an-

Recovery

Shares of semiconductor firms rebounded Monday after coming under pressure last week.



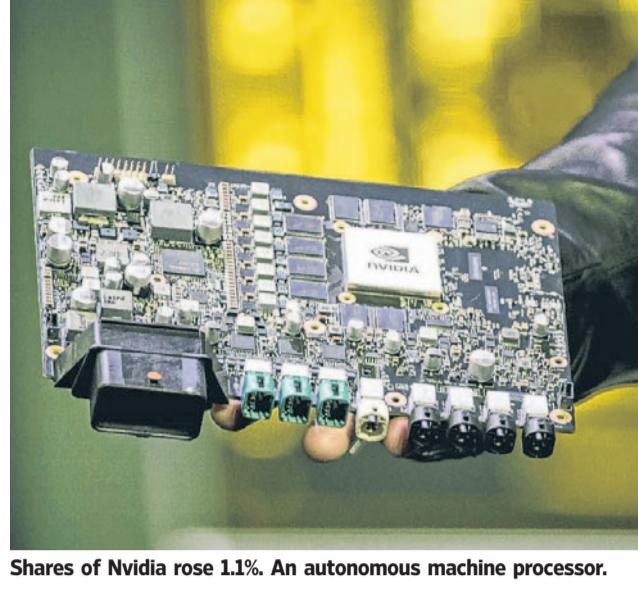
Source: SIX

other boost, with United Rentals rising 7.69, or 5%, to 159.99 and notching its biggest one-day gain in more than a year after the company said it was acquiring equipment-rental company BlueLine Rental.

Meanwhile, Nike climbed 1.80, or 2.2%, to 82.10 after Wedbush raised its price target for the stock, paring declines it

had accumulated after unveiling an ad campaign featuring former San Francisco 49ers quarterback Colin Kaepernick.

The Stoxx Europe 600 added 0.5%, as optimism among investors about the budget that the new Italian government is set to pass later in September drove the Italian FTSE MIB up 2.3%, while Ital-



Shares of Nvidia rose 1.1%. An autonomous machine processor.

DAVID PAUL MORRIS/BLOOMBERG NEWS

ian bonds also rallied, sending yields on 10-year government debt falling.

In Asia, however, Hong Kong's Hang Seng, the Shanghai Composite and Taiwan's Taiex fell more than 1% apiece as investors worried anew about flaring trade tensions between the U.S. and China.

Shares of companies that

supply parts and assemble products for Apple were among the day's biggest decliners, after President Trump put pressure on the Apple to shift production to the U.S.

Early Tuesday, the Hang Seng was up less than 0.1%, the Shanghai benchmark was up 0.3% and the Taiex was down less than 0.1%.

Treasurys Rebound From Drop On Jobs

BY GUNJAN BANERJI

Treasury prices started the week higher, bouncing off last week's lows.

The yield on 10-year Treasurys fell to 2.937% Monday from 2.944% on Friday. Yields fall as bond prices rise.

CREDIT MARKETS Yields rose to as high as 2.946% early in the session before paring gains as some Asian stock indexes sold off.

It is a "rubber band rebound from Friday's selloff," said Guy LeBas, chief fixed-income strategist at Janney Montgomery Scott.

Treasury yields finished higher for the second consecutive week Friday after a Labor Department report showed that wages rose more than expected in August, which could encourage the Federal Reserve to continue raising interest rates.

Unemployment figures remain low, and investors have been searching for signals that the tight job market is pushing wage figures to rise. The fresh data led Treasury yields to post the largest one-week yield gain since May.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions.

All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

13-Week **26-Week**

Applications \$144,949,954,400 \$131,723,043,300

Accepted bids \$48,000,144,400 \$42,000,073,300

noncomp \$910,861,400 \$653,155,300

foreign noncomp \$100,000,000 \$300,000,000

Auction price (rate) 99.466639 98.854917

(2.11%) (2.26%)

Coupon equivalent 2.15% 2.32%

Bids at clearing yield/accepted 89.57% 26.12%

Cusip number 9127960N2 9127968B7

Both issues are dated Sept. 13, 2018. The 13-week bills mature on Dec. 13, 2018; the 26-week bills mature on March 14, 2019.



Red-hot steel cables at a factory in Qingdao, China. Concerns that Chinese growth is slowing and worries about emerging markets are pummeling metals other than steel.

CHINATOPIX/ASSOCIATED PRESS

Chinese Home Building Lifts Steel Prices

BY DAVID HODARI

The price of steel is rallying, thanks to China, even as concerns about the country's growth prospects pressure other metals.

Beijing is expected to cut steel production to help reduce pollution,

which would curb supply, while construction of new houses in China is cushioning a drop in demand elsewhere.

That has helped boost the price of steel rebar futures by more than 15% over the past three months—a period in which almost all base metals have fallen by double-digit percentages.

"If you look at the end-of-the-line data, real estate has been doing very well and outperformed expectations," said Serafino Capoferri, a commodity research analyst at Macquarie.

China is responsible for consumption of around half of metal production. Concern that growth in the country is slowing and wider worries about emerging markets and global trade have pummeled metals other than steel.

The price of copper is down 17% since early June, while zinc has fallen 27% and aluminum has declined 11%.

Steel, though, is benefiting from expectations that China will curb supply this winter.

Last winter, cuts aimed at

improving air quality in cities near steel mills—coal-burning furnaces are a major source of smog—led to the shuttering of roughly 180 million tons of China's approximately 1.1 billion tons of production.

Macquarie calculates that almost 50% of Chinese production may be taken out of action this winter.

With supply looking tight for the rest of 2018 and demand from China's housing market strong, commodities investors will be eager to secure reliable supply, analysts say.

"Consistent efforts to constrain supply have kept pricing at a healthy level," said Seth Rosenfeld, managing director of equity research, metals and mining at Jefferies.

Chinese steel demand is up 2% this year against double-digit growth in 2017, according to data from Jefferies, when demand for illegal production is removed from the equation.

The country's robust housing sector is bolstering demand growth when it has fallen in other markets.

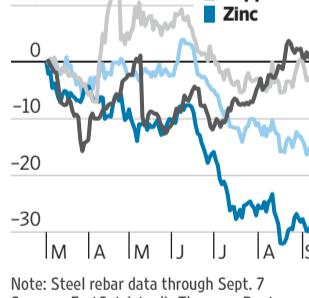
Around 35% to 40% of Chinese steel demand comes from building construction, according to Macquarie.

In July, China's house price index notched its sharpest increase in 10 months, while the market's stock-to-sales ratio—a proxy for demand—and new property starts have picked up in recent months, according to data from Bank of China International.

Heading Up

The price of steel has rebounded amid expectations that China is going to cut production.

Price performance



Note: Steel rebar data through Sept. 7
Sources: FactSet (steel); Thomson Reuters

THE WALL STREET JOURNAL.

Seasonal Malaise Threatens Oil Bulls

BY AMRITH RAMKUMAR

U.S. oil prices have largely hovered between \$65 and \$70 a barrel since mid-July, but some analysts are worried a seasonal slowdown in demand will send prices tumbling out of that range.

Crude-oil futures settled Monday at \$67.54 a barrel after falling for four consecutive sessions. Oil prices are up 12% for the year but are still well below their June multiyear high of \$74.15 a barrel.

The supply disruptions that pushed up prices earlier in the year have largely eased, but some analysts now expect fading demand to weigh on one of the market's best-performing assets of 2018.

Energy demand typically surges in the summer during the busy travel season, and the U.S. economy has continued growing steadily, further supporting demand.

But the fall months are normally a different story for oil, which can experience a drop-off in consumption and subsequent price decline. Many refineries enter maintenance season, buying fewer barrels and contributing to weakening demand.

Signs of a possible slowdown already have started cropping up. Last Thursday's weekly government report showed a combined 5-million-

barrel increase in gasoline and distillate stockpiles—a much sharper rise than analysts expected—and a 3.6-million-barrel rise in processed petroleum products for the week ended Aug. 31.

Prices fell on the data even though the report also showed a larger-than-expected decline in crude-oil stockpiles, a signal that traders are focusing more on hints that fall demand could

drop.

"If you're in a \$65-\$70 range when demand is at its all-time high, what happens when demand begins to fall off?" said Stephen Schork, editor of the energy trading newsletter the Schork Report.

Ongoing trade tensions and signs of weak global growth also could dent the demand outlook for oil while supporting the dollar, analysts say.

That scenario could present a further challenge because a stronger U.S. currency makes dollar-denominated commodities more expensive for overseas buyers.

Some analysts still say demand is strong enough to keep prices in their current range, noting that there is uncertainty regarding U.S. sanctions against Iran and future output from major producers.

But more bearish U.S. inventory data could send traders heading for the exits if a fall slowdown indeed materializes.

Brexit Progress Hits Dollar Against Euro

BY DANIEL KRUGER

The dollar fell Monday against the euro and the British pound as reports suggested both sides are making progress in talks to work out the departure of the U.K. from the European Union.

The WSJ Dollar Index, which measures the U.S. currency

against a basket of 16 others, fell for the third time in four trading sessions, by 0.1% to 89.86.

The dollar declined 0.9% against the pound to \$1.3015 and 0.3% versus the euro to \$1.1594.

The EU's top Brexit negotiator said it was possible the two parties "can expect to reach the Brexit agreement in the next six to eight weeks," according to a statement Mon-

day from the British Embassy in Slovenia posted on Twitter.

The report is "mildly encouraging," and suggests progress is occurring at a faster pace than many had expected, said Erik Nelson, a currency strategist at Wells Fargo Securities. However, given the complexity of the work involved in completely disentangling the two entities, it would be unreasonable to expect the terms to be completely settled in that time, he said.

The dollar's declines were modest as a range of other issues remain unsettled, from the turmoil in emerging-market governments such as Turkey and Argentina to tariff disputes between the U.S. and its major trading partners.

"We seem to be in a holding pattern," Mr. Nelson said. "There's a lot of underlying problems that have yet to be resolved."



MARKETS

Dollar's Shine Dims as Rivals Strengthen

By IRA IOSEBASHVILI

This year has been a tale of two dollars.

The U.S. dollar's strength has buffeted stocks and bonds in poorer countries, raising concerns that further appreciation in coming months could destabilize the emerging world.

Yet the dollar in recent weeks has slipped against some of its developed-market peers like the euro and yen, even as the outlook for growth in some of those places has started to darken.

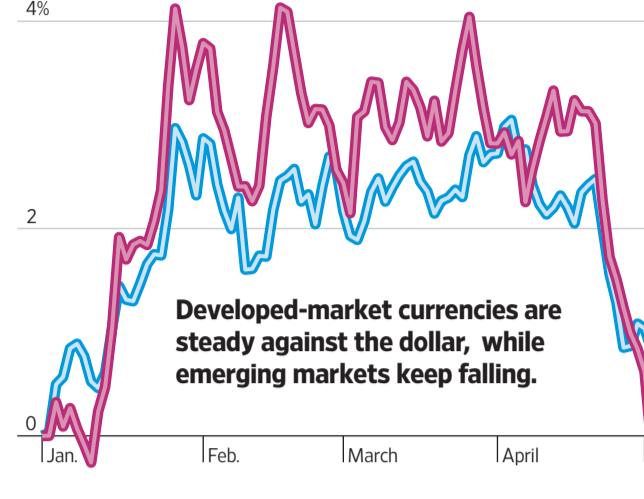
Investors now are grappling with the consequences of this split and how likely it is to persist or even intensify. The debate highlights the dollar's centrality to global markets and the potentially disparate consequences of trade tensions, the U.S. fiscal stimulus and expectations for more interest-rate increases from the Federal Reserve.

A weaker dollar against the yen and euro would likely be an unwelcome development in Japan and the eurozone because the gains in their currencies make exports less competitive and stifle inflation.

But that is the outcome some analysts expect as they look to year-end. The dollar's strength at the start of 2018 was just a blip in a broader downward trend that began in 2017, these analysts say.

An easing of trade tensions, the ebbing effects of U.S. tax cuts and any hesitation to tighten on the part of the Fed could spur the dollar lower, investors say.

The ICE Dollar Index, which measures the U.S. currency against a basket of six currencies including the euro and yen, has slipped 1.9% from its August peak. Those losses came even as the dollar surged in emerging markets, pummeling currencies such as the Turkish lira, Argentine peso



Bets on a stronger dollar have waned in recent weeks.

Net bets on a higher dollar in futures markets

\$30 billion

Source: MSCI (indexes); CME Group (rate expectation); SIX (crude); FactSet (copper); CFTC (dollar bets)

A weaker dollar has helped lift oil prices and slowed a slide in copper.

Price performance

20%

Brent Crude

10

0

-10

-20

-30

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