



The Cost of  
American  
Retreat  
REVIEW

# WSJ

THE WALL STREET JOURNAL WEEKEND

Fall Fashion Is  
Deep Into Pockets

OFF DUTY



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SATURDAY/SUNDAY, SEPTEMBER 8 - 9, 2018 ~ VOL. CCLXXII NO. 58

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## What's News

World-Wide

**T**he prospect of resolving the U.S. trade battle with China is fading as the White House draws closer to a deal to revise Nafta. A1

◆ An ex-Trump campaign adviser was sentenced to 14 days in prison for lying to the FBI about contacts with a Russian intermediary. A3

◆ Most nursing homes in Florida are still working to meet backup-power rules triggered by patient deaths after Hurricane Irma. A3

◆ The president wants Sessions to investigate who penned a critical anonymous opinion column. A4

◆ Obama accused Trump of "capitalizing on resentment" and urged voters to turn out in November. A4

◆ Denmark's largest bank is probing \$150 billion in transactions that flowed through its Estonia branch from firms with ties to Russia. A7

◆ A tribunal found Ecuador violated a treaty with the U.S. by allowing its courts to issue a \$9.5 billion judgment against Chevron. A8

◆ The U.S. and EU led a diplomatic effort at the U.N. to prevent a Syrian offensive on the opposition's last stronghold. A6

### Business & Finance

◆ A robust economy drove U.S. wages higher in August, new evidence that workers are gaining bargaining power as the nation's pool of available labor becomes tighter. A1

◆ Tesla said its recently hired accounting chief left the company, news that unfolded hours after Musk appeared to smoke marijuana live on video. A1

◆ One of China's largest conglomerates intends to sell off the vast majority of overseas investments it made in recent years, including its entire Deutsche Bank stake. A1

◆ Verizon's media and advertising business chief is in talks to depart. B1

◆ A rough week for tech stocks battered the Nasdaq. The Dow lost 79.33 points to 25916.54. B1

◆ Walmart's plan to sell high-end outdoor gear online hasn't started well. B3

◆ The founder of Visium, a hedge-fund firm that shut down after an insider-trading scandal, is considering raising money again. B3

◆ British Airways' owner said the personal data of some customers was stolen in a cyberattack. B3

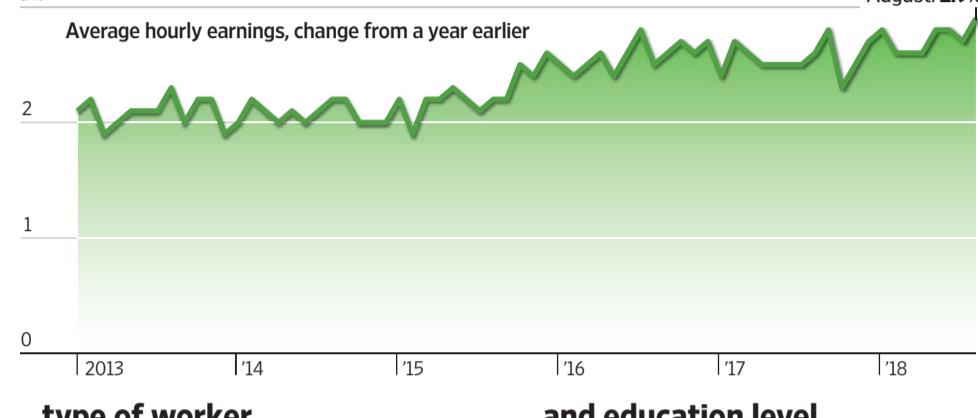
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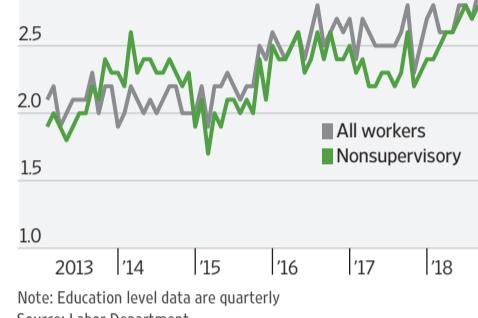
### Wages continue to push upward...

Hourly wage growth in August maintained a slow but steady rise.



### ...type of worker...

Average hourly earnings, change from a year earlier

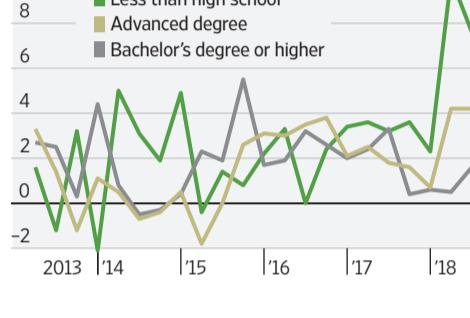


Note: Education level data are quarterly

Source: Labor Department

### ...and education level.

Median weekly earnings, change from a year earlier



### ...for all sectors...

Utilities and finance workers gained the most.

Avg. hourly earnings in August, change from a year earlier

Industry	Change (%)
Utilities	4.8%
Financial activities	4.7
Information	3.4
Construction	3.3
Retail trade	3.2
Leisure and hospitality	3.2
Professional/business services	3.0
Education and healthcare	2.6
Transportation/warehousing	2.3
Wholesale trade	2.0
Other	1.9
Manufacturing	1.8
Mining/logging	1.5

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## Trump Steps Up Pressure On China

U.S. seeks allied front against Beijing's trade policies, threatens levies on more goods

The prospect of resolving the U.S. trade battle with China is fading as the White House presses for a revised North American Free Trade Agreement.

By Bob Davis  
in Washington and  
Lingling Wei in Beijing

The outcomes are related, U.S. officials say, because relaxing trade tensions with Mexico and Canada—plus a preliminary trade pact with the European Union—make it easier to forge a multilateral front to oppose Chinese trade practices. The U.S., EU and Japan have held meetings on such a strategy last month.

Mr. Trump on Friday ratcheted up pressure on China, saying the U.S. was ready to impose a third round of tariffs on \$267 billion of its imports. That would be on top of the 25% levies on \$50 billion of Chinese exports already in force and tariffs on another \$200 billion of goods the administration is considering.

"I hate to say this, but behind that there is another \$267 billion ready to go on short notice if I want," he added. "That changes the equation."

A trade detente also blunts  
Please turn to page A8

◆ Heard on the Street: Time to ask for a raise..... B18

◆ Trade woes, jobs data hit stocks..... B1

# Wages Gain, Payrolls Rise As Expansion Rolls Ahead

By HARRIET TORRY  
AND SARAH CHANEY

WASHINGTON—A robust economy drove U.S. wages higher in August, new evidence that workers are gaining bargaining power as the nation's pool of available labor becomes tighter.

The Labor Department reported Friday that worker payrolls expanded by 201,000 in August and private-sector hourly wages grew 2.9% from a year earlier. The payroll gain

marked the record 95th consecutive month of job growth—much of it near or slightly below that 200,000 monthly mark—and the year-over-year wage increase was the largest since mid-2009.

The unemployment rate was 3.9% in August for the second month in a row.

Wage growth has been a missing ingredient in the expansion. It hovered for years below prerecession levels but has been creeping higher since 2015, with the August reading marking a

new high for the expansion.

Many factors held wage growth down, including slack in the economy after the 2007-09 recession and increased competition in the U.S. from workers abroad. But as U.S. unemployment has declined, the supply of workers has diminished, giving individuals more leverage to demand and get better pay.

"Everybody is battling for the very few skilled people out there," like machinists and engineers, said Richard Huether,

chief executive of Independent Can Co., based in Belcamp, Md. He said he had seen some employees resign without backup jobs, for instance to move back home, knowing they'll find something where they want it.

Good news for workers isn't always good news for investors. The wage increase suggested a modest buildup in inflation pressure that could

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◆ Heard on the Street: Time to ask for a raise..... B18

## Exits, Musk Interview Sting Tesla

By TIM HIGGINS



Elon Musk shown smoking during a late-night interview with comedian Joe Rogan. The stock neared its 52-week low.

tions crisis is now affecting key personnel within the organization."

Tesla's shares on Friday fell 6.3% to \$263.24, approaching its 52-week low of \$244.59. They are down 31% since Aug. 7 when Mr. Musk declared in a tweet that he had funding secured to take the company private at \$420 a share.

Tesla's bonds, meanwhile, had their second-biggest one-day decline on record. "The judgment of the chief executive is coming under scrutiny," said Christopher Sullivan, chief investment officer at United Nations Federal Credit Union.

Later on Friday, Mr. Musk announced in a memo to employees several high-level promotions, including installing veteran Tesla manager Jerome

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◆ Heard on the Street: What spurred exit?..... B18

## Beijing Sinks Firm's Global Ambitions

By JULIE STEINBERG  
AND STELLA YIFAN XIE

One of China's largest conglomerates intends to sell off the vast majority of overseas investments it made in recent years, including shedding its entire stake in Deutsche Bank AG.

In a significant comedown for a once-highflying company, HNA Group Co., an owner of airlines and hotels that amassed more than \$40 billion worth of businesses and stakes in companies in an aggressive global acquisition spree from 2015 to 2017, is dismantling its overseas empire to shrink its balance sheet under renewed pressure from Chinese regulators and its creditors, according to people familiar with the matter.

The conglomerate is in talks to sell California-based technology distributor Ingram Micro Inc.—which it bought for \$6 billion in 2016—and Zurich cargo handler Swissport International Ltd., the people said. It also plans to dispose of its stakes in dozens of Chinese banks, trusts and insurance companies, according to some of the people.

The assets HNA wants to shed are currently valued at more than \$10 billion, according to calculations by The Wall Street Journal, including its 7.6% stake in Deutsche Bank, which it plans to gradually dispose of over the next 18 months. Those disposals would come on top of announced or completed asset sales totaling roughly \$20 billion.

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### Another NFL Problem: Fake Fans Lobbying the FCC

\* \* \*

'Luke Skawalker,' others send letters pleading to keep blackout rule

BY JAMES V. GRIMALDI  
AND PAUL OVERBERG

WASHINGTON—"I write as a football fan," read the letter to the Federal Communications Commission, "to strongly urge you to maintain the FCC's current broadcast rules."

It was signed Bilbo Baggins, of Brooklyn, N.Y.

That's odd, because the Mr. Baggins everyone knows isn't human or from Brooklyn. He's a hobbit from Middle Earth in "The Lord of the Rings" books and movies.

Mr. Baggins's letter urged

the FCC not to drop the "Sports Blackout Rule."

It was among what may be thousands of bogus, identically worded letters generated on the National Football League's behalf, which were posted in 2014 to the FCC's website from scores of "fans," a Wall Street Journal investigation shows. These supposed fans opposed an FCC move to repeal the blackout rule. That rule banned cable

and satellite providers from showing home games that weren't sold out when the NFL blocked local TV broadcasts of those games.

"The current system works," wrote a Luke Skawalker of Englewood, Colo., a Vladimir Stolichnaya of Brooklyn, N.Y., and Bilbo Bagginses in Brooklyn and Derry, N.H.

The FCC also got the fan letter from a Patrick Corbett

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### EXCHANGE



### THE CRISIS

A Decade Later

- ◆ Banks lost their dominance on Wall Street..... B6
- ◆ A rough day to start at Lehman..... B6
- ◆ The father of mortgage bonds has regrets..... B8

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## U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

## The Inexact Science of Hurricane Death Counts



Last week, Puerto Rico raised the official death toll of Hurricane Maria to 2,975, making it the deadliest storm in at least 50 years.

But that number may also make history of a different sort—if, as expected, it includes a record number of indirect deaths.

"At the moment, the largest we have is Katrina with more than 500 indirect deaths," said Ed Rappaport, a meteorologist with the National Hurricane Center who tracks storm-related fatalities. "I'd be surprised if that number was not exceeded greatly."

Direct deaths happen when someone drowns in a storm surge or is killed when a building collapses or perishes in other circumstances caused by the physical forces of the storm.

Indirect deaths are less straightforward. They may occur days, weeks or months after a storm hits, or even before it makes landfall. The primary cause might be a heart attack, a gap in medication, a fall from a ladder

or some other event that doesn't overtly appear weather-related.

"If you looked at media reports, prior to the 1980s, there are few with any explicit references to indirect deaths," Dr. Rappaport said. "The focus was on the loss due to storm surge" and other direct causes.

**B**ecause of improved storm forecasts and disaster preparation in recent years, the number of direct deaths has, on average, trended down, focusing attention on indirect deaths, which, proportionately, have become increasingly prevalent.

"By way of example, the 1900 hurricane in Galveston, Texas, killed 8,000 to 12,000 people, and the 1928 Lake Okeechobee hurricane caused 2,500 to 3,000 fatalities," Dr. Rappaport said. "Those, we believe, are almost entirely totals of direct deaths."

In contrast, Hurricane Katrina—until Maria, the deadliest storm in recent years—caused 520 direct deaths and 565 indirect deaths. A further 300 or so couldn't be categorized, according to Dr. Rappaport's research.

## Storm Toll

Percentage of deaths directly and indirectly attributable to Atlantic tropical cyclones, 1963-2012

## Direct deaths

Storm surge	20%
Rain	18
Other*	11
Wind	5

\*Includes surf and tornadoes. †Includes falls and trees.  
Note: Analysis covers approximately 4,000 deaths. Omits deaths where the specific cause was unclear.

Source: Ed Rappaport, National Hurricane Center

## Indirect deaths

Cardiovascular failure	13%
Other†	10
Power outage	6
Vehicle accident	5
Evacuation	4

THE WALL STREET JOURNAL.

they have 120 coming in, you have excess deaths."

The information contained in the certificates was accurate, the researchers found, but when it came to recording the role of the hurricane, it was incomplete.

To arrive at their estimate, Dr. Goldman-Hawes's team examined how many deaths normally occurred each month in Puerto Rico in the seven years before the hurricane versus how many occurred in the aftermath of the storm.

"You can look at the deaths you would have expected and then look at how many deaths there actually were," Dr. Goldman-Hawes said. "Then you can make an estimate."

But this approach answers only one question: How many people likely died because of the hurricane? It doesn't distinguish between direct and indirect deaths, nor does it provide information about the causes.

"The question is where are people dying and what are they dying of," Dr. Goldman-Hawes said.

Dr. Goldman-Hawes and her team would like to continue the research in hopes

of pinning down these details, which could involve examining death certificates and interviewing survivors, but in the absence of funding, questions like these may never be answered.

**M**eanwhile, the Centers for Disease Control and Prevention provides guidance for filling out death certificates following a disaster.

"It's written to explicitly address this, that the coroner or medical examiner isn't writing down the death is related to the disaster," said Margaret Warner, an epidemiologist with the CDC's National Center for Health Statistics, referring to the latest publication explaining the guidelines. "Unfortunately, it wasn't out on street long enough ahead of time to percolate to Puerto Rico."

Moving forward, the CDC and others hope the guidance will lead to better disaster-related death tallies.

"The last service a doctor does for a patient who dies is fill out a death certificate," Dr. Goldman-Hawes said. "It has to be done the right way to serve the family and the community."



Workers are gaining more bargaining power with employers as the pool of available labor becomes tighter during the expansion.

## Wages Climb on Expansion

Continued from Page One  
encourage the Federal Reserve to keep raising short-term interest rates, which tends to push down stock and bond prices.

The Dow Jones Industrial Average dropped after the report, and yields on 10-year Treasury notes, which move inversely with bond prices, rose. "You could see [the wage increase] leaking into broader measures of inflation," said Michael Arone, chief investment strategist at State Street Global Advisors.

Investors took note that the percentage of the adult population working or looking for work dropped slightly in August to 62.7%, from 62.9% the month before.

Labor-force participation faces downward pressure from retiring baby boomers. In recent months, however, the economy had been showing signs of drawing more potential workers from the fringes of the economy back into the labor market, a trend that could help keep inflation in check and investors pleased.

The August drop in labor-force participation suggested there was a limit to that trend, which helped to knock down stocks and bonds. However the drop in participation was concentrated among teenagers and might have been a seasonal or statistical quirk.

"Overall, the momentum in the economy looks solid," said

## Healthy Hiring

The U.S. economy added 201,000 jobs in August, and the unemployment rate held steady at 3.9%.

## Monthly change in nonfarm payrolls



Note: Seasonally adjusted  
Source: Labor Department

## Unemployment rate



hours worked by new hires, and raised wages in July by 13% or more.

As wages have risen, so has the cost of living. The Labor Department's consumer-price index increased 2.9% in the year to July, the same rate that average hourly earnings increased by over the year to August.

Democrats have argued that flat inflation-adjusted wages are evidence the strong economy isn't delivering improved well-being broadly to workers. The White House released a study this week showing that inflation-adjusted wages look better when using an inflation gauge produced by the Commerce Department that the Fed prefers. Add in tax cuts, the White House argued, and household pockets are fuller.

Hand & Stone Massage and Facial Spa, a massage and facial spa with 385 franchised locations, is seeking to expand. Chief Executive Todd Leff says the firm plans to open 55 to 60 spas.

Each new location will need to staff up with about 15 licensed therapists and five to seven sales associates.

"Our biggest challenge is finding people," Mr. Leff said. A downturn in enrollment at massage-therapy and skin-care schools means fewer available therapists, Mr. Leff said.

To help address this labor shortage, Hand & Stone offers tuition reimbursement for massage-therapy-school graduates of about \$125 to \$150 a month. The spas are also offering training for hot stone and Himalayan Salt treatments, as well as wage bumps of 5% to 7% for therapists to aid with retention.

—Daniel Kruger contributed to this article.

'Everybody is battling for the very few skilled people out there.'

Tamra Kennedy, a franchise owner of eight Taco John's International Inc. restaurants in the Minneapolis-St. Paul area and one in Iowa, said competition for workers led her to start advertising jobs on the radio. She also started offering a \$100 bonus for the first 100

## U.S. WATCH

## COURTS

## Ruling Is a Boost for Accused Students

Students facing sexual misconduct allegations at public universities have the right to cross-examine accusers at disciplinary hearings, a federal appeals court said Friday in a decision that will extend to four states.

The University of Michigan violated the rights of a male student by refusing to allow him or a representative to question witnesses in an alleged incident of sexual misconduct at a "Risky Business"-themed fraternity party, the court said. A university investigator found insufficient evidence that a student had committed misconduct. But that conclusion was overturned by a campus appeals panel after two closed sessions.

The student, identified in court papers as John Doe, agreed to leave the school in 2016. University spokesman Rick Fitzgerald said the decision is being reviewed.

"This is a very huge victory for the constitutional rights of students," said Mr. Doe's attorney, Deborah Gordon.

—Associated Press

## OHIO

## Shooter's Weapon Jammed, Police Say

The shooter who killed three people in the lobby of a downtown Cincinnati office high-rise could have killed many more if his 9mm handgun hadn't jammed during the four-minute rampage, city leaders said Friday.

Newly released security foot-

A stretch of a major highway near the California-Oregon border will remain closed through the weekend as crews try to tame a roaring wildfire burning on both sides of the north-south route, authorities said Friday.

The blaze that shut down Interstate 5 on Wednesday was still burning out of control, said a spokeswoman for the state Transportation Department.

Officials on Sunday will re-evaluate whether to reopen the route that traverses the entire West Coast from Mexico to Canada.

The fire has burned more than 34 square miles of timber and brush, and prompted evacuation orders in three counties in and around the Shasta-Trinity National Forest.

—Associated Press

## CALIFORNIA

## Wildfire Closes Key Highway for Weekend

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—Associated Press

## CORRECTIONS &amp; AMPLIFICATIONS

**The Vic Theatre** in Chicago was incorrectly identified as the Old Vic in a Page One article on Thursday about nontraditional services for the Jewish High Holidays.

**A Labor Department** report Thursday said U.S. worker productivity grew 2.9% in the second quarter from the first period, unrevised from an

earlier report. A headline on a U.S. Watch article Friday incorrectly said productivity was revised upward.

**The slide bar** of a Pfister Park Avenue Hand Shower cannot function as a grab bar. An Aug. 25 Off Duty article about renovation strategies that take aging into consideration implied that it could.

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

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## U.S. NEWS

# Ex-Trump Adviser Sentenced To 14 Days

BY ARUNA VISWANATHA

Ex-Trump campaign adviser George Papadopoulos was sentenced Friday to 14 days in prison for lying to the FBI about his contacts with a Russian intermediary, giving special counsel Robert Mueller a second prison term from his 15-month inquiry.

U.S. District Judge Randolph Moss ordered the incarceration, saying that he couldn't avoid imposing prison time given the gravity of the investigation. But he said he was moved by what he viewed as Mr. Papadopoulos's "genuine remorse."

At a 90-minute court hearing, Mr. Papadopoulos said he had made a "terrible mistake" and wanted to have a second chance.

Mr. Papadopoulos wasn't taken into custody. He will begin serving his sentence at a later date.

Earlier Friday, President Trump said aboard Air Force One that he doesn't know Mr. Papadopoulos.

"I saw him sitting in one picture at a table with me that's the only thing I know about him," the president told reporters. "They got him on, I guess, a couple of lies."

The sentencing came days before a federal jury is scheduled to convene, in the same Washington federal courthouse, to hear a second criminal case against former Trump campaign chairman Paul Manafort. Mr. Manafort faces charges by Mr. Mueller's prosecutors stemming from lobbying and money-laundering allegations.

Mr. Manafort was convicted last month in his first trial, on charges that he failed to report more than \$16 million in income to tax authorities.

At Mr. Papadopoulos's Friday hearing, one of his lawyers said the energy consultant had misled the FBI not because he intended to hurt the investigation, but out of "loyalty" to Mr. Trump and because he was concerned about his prospects for a job in the Trump administration.

Judge Moss said he didn't believe Mr. Papadopoulos lied to investigators to help the Russian government, but said he was concerned that the defendant didn't correct the record until months after his initial interview—and only after he was confronted with evidence by the FBI about his lies.

The judge also said he couldn't take into account the less-sinister motives Mr. Papadopoulos's attorney had described. "His motive was not the best motive," Judge Moss said, adding that it was a "calculated exercise in self-interest over national interest."

Mr. Papadopoulos's meetings with a Russian conduit, a professor in London who told him about Russian "dirt" on Hillary Clinton, led to the launch of the U.S. counterintelligence investigation into Russian interference in the 2016 election.

Mr. Papadopoulos pleaded guilty in October to misleading the Federal Bureau of Investigation about his contacts with the professor, who had close ties to the Kremlin and claimed that Russian officials could provide the Trump campaign with "thousands of emails" harmful to Mrs. Clinton, the Democratic presidential nominee.

The other defendant to be sentenced in Mr. Mueller's inquiry—attorney Alex van der Zwaan, who also admitted to lying to federal investigators—received a 30-day prison term in April.



Former Trump campaign aide George Papadopoulos on Friday.

## Kavanaugh Hearings Draw Witnesses From Both Sides



**WAITING TO SPEAK:** Witnesses were sworn in Friday during the final stage of Supreme Court nominee Brett Kavanaugh's confirmation hearings. From left, A.J. Kramer, a public defender in Washington, D.C.; Aalayah Eastmond, a survivor of the school shooting in Parkland, Fla.; Rebecca Taibleson, who clerked for Mr. Kavanaugh and has praised his hiring of women; and Jackson Corbin, a 13-year-old with a genetic condition who pressed for protecting coverage for people with pre-existing conditions.

PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

## Cohen Agrees to Rescind Nondisclosure Pact

BY JOE PALAZZOLO AND MICHAEL ROTHFELD

professionally as Stormy Daniels, filed in March against the shell company that Mr. Cohen, Mr. Trump's former lawyer, had used to pay her \$130,000 for signing the agreement in October 2016.

Ms. Clifford also sued Mr. Trump, who was named as a party to the agreement but didn't sign it.

In the suit, she asked that the nondisclosure agreement be declared "null and void" on the grounds that Mr. Trump

hadn't signed it.

A lawyer for Mr. Cohen on Friday also sent a letter to Ms. Clifford's lawyer demanding the return of the \$130,000 to the shell company that paid her.

Mr. Cohen's civil lawyer, Brent Blakely, said in the filing that Mr. Cohen's company, Essential Consultants LLC, "has accepted the rescission of the Confidential Settlement Agreement" and has agreed not to sue Ms. Clifford.

The filing asks U.S. District Judge S. James Otero to dismiss the part of Ms. Clifford's lawsuit that seeks to invalidate the agreement.

A defamation claim against Mr. Cohen related to his public comments about his deal with Ms. Clifford would remain.

The move by Mr. Cohen follows his guilty plea last month to felony campaign-finance violations and other charges.

As part of his plea, Mr. Cohen told a federal judge in

New York that Mr. Trump directed him during the 2016 campaign to buy the silence of Ms. Clifford and to coordinate a \$150,000 payment by the publisher of the National Enquirer to former Playboy model Karen McDougal, who also alleged an affair with Mr. Trump.

Mr. Trump denied knowing of the payments at the time they were made. His aides have also denied he slept with either woman.

## Nursing Homes Lag on Backup-Power Target

BY JON KAMP

Most nursing homes in Florida are still working to meet new backup-power rules, which were triggered by a dozen patient deaths after Hurricane Irma knocked out air conditioning at their residence in September 2017.

About 75% of Florida's 684 nursing homes received a seven-month extension beyond a June 1 deadline to put in place a permanent emergency-power plan, according to state data. All of the nursing homes are still considered compliant because extensions require them to keep temperatures at or below 81 degrees for at least 96 hours after a power loss through temporary measures.

Fewer of the state's roughly 3,100 assisted-living facilities have needed extra time. More than 90% are compliant. Among the laggards, about 270 of them haven't implemented emergency plans or gotten extensions, according to state data.

Florida's Agency for Health Care Administration has been sending out violation notices to try to push them to comply.

Justin Senior, the agency's secretary, said the state recognizes it set an aggressive timetable and that many facilities are pursuing lasting improvements that will make residents safer.

"If a facility is not following the law, we will aggressively issue fines," Mr. Senior said in a statement.

The agency has issued 1,287 notices of apparent violation in the past few months, including to facilities that have since become compliant. The agency also has issued 248 notices telling facilities it intends to impose fines, and more are planned, a spokeswoman said.

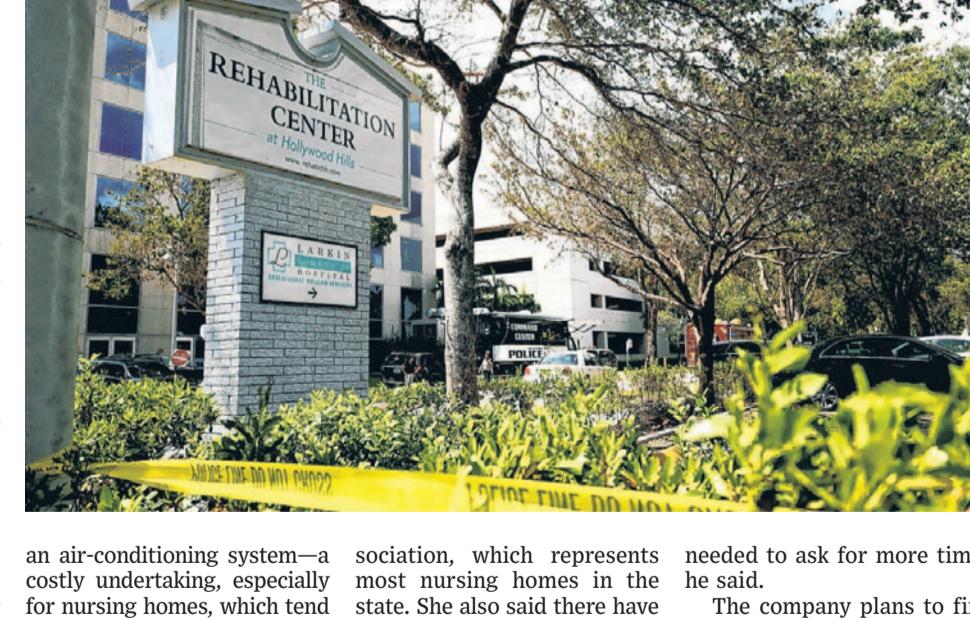
Some assisted-living facilities are still waiting for local officials to sign off on their plans, and didn't know that meant they would need a state extension, said Shaddick Hasson, chief executive at the Florida Assisted Living Association. "Some of these facilities have generators already, they're just waiting for the county," he said.

Gov. Rick Scott signed the new emergency-power rules into law in March, capping a months-long push after the Irma-related deaths.

For many of the state's elder-care facilities, the requirements mean installing new generators that can handle running



Twelve residents of the Rehabilitation Center at Hollywood Hills in Florida died after Hurricane Irma knocked out its air conditioning.



an air-conditioning system—a costly undertaking, especially for nursing homes, which tend to be much larger than assisted-living facilities. The nursing-home industry estimates this costs about \$350,000 for an average-size center.

Industry groups said facilities needed extra time to install new generators. Some need to be custom ordered and have to be incorporated carefully into large buildings' electrical systems.

"These aren't generators that you can purchase at Home Depot or Lowe's," said Kristen Knapp, spokeswoman for the Florida Health Care As-

sociation, which represents most nursing homes in the state. She also said there have also been delays in getting emergency-power plans approved by local officials.

Palm Garden Healthcare, of Sarasota, will rely on portable air-conditioning units to meet state requirements at 13 of its 14 nursing homes, said Luke Neumann, a vice president at the company. Those facilities have generators but needed upgrades to run the central air conditioning, Mr. Neumann said. Everything from getting building-code approvals to the engineering and electrical work meant the company

needed to ask for more time, he said.

The company plans to finish its permanent upgrades by Jan. 1 and can meet the temperature requirements in the meantime, he said.

After Irma hit Florida last September, the Rehabilitation Center at Hollywood Hills endured a fuse problem that knocked out power to its air-conditioning system. The local medical examiner has attributed 12 deaths among the home's residents to environmental heat exposure. People who were in the home have described very hot conditions, according to the state.

The nursing home has denied wrongdoing, saying temperatures inside the facility were safe and that staff acted appropriately. The home has blamed the state and local utility for their response to the air-conditioning damage and pleas for help. It is fighting to regain its license.

The state has rebutted the nursing home's claims, saying the home was responsible for keeping residents safe. A criminal investigation is still under way, according to a spokeswoman from the local police department.

Some critics, including a former state lawmaker and a patient advocate, have accused the elder-care lobby in Florida of pushing back on prior efforts to toughen generator requirements.

Some elder-care facilities started working on generator upgrades shortly after Irma, said Erik Wilde, an executive vice president at **Generac Power Systems**, which makes the portable power plants. But other customers were just reaching out late this summer, he said, which leaves little time to make the Jan. 1 deadline. A big generator project can take nine to 15 months to complete, he said.

"We've heard from our customers that they're really struggling to get contractors lined up," Mr. Wilde said.

CARLINE JEAN/SOUTH FLORIDA SUN-SENTINEL/ASSOCIATED PRESS; JOHN MC CALL/ASSOCIATED PRESS (BETWEEN)

YURI GRIPAS/REUTERS

## U.S. NEWS

# Obama Enters Midterm Arena Swinging

BY JANET HOOK

Former President Obama accused President Trump of "capitalizing on resentment" and called on voters to engage in the midterm elections, which he said are "more important than any I can remember in my lifetime."

"Just a glance at recent headlines should tell you that this moment really is different, the stakes really are higher, the consequences of any of us sitting on the sidelines are more dire," Mr. Obama said Friday in a speech at the University of Illinois. "This is not normal."

Mr. Obama bridled at efforts by Mr. Trump and his allies to claim credit for the improving economy, saying it was a process begun under his presidency.

"When you hear how great the economy is doing right now, let's just remember when this recovery started," he said. "Suddenly Republicans are

saying it's a miracle. I have to remind them those job numbers are the same numbers as 2015 and 2016."

Until now, Mr. Obama had withheld open criticism of Mr. Trump, keeping to a tradition of former presidents refraining from attacking their successors. In his address, he said he was stepping out "as a fellow citizen, not an ex-president" with a call to action. "I am here to deliver a simple message: You need to vote because our democracy depends on it," he said.

Speaking at a Republican fundraiser in Fargo, N.D., President Trump said he watched Mr. Obama's speech earlier in the day, "but I fell asleep."

Friday's speech was the kickoff of a series of midterm campaign events by Mr. Obama, beginning Saturday with a rally in California with seven Democratic candidates in battleground House seats that the party hopes to flip



**'This moment really is different, the stakes really are higher,'** former President Obama said in a speech in Illinois.

publican Congressional Committee, at a breakfast with reporters Friday.

Mr. Obama also lambasted Republicans for refusing to stand up to Mr. Trump, and ridiculed the message of a recent New York Times op-ed from an anonymous senior administration official that some were working from within to check his more dangerous instincts and policies.

He accused Republicans of "bending over backwards to shield this behavior from scrutiny."

Mr. Obama's months of steering clear of national politics, while frustrating to some activists, was in keeping with the practice of his predecessor: George W. Bush took a big step back from politics after leaving the White House; the first time he stepped back in was in 2016 when he campaigned for his brother, Jeb, for president.

Last year, Mr. Obama campaigned for Democratic candi-

dates for governor of Virginia and of New Jersey, who won their races. He has attended high-end fundraisers for the Democratic National Committee and other party groups. Last month, he endorsed 81 Democrats who were running for Congress, governor and other down-ballot posts in the 2018 midterms.

His California rally is his first on-the-stump campaigning of 2018, starting in a deep blue state that has a clutch of candidates that are key to Democrats' hope of winning a House majority.

After that he will go to Ohio, a state he won twice, but which Mr. Trump won in 2016.

Mr. Obama will likely steer clear of red states where Mr. Trump is a GOP hero and Democratic senators are struggling for re-election—including some like Sen. Heidi Heitkamp of North Dakota, who kept her distance from Mr. Obama when she first ran in 2012.

## CAMPAIGN WIRE

### GEORGIA

#### Poll Shows Race for Governor Is Tied

The momentum Democrats hope will propel them to control of the House of Representatives may also ripple into gubernatorial races across the country. A new poll from the Atlanta Journal-Constitution/Channel 2 Action News shows Democrat Stacey Abrams and Republican Brian Kemp tied in the Georgia gubernatorial race. In a survey of 1,020 likely voters conducted between Aug. 26 and Sept. 4, both candidates polled at 45%, with 7.6% of voters still undecided. The poll has a margin of error of plus or minus 3.1 percentage points.

Mr. Kemp leapfrogged Casey Cagle, the state's lieutenant governor, in the Republican primary with the support of President Trump. The race, rated as Lean Republican by Cook Political Report, will be a test of the continued viability of Trump-style Republican politics in the state and the impact of demographic changes transforming the electorate.

Ms. Abrams's campaign has already become a national rallying point for many Democrats, including several considering a 2020 bid.

—Andrew Duehren

### SUPREME COURT NOMINATION

#### Kavanaugh Hearings Spur Fundraising

The Republican and Democratic congressional campaign committees notified supporters this week of petitions concerning the nomination of Judge Brett Kavanaugh to the Supreme Court—one in support, the other opposing.

Both requests for signatures were actually just links to fundraising pitches. The committees join a list of political candidates and causes in deploying Kavanaugh-themed donation drives.

—Julie Bykowicz

### DOCUMENT DISPUTE

#### Booker's 'Spartacus' Moment Thwarted

Sen. Cory Booker (D, N.J.) stuck his neck out Thursday, daring the Senate majority to punish him for releasing confidential documents in the Kavanaugh hearing, in violation of Senate rules.

His show of bravery was soon undermined when it was revealed the documents weren't in fact confidential and had been cleared for release.

Nevertheless, Mr. Booker's Democratic colleagues vowed they would face punishment with him, up to and including expulsion, prompting the senator from New Jersey to remark, "This is about the closest I'll probably ever have in my life to an 'I am Spartacus' moment."

Mr. Booker was referring to a scene at the end of Stanley Kubrick's classic 1960 film, "Spartacus," in which comrades of the Thracian slave-revolt leader Spartacus stand up one-by-one to declare "I am Spartacus," to share his punishment and guard his anonymity.

Mr. Booker was teased by his Senate colleagues for his bluster. Sen. Orrin Hatch, an octogenarian Utah Republican, joked on Twitter he had known the Thracian slave leader.

—Daniel Nasaw



"Jeff should be investigating who the author of that piece was because I really believe it's national security," President Trump said aboard Air Force One on Friday.



BY MICHAEL C. BENDER

WASHINGTON—President Trump said he wants Attorney General Jeff Sessions to launch an investigation into who in his administration wrote a critical anonymous opinion column this week.

"Jeff should be investigating who the author of that piece was because I really believe it's national security," Mr. Trump told reporters Friday aboard Air Force One, adding that he was con-

cerned the author may be involved in discussions about national security issues. "I don't want him in those meetings."

A spokeswoman for Mr. Sessions said the agency's policy is not to confirm or deny the existence of investigations. On Thursday, White House officials said there was no official investigation in the works and that White House chief of staff John Kelly was helping to oversee an informal search for the author.

The New York Times stood behind its decision to publish the anonymous op-ed.

"We're confident that the Department of Justice understands that the First Amendment protects all American citizens and that it would not participate in such a blatant abuse of government power," Eileen Murphy, a Times spokeswoman, said Friday. "The president's threats both underscore why we must safeguard the identity of the writer of this op-ed and serve

as a reminder of the importance of a free and independent press to American democracy."

The Times on Wednesday published a column attributed only to a senior administration official that said there was a secret resistance movement at work in Mr. Trump's administration that aims to curtail his "worst inclinations."

On Thursday, a parade of senior members of Mr. Trump's administration pub-

licly denied writing the column.

Asked on Friday if his administration would take action against the Times for publishing the column, Mr. Trump said he was "looking at it." On Thursday, White House press secretary Sarah Sanders released a statement on Twitter with the phone number for the New York Times urging people to call and ask the newspaper to reveal the source.

—Sadie Gurman contributed to this article.

# On Road, McCarthy Aids Republicans, Eyes Speaker's Job

BY KRISTINA PETERSON

LAKEVILLE, Ohio—Most people attending Rep. Bob Gibbs' hog roast were paying attention to their pork when the GOP lawmaker received an award for supporting local agriculture. But House Majority Leader Kevin McCarthy, the headlining guest, was quick to begin the applause.

The California Republican, swinging through Ohio to campaign with Mr. Gibbs, had worked the crowd earlier in the evening, pointing out soybeans Mr. Gibbs planted. Never known as a policy expert, Mr. McCarthy has long relied on his political intuition, but he will face twin challenges this fall: Keeping the House GOP majority and getting elected as its speaker.

In pursuit of both, Mr. McCarthy crisscrossed the country this summer to both competitive and safely Republican districts and plans to travel more this fall, raising money for House Republicans

as their prospects rise and fall with the legal dramas, Twitter battles and political turmoil of President Trump's administration. If Democrats win a net 23 seats in November, they will take control of the House—and upset Mr. McCarthy's career.

"History is against us. We are in a fight. I'm not running to be speaker," Mr. McCarthy said in an interview late last month, insisting his whole focus is on keeping the GOP majority. But, "if you surpass expectations, people will trust you to do more."

Three years after he dropped out of the race to succeed former Speaker John Boehner, Mr. McCarthy is the tentative front-runner to succeed House Speaker Paul Ryan (R, Wis.) when he steps down in January—if Republicans keep control.

The next month could raise new hurdles. House GOP leaders intend to pass bipartisan legislation in September, avoiding controversy before the midterm elections, but

also irritating some in the party's most conservative wing. Most prominently, GOP leaders hope to avoid a government shutdown when current funding expires at 12:01 a.m. on Oct. 1.

Passing spending bills would also bolster Republicans' hand in the broader campaign battle. It's a dynamic that pits Republicans' record of passing a tax overhaul, rolling back some federal regulations and boosting military spending against Demo-

cratic voters' energy, fueled by their opposition to Mr. Trump and enabling them to bankroll even long-shot candidates.

It remains far from clear that Mr. McCarthy will be able to sew up the speaker race this time around. Although House GOP Whip Steve Scalise (R, La.) has backed Mr. McCarthy, he is expected to enter the contest if Mr. McCarthy comes up short.

But Mr. McCarthy has an arsenal of advantages he is readying: Along with Vice

President Mike Pence, he has raised more than \$17 million and given it to the two dozen most vulnerable House Republicans.

Mr. Ryan has smoothed Mr. McCarthy's entrance into his circle of donors, some of whom he met as the 2012 vice-presidential nominee. And Mr. McCarthy is able to name-drop the most powerful ally for many House Republicans: the president, slipping in anecdotes about Mr. Trump and his family frequently.



Rep. Kevin McCarthy (R, Calif.), left, is well-positioned to succeed House Speaker Paul Ryan, right.

President Mike Pence, he has raised more than \$17 million and given it to the two dozen most vulnerable House Republicans.

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—Daniel Nasaw

## U.S. NEWS

# GOP Ends Talks on Hacked Info in Ads

By NATALIE ANDREWS

WASHINGTON—House Republicans have pulled out of talks with Democrats to ban the use of hacked or stolen information in campaigns, leading Democrats on Friday to pledge themselves to "not participate, aid or encourage hackers or foreign actors in any attempt to influence American elections."

The two parties' House congressional campaign committees had been in discussions since June and were nearing a deal, according to aides. The unprecedented agreement would have seen both committees pledge to

**The two parties were nearing a deal to ban using stolen material in campaigns.**

not use stolen or hacked material as candidates and incumbents campaign this fall.

That comes after U.S. intelligence agencies concluded that Russian actors interfered in the 2016 election, including by hacking into the Democratic Congressional Campaign Committee servers and posting information online about competitive House races.

The National Republican Congressional Committee and the House GOP super PAC used material obtained by a hacker in 2016 in ads.

On Friday, Republicans said they withdrew from the deal after Democrats broke an agreement to not discuss the negotiations publicly until a pact was sealed.

"I feel bad that those negotiations broke down, but in the end, negotiations are about trust," National Republican Congressional Committee Chair Steve Stivers told reporters Friday at a breakfast hosted by the Christian Science Monitor. "When the chair

of the DCCC talked to the media earlier this week, it was kind of the straw that broke the camel's back on trust."

New Mexico Rep. Ben Ray Luján, who heads the Democratic Congressional Campaign Committee, told The Wall Street Journal on Tuesday that he was hopeful an agreement could come together this week. Democrats scoffed that Mr. Luján's interview was the reason for Republicans' decision to walk away. A National Republican Congressional Committee aide familiar with the talks said Democrats had set an "arbitrary deadline."

"We have negotiated with the NRCC in good faith in an effort to release this pledge jointly, but the time for delays and excuses has run out," Mr. Luján said in a statement Friday.

Mr. Stivers had objected to committing to not using information that becomes public and is reported.

"Once something's in the public domain I'm not sure if you can say, 'Everybody let's just ignore it,'" he said in June, adding that he wouldn't stop candidates who were citing something that is "in the public if it's out there."

He said on Friday that Republicans are "not seeking stolen or hacked material" and "have no intention of using stolen or hacked material."

The DCCC pledged to not use stolen or hacked information or promote it to the media "regardless of the source."

Senior intelligence officials describe Russia interference in the 2018 midterm elections as deep, real and ongoing. Candidates have reported hacking attempts to their campaigns and political accounts, though a successful hack hasn't been reported.

Hackers also published embarrassing information about Hillary Clinton, the 2016 Democratic candidate for president, which was widely reported and circulated. Moscow denies it interfered in the election.

# Democrats Lure Small Givers

BY JULIE BYKOWICZ

President Trump's debut of the nickname "Wacky Jacky" for Democratic U.S. Senate candidate Rep. Jacky Rosen of Nevada was a hit—for her.

Ms. Rosen quickly responded to the derisive moniker with fundraising emails and social-media posts with donation links. She collected \$342,000 in donations of \$200 or less in the week that followed the president's June 23 visit to Las Vegas, her campaign says. That was nearly one-third of her small-donor haul in the three-month period that ended June 30.

The windfall for Ms. Rosen helps explain how Democrats across the country are outperforming their Republican counterparts in the race for big money from small donors, a Wall Street Journal review of Federal Election Commission reports shows.

In 28 of the 30 most competitive House races and five of eight toss-up Senate races, as rated by the nonpartisan Cook Political Report, the Democratic candidates have outraised the Republicans in donations of less than \$200, the Journal's review found. In all, the Democrats in those 38 races have collected about \$35 million in small donations, quadruple the Republicans' small-money haul.

The wave of small contributions can signal enthusiasm among voters, and the Democratic base's aversion to Mr. Trump is ramping up their activity. These contributors, who often send sums of \$25 or \$50, are also a valuable resource because candidates can keep encouraging them to give again and again until they reach the \$2,700-per-election maximum contribution limit.

By the end of June, Ms. Rosen had raised about \$3 million in small donations, compared with incumbent GOP Sen. Dean Heller's \$541,000, the FEC data show. Overall, Mr. Heller raised about \$1.5 million more than Ms. Rosen.

Democrats must pick up 23

## The Under \$200 Club

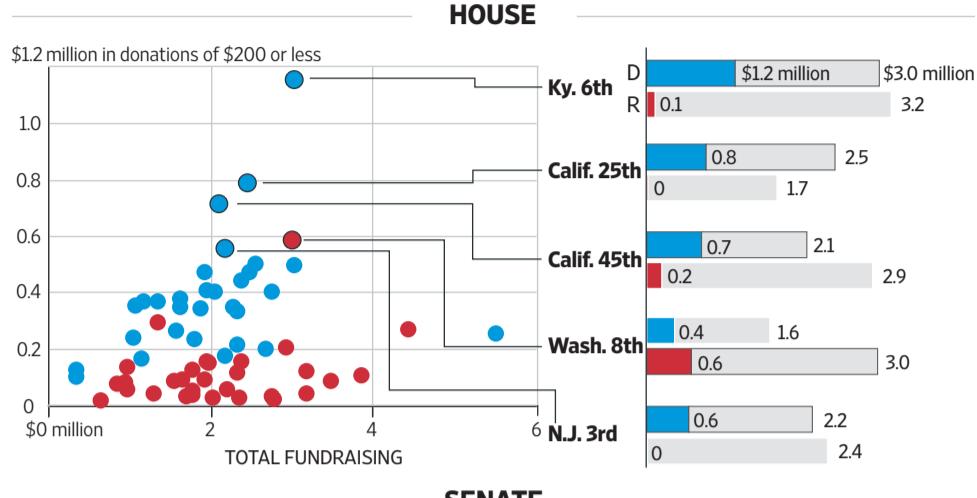
Democrats in the most competitive races this year have raised four times as much money as their Republican counterparts from donations of \$200 or less.

### Candidate fundraising in toss-up races

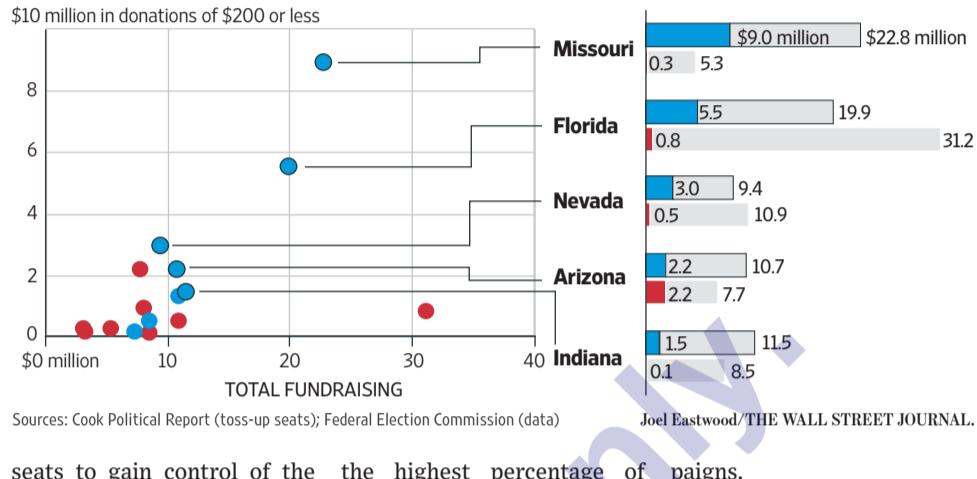
● Republican ● Democratic

### Candidates with most small donations

Share of donations of \$200 or less



### HOUSE



### SENATE

Sources: Cook Political Report (toss-up seats); Federal Election Commission (data)

Joel Eastwood/THE WALL STREET JOURNAL.

seats to gain control of the House. They need to net two seats to retake the Senate, though they are also defending numerous seats in states that Mr. Trump won. Mr. Heller is widely considered the most vulnerable Republican senator, another factor that Ms. Rosen's campaign says has inspired donors.

Democrats have some distinct advantages over Republicans for low-dollar fundraising: a mix of ingredients specific to this election year and some more long-term, according to strategists for both parties.

Liberal voters are energized by their opposition to Mr. Trump and see giving contributions as an outlet, says Andrew Bleeker, who was the lead digital strategist for both of President Obama's campaigns.

The ease of online giving also plays a role. ActBlue, an online transaction service founded in 2004, provides a one-stop donation platform used by almost every Democrat seeking office. People who give through ActBlue can have their credit-card and personal information saved—and some 5.2 million have done so, the organization says—giving them the ability to donate to any Democrat with a click or two. There is no Republican counterpart as broadly used as ActBlue.



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## WORLD NEWS

## West, Turkey Race to Avert Syrian Assault

At U.N. and in Tehran, countries warn against Idlib offensive; summit fails to bridge divide

The U.S. and European Union led a diplomatic effort at the United Nations on Friday to prevent a Syrian offensive on the opposition's last stronghold, while Turkey's president urged his counterparts in Russia and Iran to adopt a cease-fire allowing for rebels to lay down arms.

*By Farnaz Fassihi at the United Nations and Sune Engel Rasmussen in Beirut*

Diplomats and U.N. officials said they feared an attack on Idlib, a city in Syria's northwest with three million civilian inhabitants, was imminent. The Assad regime's elite army units and Republican Guards have been deployed to the area and now surround the city, diplomats said. Russia and Syrian warplanes this week began airstrikes on Idlib.

"We consider any assault on Idlib to be a dangerous escalation of the conflict in Syria," said U.S. Ambassador Nikki Haley. "If Assad, Russia, and Iran continue, the consequences will be dire."

Meeting in Tehran, the leaders of Turkey, Russia and Iran showed signs of friction, despite reaffirming their commitment to fight terrorism and reach a political settlement to end the conflict, now in its eighth year. Moscow and Tehran, the main backers of Syrian President Bashar al-Assad, have insisted the offensive is necessary to clear Idlib of "terrorists."

Turkey's President Recep Tayyip Erdogan twice called for a cease-fire from all sides in Idlib, allowing for a "reasonable way out." With its economy under strain, Turkey doesn't want to host more Syrian refugees and fears its troops on the ground in Kurd-



Russian President Vladimir Putin, Iranian President Hassan Rouhani and Turkish President Recep Tayyip Erdogan met in Tehran Friday.

ish areas of Syria will get caught up in the crossfire.

"Let them drop their weapons so that peace would come," Mr. Erdogan said. "We need a method to deal with terrorists. That requires time and patience."

Russian President Vladimir Putin said that was impossible as the militant groups didn't have any representatives at the talks who could promise to stop fighting. Mr. Putin said Mr. Assad had the legal right to restore control over all Syrian territory.

"There is a large civilian population concentrated in the

Idlib area and we certainly should take that into account," Mr. Putin said, according to Russian news agencies. But he added: "Attacks are being carried out using unmanned aerial vehicles, and shelling is being conducted from there, and we cannot ignore this."

As the three leaders held their summit, large crowds of Syrians gathered in various locations across Idlib and northern Aleppo provinces to protest the Assad regime and its international allies, in demonstrations that harked back to the early days of the conflict.

At the U.N. and in Tehran,

diplomats and officials presented the idea of a "separation attempt," as an alternative to a military offensive, allowing opposition armed rebels to surrender their weapons and separate themselves from terrorist groups, thereby securing the safety of civilians.

The Security Council held three separate meetings on Thursday and Friday, chaired by the U.S. and EU and focused on Idlib, discussing threats of chemical-weapons attacks, the humanitarian crisis and a political settlement with Syria's opposition groups.

The U.N. estimates there are

about 30,000 terrorist fighters among Idlib's population. Turkey has so far been unable to persuade radical militant groups in Idlib, among them current and former al Qaeda affiliates, to give up their arms.

The province has in recent months received a surge of militants who were bused there after cutting evacuation deals with the Assad regime, as it has recaptured territory across the country in recent months.

About half of Idlib's population arrived there after being uprooted by fighting elsewhere in Syria, and an offensive in

populated areas and amid camps of displaced families could be lengthy and bloody.

The U.S., which has troops in Syria's northeast, has said it would interfere only if the Assad regime uses chemical weapons. Jim Jeffrey, the State Department's special representative for Syrian engagement, said Thursday that Washington has "lots of evidence" that the Syrian government is preparing a chemical-weapons attack in Idlib, but he didn't elaborate.

Turkey straddles a difficult geopolitical divide between the North Atlantic Treaty Organization, of which it is a member, and powers often working against Western interests. As its relations with the U.S. and Europe have deteriorated, Ankara has drifted further toward Moscow and Tehran.

It is an uneasy alliance. The three countries share a skepticism of the U.S. and have all been sanctioned by the Trump administration. But the countries are fundamentally opposed in Syria, where Russia and Iran have been decisive in keeping Mr. Assad, a sworn foe of Turkey, in power.

Syria's ambassador to the U.N., Bashaar Jaffari, told the Security Council his country wasn't beholden to the Astana agreement, a September 2017 agreement with Russia, Iran and Turkey to set up so-called de-escalation zones in some Syrian regions, including Idlib, for six months. Mr. Jaffari said that the agreement was meant to be "temporary" and that armed groups had violated terms of the agreement.

Representatives of Syrian opposition groups at the EU-hosted Council meeting on Friday appealed to the international community, including Russia, to stand with the people of Syria and not the regime, and to work toward a political settlement.

*—David Gauthier-Villars in Istanbul, Aresu Ebabi in Tehran, James Marson and Thomas Grove in Moscow contributed to this article.*

## Tehran Defies U.S. Effort To Curb Mideast Influence

Iran is signaling that it will buck U.S. efforts to roll back its military presence in the Middle East, moving to cement foreign alliances and continuing to project power abroad despite sanctions that have helped put intense pressure on its economy.

*By Sune Engel Rasmussen in Beirut and Michael R. Gordon in Washington*

Tehran signed a long-term security pact with Syria in August, and has kept up the flow of arms and financial support to proxy forces around the region, according to U.S. officials and a person close to Lebanon's Hezbollah militia.

On Sunday, Iran's Supreme Leader Ayatollah Ali Khamenei said in a meeting with air force commanders that Iran needed to boost its personnel and buy more equipment, though he said a war was unlikely. He didn't elaborate.

Iran's defiant stance comes as its currency plummets and foreign investors pull out, largely due to rising tension between Washington and Tehran. In May, President Trump pulled the U.S. out of the 2015 nuclear deal, which administration officials indicated was part of a broader effort to curtail Iran's activities in the Middle East, and said he was reimposing sanctions.

"In my judgment, what Iran is doing today is simply a continuation of what they have been doing for a long time, which is to harden themselves, build what alliances they can and prepare for the day" when conflict with the U.S. might erupt, Lt. Gen. Michael Nagata of the National Counterterrorism Center said at a conference Wednesday hosted by the Institute for the Study of War, a Washington think tank.

U.S. officials acknowledge Iran hasn't stepped back from its assertive posture and say Iranian shipments of missiles and some advanced arms around the region have even accelerated. But they also note

of the Syrian regime. Iran has maintained its financing for the militia's war effort, according to the person close to the group.

"Not much has changed," the person said. "Wages are paid, training and funding is the same."

Iran's economy, however, is under growing stress. The value of the rial has fallen almost 70% this year, from 45,000 to the dollar in January to 140,000 on Wednesday, a historic low. The Iranian parliament's research center forecasts the economy to shrink between 3.8% and 5.5% in the coming Iranian fiscal year, which starts in March.

Tehran doesn't provide exact information on its military spending. But according to the independent Stockholm International Peace Research Institute, Iran spent about \$14 billion on its military in 2017, a 15% increase from the year before.

"It is an absolutely misguided perception that the Iranians will retreat from the region if they have economic problems," said Ali Vaez, Iran project director at the International Crisis Group, an independent think tank. "Whenever they come under increased pressure, they feel the need to double down."

Iranian analysts say that many of Tehran's foreign operations are inexpensive, allowing it to pick its fights and prod its enemies.

## Protesters Burn Iran Consulate in Basra

DUBAI—Protesters set fire to the Iranian consulate in Basra in a show of anger against Tehran's involvement in the country's affairs, capping days of violent unrest that has raised fears of a broader conflict.

The torching of the Iranian consulate came hours after three mortar rounds were fired early Friday into the heavily

fortified Green Zone in Baghdad where the U.S. Embassy is located, landing in an empty lot and causing no damage.

On Thursday night, protesters had torched the offices of most political parties in Basra, including powerful Iran-backed paramilitary groups.

Protests began last week over poor government services, but they have flared into violent rejections of the entire political class and foreign influence.

*—Isabel Coles and Ali Nabhan*

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## WORLD NEWS

# Mattis Visits Afghan Capital

By CRAIG NELSON

KABUL—U.S. Defense Secretary Jim Mattis arrived in the Afghan capital on Friday in an unannounced visit, amid upheaval in the senior ranks of American and Afghan officials waging the 17-year war against the Taliban and other Islamist militants.

Mr. Mattis, accompanied by Marine Gen. Joseph Dunford, chairman of the Joint Chiefs of Staff, was to hold meetings with senior Afghan officials and with Army Gen. Austin Miller, the new commander of American-led international forces here, as well as hold a town-hall-style forum with troops.

Peace talks with the Taliban, the country's largest insurgency group, were expected to be high on the agenda of discussions between Mr. Mattis and Afghan officials.

In July, U.S. diplomats and Taliban representatives met in the Gulf state of Qatar to discuss a possible framework for talks aimed at ending the war. However, a series of devastating Taliban attacks last month and the insurgency's refusal to reciprocate Afghan President Ashraf Ghani's call for a three-month cease-fire have slowed momentum for further discussions.

While the war against the Taliban and Islamic State's local branch has expanded since President Trump announced his rejuvenated Afghanistan strategy little more than a year ago, Mr. Mattis made clear this week that the prospect of talks with the Taliban hasn't evaporated.

"Right now, we have more indications that reconciliation is no longer just a shimmer out there, no longer just a mirage," the defense secretary told reporters this week. "It now has some framework. There's some open lines of communication."

# Bank Probes Russia-Linked Flows

Denmark's largest bank is investigating whether companies with ties to Russia used it to launder money, examining \$150 billion in transactions that flowed through a tiny branch in Estonia, according to people familiar with the matter.

By Bradley Hope,  
Drew Hinshaw  
and Patricia  
Kowsmann

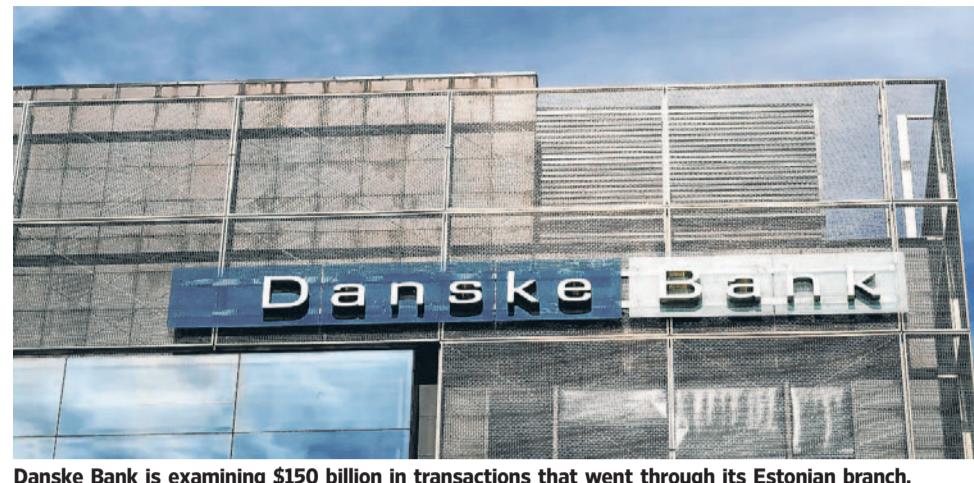
The \$150 billion figure, covering a period between 2007 and 2015, has been presented to the bank's board of directors and would equal more than a year's worth of the corporate profits for the entire country of Russia at the time. The flows would have stayed in the branch for only a short time before leaving Estonia, according to a person familiar with the investigation, so they might not show up in deposit statistics, which reflect the balance at the end of month and not from day to day.

Danske Bank investigators haven't determined if the entire amount should be deemed suspicious. But such a large flow of money suggests that roughly \$8 billion of suspected money-laundering transactions previously reported by a Danish newspaper could grow higher.

"Any conclusions should be drawn on the basis of verified facts and not fragmented pieces of information taken out of context," Danske Bank Chairman Ole Andersen said in a statement. "As we have previously communicated, it is clear that the issues related to the portfolio were bigger than we had previously anticipated." The bank says the results of its probe are being finalized.

Shares in the bank fell as much as 7% on Friday after The Wall Street Journal reported on the size of the amounts involved.

The U.S. has paid close attention to the ways Russia's wealthy have taken money out of the country, according to



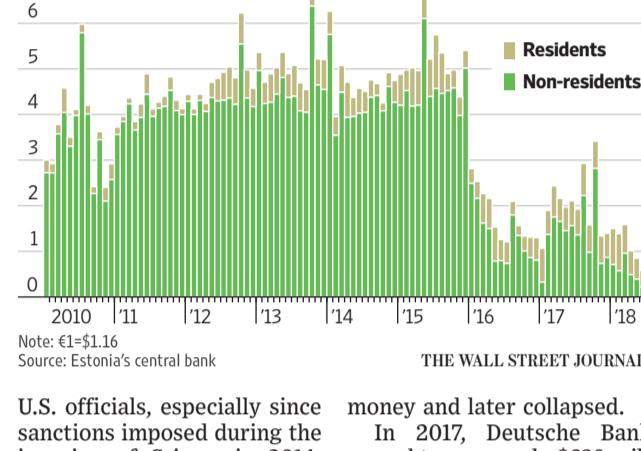
INT/ALAIN/REUTERS

Danske Bank is examining \$150 billion in transactions that went through its Estonian branch.

## Baltic Flow

Activity in Estonia's banking system dropped in 2016, around when Danske began shutting accounts.

## Turnover of liabilities at Estonian banks



U.S. officials, especially since sanctions imposed during the invasion of Crimea in 2014. Sanctions were strengthened following determinations of Russian meddling in the 2016 U.S. presidential election and again earlier this year.

Washington has watched illicit money flows channeled through European-regulated banks to the West. In February, the Treasury Department declared Latvia's ABLV bank an "institutionalized money laundering" operation where weapons dealers and corrupt politicians from former Soviet Union countries sent their money into Europe. ABLV denied knowingly laundering

money and later collapsed.

In 2017, Deutsche Bank agreed to pay nearly \$630 million to settle investigations by U.K. and New York regulators into Russian equity trades that transferred \$10 billion out of that country in violation of anti-money-laundering laws.

Since last year, NATO has positioned troops in three former Soviet Union republics—Estonia and its neighbors Latvia and Lithuania, all bordering Russia. In return, the U.S. has asked those governments to crack down on illicit Russian money flowing into the West through their banks, according to U.S. officials. That understanding was

hammered out after Russia's 2014 annexation of Crimea.

Danske's Estonian branch is the subject of criminal investigations in Denmark and Estonia, prosecutors in the countries said. The Danish Financial Supervisory Authority reprimanded the bank for weak controls in May and ordered Danske to hold about \$800 million more in capital, but didn't issue a fine.

Shell companies, including many registered in the U.K., controlled most of the accounts in question, and many of the accounts had links to people in Russia and former Soviet Union countries, people familiar with the matter said. The U.K.'s Financial Conduct Authority isn't probing the bank, according to a person familiar with the matter.

Estonia, a former Soviet Republic of 1.3 million people, became a European Union member in 2004 and joined the euro in 2011. Like its Baltic neighbor Latvia, it quickly became a way station for funds from other former Soviet states. The \$150 billion figure is a substantial sum considering Estonia's entire banking system reports total deposits of €17 billion (\$19 billion).

At Danske, clients would typically move funds among several companies with accounts at its Estonia branch before transferring the money to accounts in banks in Turkey, Hong Kong, Latvia, the

U.K. and other countries, one of the people familiar with the investigation said.

Danske's management dragged its feet dealing with the issue, according to a report filed by Danish regulators this year, ignoring complaints from internal whistleblowers and correspondent banks, which made international payments and transfers on its behalf.

Estonian regulators complained to Danish counterparts as early as 2012 and compiled a 200-page report in 2014 detailing the local branch's extensive failures to ask even basic questions about the source of its clients' income.

"There were many red flags," said Kilvar Kessler, chairman of the management board of Estonia's banking supervisor, the Finantsinspektion.

It was only after another bank refused to deal with Danske's Estonian unit that the bank shut down "nonresident" Estonian accounts in 2015.

Danske Chief Executive Thomas Borgen was in charge of international banking—including in Estonia—during part of the period under investigation. He was promoted to run the bank in 2013. He declined to comment.

Denmark's Berlingske newspaper earlier reported around \$8 billion of illicit money went through the Estonian branch. The Financial Times reported this month that some \$30 billion flowed through the Estonian branch in the year 2013. In both instances, Danske said it needed time to look into the reports.

Danske's investigation is overseen by the bank's legal counsel and assisted by forensic accountants at PricewaterhouseCoopers LLP and consultants at Ernst & Young LLP. Both firms didn't immediately respond to requests to comment. Promontory Financial Group, a unit of International Business Machines Corp., and Palantir Technologies Inc. are also helping in the probe and declined to comment.

## WORLD WATCH



**COLLAPSE:** Indian rescue workers and villagers gathered at a damaged bridge in Phasidewa village near the India-Bangladesh border on Friday. No casualties were reported in the incident.

## JAPAN

### Blackout Plagues Northern Island

More than a million homes in Japan's northern island of Hokkaido were without power two days after an earthquake that highlighted the fragility of the nation's energy supply following its nuclear accident in 2011.

Hokkaido, an island of some five million people, has gone without nuclear power for more than six years and relied heavily on a single coal-fired plant that was near the epicenter of a magnitude-6.6 earthquake on Tuesday.

When the plant was damaged by the quake, the sudden subtraction of power from the grid forced Hokkaido Electric Power Co. to shut down the grid entirely, leaving virtually the entire island in the dark.

—Mayumi Negishi

measure of the goods and services produced by the eurozone's 19 members—increased at an annualized rate of 1.5%, slightly below the 1.6% rate of expansion recorded in the three months through March.

It was well below the 4.2% annualized increase in U.S. GDP during the three months through June.

For the second straight quarter, trade was a drag on economic growth in the eurozone, as imports rose at almost twice the pace of exports. But household spending was also weak, rising at less than half the pace of the first quarter.

—Paul Hannon

## CANADA

### Unemployment Rate Ticked Up in August

The Canadian economy unexpectedly shed jobs in August on a sharp drop in part-time work, helping to push up the unemployment rate.

The economy dropped a net 51,600 jobs in August on a seasonally adjusted basis, Statistics Canada said Friday. Market expectations were for an increase in employment of 5,000, according to economists at Royal Bank of Canada.

Canada's jobless rate, meanwhile, was 6.0%, up from 5.8% in the previous month and slightly higher than economists' expecta-

tions of 5.9%. When using U.S. Labor Department methodology, Canada's jobless rate in August was 4.9%.

Average hourly wages advanced 2.9% in August on a one-year basis, marking a slight deceleration after seven months of growth at a pace of 3.0% or higher.

—Kim Mackrael

## TURKEY

### Ankara Moves to End Rift With Netherlands

Turkey's foreign ministry said the country and the Netherlands have taken a further step in normalizing relations by reappointing ambassadors to each other's capitals.

The two countries withdrew ambassadors last year over a row triggered by a Dutch decision to bar Turkish officials from campaigning on Dutch soil during a referendum campaign over increasing the powers of the president.

In a statement Friday, Turkey's foreign ministry said Saban Disli, a former legislator from President Recep Tayyip Erdogan's ruling party, was appointed ambassador to the Netherlands.

It added that the Dutch foreign minister would visit Turkey in the first week of October in the "next step in normalization of affairs."

—Associated Press



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## WORLD NEWS

# Stabbed Candidate to Stay in Brazil Race

By SAMANTHA PEARSON  
AND LUCIANA MAGALHÃES

SÃO PAULO—Brazil's far-right presidential candidate, Jair Bolsonaro, vowed to stay in the race after a near-fatal stabbing left the front-runner in intensive care and threatened to prevent him from attending street rallies until next month's vote.

"Brazil comes before anything, and God before anyone....I'm with you Brazil," he said in a video recorded from his hospital bed, where he is recovering from surgery on his punctured intestines.

Political observers say the attack could boost Mr. Bolsonaro's chances of victory in October despite his possible absence from the campaign trail, since it reinforces his campaign message of getting tougher on crime.

"I prepared myself for a moment like this, because you run these risks," the former army captain rasped in the video.

Thursday's stabbing during a rally in the southeastern city of Juiz de Fora prompted rival candidates to suspend their campaigning this week in solidarity with Mr. Bolsonaro. Analysts said his competitors needed time to reposition their campaigns and gauge public reaction to the incident.



RICARDO MORAES/REUTERS

Eduardo Bolsonaro, a son of presidential contender Jair Bolsonaro, is consoled on Friday outside a hospital in Juiz de Fora, Brazil.

Police arrested Adelio Bispo de Oliveira, reported to be a 40-year-old waiter, on suspicion of carrying out the knife attack. The man, who local media said had been affiliated with the leftist PSOL party until 2014, has posted hate mes-

sages against Mr. Bolsonaro on Facebook, as well as lengthy texts about Masonic conspiracies, accusing Freemasons of a wave of murders in his city and for trying to privatize Brazil's monetary system.

He told police he had been

"sent by God" to carry out the attack, according to a copy of the police report posted on Brazil's Globo news website. His lawyer couldn't be reached to comment. The PSOL party strongly condemned the attack.

A second man was detained

on suspicion of inciting the attack, but was released pending investigation, police said.

"The captain is on the mend," Mr. Bolsonaro's son, Flávio, declared Friday, but said earlier in a video on his Facebook page that his father

probably wouldn't be able to attend street rallies for the next few weeks.

Mr. Bolsonaro, 63 years old, holds about 20% support in what observers say is the tightest and most polarized presidential race in three decades. With tensions running high over corruption, rampant crime and Brazil's moribund economy, 13 candidates are fighting it out for the presidency in this year's elections, which take place on Oct. 7, with a likely runoff vote on Oct. 28.

"I never did anything wrong to anybody," Mr. Bolsonaro said in the video, where he is seen lying in intensive care with tubes in his nose.

He was transferred Friday morning to one of Brazil's top hospitals, the Israelita Albert Einstein hospital in São Paulo, where he is expected to remain for up to 10 days. "He is conscious and in a good condition," the hospital said in a statement, adding that Mr. Bolsonaro had undergone a series of medical tests.

A small group of Mr. Bolsonaro's supporters gathered outside the hospital Friday afternoon. "He's the only candidate who is not involved in corruption, he has God in his heart and he will be our next president," said metalworker Adriano Barbosa, 29.

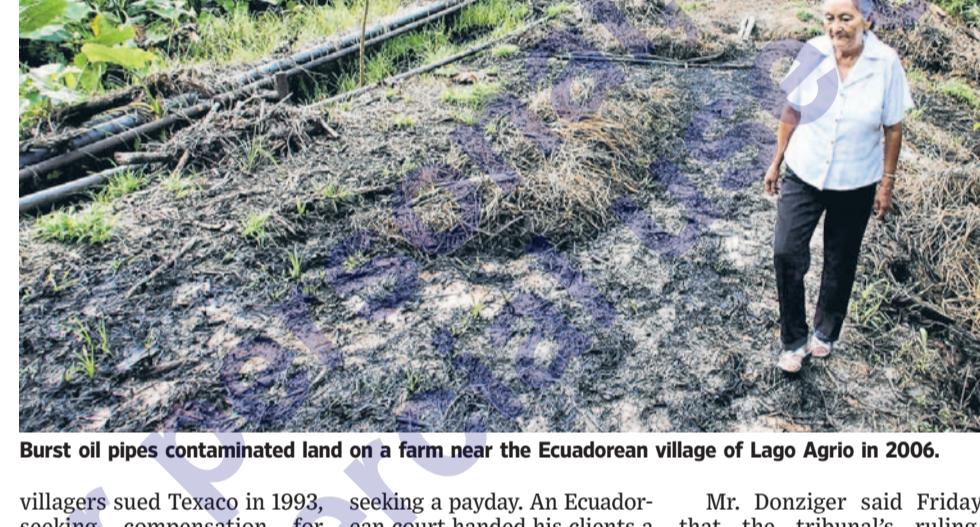
judgment.

The tribunal noted in its analysis that it couldn't prevent individual plaintiffs from continuing to pursue their claims.

Chevron won a major victory in 2014, when a New York judge found the Ecuadorian verdict was the product of fraud and racketeering. The court concluded Mr. Donziger and his litigation team fabricated evidence, promised \$500,000 to an Ecuadorian judge to rule in their favor, ghostwrote much of the final verdict and took other actions that "perverted" the course of justice. Mr. Donziger disputes the findings.

An appellate court upheld that decision in 2016, affirming the inability to collect on the judgment in the U.S.

Chevron initiated The Hague proceeding in 2009, arguing the company did its part to clean up the drilling site under a 1995 agreement with Ecuador and that any further pollution should be the country's responsibility.



Burst oil pipes contaminated land on a farm near the Ecuadorian village of Lago Agrio in 2006.

CLAUDIO MATTIAZI/ASSOCIATED PRESS

villagers sued Texaco in 1993, seeking compensation for what they said were illnesses spawned by polluted water.

Chevron, which has never operated in Ecuador, inherited the case when it bought Texaco in 2001.

Mr. Donziger spent years crusading for the villagers and

seeking a payday. An Ecuadorian court handed his clients a \$19 billion win in 2011, later reduced to the \$9.5 billion still at issue. Because Chevron denied causing the environmental damage and refused to pay, Mr. Donziger went after the company's assets around the world.

Mr. Donziger said Friday that the tribunal's ruling, which he and his clients weren't a party to, won't stop his efforts to collect the judgment. He said he is currently focused on Canada, where an appellate court ruled this year that Chevron's Canada subsidiary can't be held liable for the

potential tariff targets. It also has a sizable business in China, which the Chinese could target in retaliation against the U.S.

"The first few rounds of tariffs hit supply chains really hard," said Mary Lovely, an economist at Syracuse University. Now, the Trump administration "has begun to hit things clearly not processed in the U.S.—consumer goods—and this is going to get people's attention."

The tariffs would have an impact on some of the smallest contributors to Apple's total revenue.

The iPhone, which accounts for about two-thirds of Apple's total sales, hasn't been affected by the proposed tariffs. However, that could change if the Trump administration follows through with threats of levies on \$500 billion in imports.

—Tripp Mickle

and Jay Greene

## New Trade Pressure On China

*Continued from page A1*  
criticism from Congress and U.S. industry that the administration has erred by picking fights with friendly countries at the same time as it battles with China. Additionally, American officials say, it helps recruit allies to stop Chinese exporters from skirting U.S. tariffs by shipping goods to third countries, which then send the goods to the U.S., say officials.

Others familiar with the administration's deliberations think that the Office of U.S. Trade Representative Robert Lighthizer could take weeks to make a move to demonstrate that it carefully considered the comments, numbering more than 4,000 by Thursday's deadline. The office took three weeks after the end of the first comment period to announce tariffs.

On a separate track, U.S. and Canadian officials on Friday worked to resolve a dispute over how to boost American access to Canada's protected dairy market, one of several issues still to be resolved before a trilateral Nafta accord can be signed with Mexico. "Canada is moving along," Mr. Trump said Friday. "We'll see what happens."

The tougher White House stance on China makes it harder to try to reach a deal at two summits in November, as Chinese and U.S. officials had planned. Last month, the White House said Mr. Trump would skip the Asia-Pacific Economic Cooperation summit in mid-November, leaving only



Chinese President Xi Jinping could face new pressure in trade talks.

the Group of 20 meeting at the end of that month.

"Trump's ultimate strategy is that we have leverage and we should be exploiting it," said Stephen Moore, a Heritage Foundation economist who consults with administration officials.

Several trade associations are considering suing the trade representative to stop additional U.S. tariffs on Chinese goods, by arguing the administration has exceeded its legal authority and has acted arbitrarily.

"There has been concern about the scope of authority for the president to move forward" with the additional tariffs, said Stephen Kho, an Akin Gump attorney who was a trade official under George W. Bush.

The Information Technology Industry Council called the prospective tariffs Mr. Trump discussed "possibly il-

legal" because there wasn't a clear connection between the action and alleged Chinese infringement of U.S. intellectual property.

For its part, Beijing is now pursuing a dual track, Chinese academics and officials say. On the one hand, Chinese officials have tried to reassure markets by stressing that the two sides have continued to talk since the end of last month's unsuccessful trade negotiations in Washington.

On the other hand, few in Beijing expect much improvement before the U.S. midterms. That would leave very little time to conclude a deal in November, before the G-20 summit. Chinese officials believe that if Republicans fare poorly in the elections, the president will be weakened in talks with China.

"Mr. Trump is too busy right now with domestic poli-

### Apple Lays Out Tariff Hit It Faces

Apple Inc. said proposed U.S. tariffs on \$200 billion of Chinese goods would affect its watch, wireless headphones and other products, the first time the company has detailed specific damage that could potentially hit its hardware lineup stemming from the trade battle.

Meanwhile, a handful of tech giants are invoking one of the White House's priorities—leadership in an emerging wireless technology known as 5G—to argue against the tariffs.

Intel Corp., Cisco Systems Inc., Dell Technologies Inc. say tariffs would fall on products vital to rolling out fifth-generation wireless services in the U.S.

Apple said the proposed tariffs of up to 25% on specific products imported from China

to the U.S. would hit "a wide range of Apple products," including its Mac mini computer, chargers, adapters, specialized manufacturing machinery and more.

"Tariffs increase the cost of our U.S. operations, divert our resources and disadvantage Apple compared to foreign competitors," Apple wrote in its filing with the U.S. Trade Representative. "More broadly, tariffs will lead to higher U.S. consumer prices, lower overall U.S. economic growth, and other unintended economic consequences."

Apple declined to comment beyond its statement. The White House didn't immediately reply to a request to comment.

Apple is among the most vulnerable U.S. companies amid rising trade tensions, trade experts say. The company manufactures the vast majority of its products in China and exports them to the U.S., making them

allies think the Chinese are misreading U.S. politics.

A wounded Trump presidency is even more likely to push China hard, egged on by Democrats, they say. The Chinese "think that to stop Trump's confrontation with them he must be stopped at the ballot box," said former White House strategist Steve Bannon, a China hawk. "They don't get that he will be as unrelenting, regardless of the outcome."

In the U.S., opponents of tariffs are looking at the midterms as a leverage point. Trade associations are preparing grass roots campaigns in opposition to tariff bills, focusing on vulnerable Republicans. Recent NBC/Marist polls in Pennsylvania, Texas and Illinois say voters there think tariffs will hurt the economy.

—William Mauldin contributed to this article.

## OBITUARIES

RICHARD M. DEVOS  
1926 – 2018Cheerleading Role  
Suited Amway Founder

**R**ichard M. DeVos made his fortune as a co-founder of Amway Corp., whose independent salespeople hawk soap, cosmetics and other products around the world. He became more famous, though, by selling his causes, including evangelical Christianity, free enterprise, the Republican Party and vouchers to help parents pay for private schools.

"I've been a cheerleader most of my life, from leading cheers in high school to cheering on people to seize opportunities and realize their dreams," he wrote in a 2014 memoir, "Simply Rich."

Mr. DeVos, the father-in-law of U.S. Education Secretary Betsy DeVos, wrote five books, owned the Orlando Magic basketball team and won praise as a philan-

thropist and motivational speaker.

He ruffled feathers among Republicans in 1982 by declaring that a recession at that time had been "a beneficial thing and a cleansing thing for this society." The remark helped lead to his ouster as the party's national finance chairman. He later said he was removed from his party post "for not kowtowing to the big-wigs enough."

As a boy in Grand Rapids, Mich., he delivered newspapers and helped one of his grandfathers sell fruit and vegetables door to door, an experience that he said taught him salesmanship.

Mr. DeVos died Sept. 6 at his home in Ada, Mich. He was 92.  
—James R. Hagerty

HENRY ARNHOLD  
1921 – 2018Banker Who Fled Nazis  
Helped Restore Dresden

**H**enry Arnhold once opened a Chinese fortune cookie whose message read: "You are the chosen one."

The German-born Mr. Arnhold—who built First Eagle Investment Management in New York and employed George Soros as a money manager—liked to tell his grandchildren he didn't need any further fortunes with his Chinese takeout; he had received the one he liked.

Though his Jewish family was hounded by Nazis and he served time in a German prison camp, Mr. Arnhold felt lucky. An art collector and gourmet, he thoroughly enjoyed life and relished the chances he had to donate money to rebuild his hometown of Dresden and sponsor German

scholars in the U.S.

As a teenager, Mr. Arnhold was barred by Nazi rules from using public swimming pools, including one named after his grandfather, Georg Arnhold. As an adult, in the 1990s, he donated money to renovate that pool, as well as to restore the Dresden Frauenkirche, an architectural gem destroyed by bombing during World War II.

Although New York was his home, Germany remained his beloved homeland. "He did not believe in collective guilt," said his son, John, who added that his father's priority was building bridges between people of different backgrounds.

Mr. Arnhold died Aug. 23 at his home in Manhattan. He was 96.  
—James R. Hagerty

BY JAMES R. HAGERTY

**F**or decades, if you wanted to be the CEO of a large company, it was vital to know Gerry Roche. And if he thought you might be qualified, he made a point of knowing you.

When he started at the executive-search firm Heidrick & Struggles in 1964, with a focus on midlevel managers, he already was thinking big. He often cold-called executives who were overqualified for the job that needed filling. "I got turned down a lot," Mr. Roche told Fortune in 2005. "But with each person who turned me down, I built up relations."

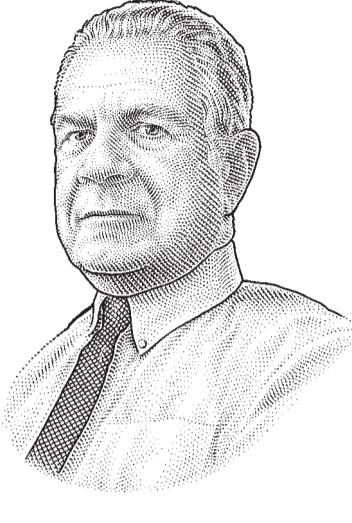
The midlevel people he met then were ready for corner offices by the late 1970s and beyond, when he became a superstar among recruiters. Among his best-known searches were those bringing John Sculley to Apple Computer Inc., George M.C. Fisher to Eastman Kodak Co. and Paul Tagliabue to the National Football League.

His closest rival in CEO searches was Tom Neff of Spencer Stuart. They frequently sniped at each other in the press. In 1993, International Business Machines Corp. insisted on hiring them both for the search that reeled in Louis Gerstner as CEO. Their rivalry and occasional collaboration was dubbed "The Tom and Gerry Show."

Mr. Neff, 80 years old, is still working at Spencer Stuart. Mr. Roche, who died Sept. 1 at the age of 87, stepped down in early 2016.

Gregarious and always ready with a joke, Mr. Roche earned a reputation for keeping confidences and avoiding leaks. "You felt like you were dealing with your best friend," said Jack Welch, the former CEO of General Electric Co.

Schmoozing was his specialty. Perched in his Park Avenue office, with his wingtip-clad feet propped on the desk, he called executives even when they were unlikely to

GERARD ROCHE  
1931 – 2018Headhunter Held Sway  
Over U.S. CEO Searches

be tempted by a new job, just to "take their temperature," as he put it. He liked to lunch at the Four Seasons, where he was likely to bump into other power brokers.

The work paid well. Mr. Roche and other headhunters typically charged fees equivalent to about a third of the first-year cash compensation of an incoming CEO.

**N**ot all the searches worked out. Mr. Roche moved Robert Nardelli from General Electric to the CEO job at Home Depot Inc. in 2000. Seven years later, Home Depot ousted Mr. Nardelli amid criticism of his terse management style. Mr. Roche soon found Mr. Nardelli a new job as CEO of Chrysler and praised his performance there but said placing him at Home Depot had been a mistake.

Mr. Nardelli said Wednesday that the performance of his team at Home Depot had been "fabulous" and positioned the retailer for success. "I have only the highest respect for Gerry Roche," he added.

When he gave a speech to the Lumen Institute in 2008, Mr. Roche was introduced as "the recruiter of the century," based on a

poll of his peers. "I wouldn't pay too much attention to that recruiter of the century stuff," he deadpanned. "The century is only eight years old."

Gerard Raymond Roche, known as Gerry, was born July 27, 1931, in Scranton, Pa. When he was 7, he began working in a grocery store run by his father. He attended Roman Catholic schools and considered the priesthood. Later in life, Mr. Roche said, he prayed daily, often on the train to work or during the elevator ascent to his 32nd floor office.

At the University of Scranton, he played football with enthusiasm but little distinction and earned a bachelor's degree in accounting with a minor in philosophy. He served in the Navy and in 1958 earned an M.B.A. from New York University after attending night school there. Before joining Heidrick, he headed marketing for a maker of packaging films.

His son-in-law Gary Haag, who worked in the World Trade Center, died in the Sept. 11 terrorist attacks. That prompted Mr. Roche to reassess his priorities and spend more time with his grandchildren.

His wife of 61 years, Marie, died in June. He is survived by three children, a sister, and seven grandchildren.

Mr. Roche liked to tell the story of placing Paul Anderson as CEO of the Australian mining giant BHP in 1998. While the American executive was considering the job, he visited Australia with his wife and their dog and was upset when authorities wouldn't allow his pet into the country. "We pulled strings both in Washington and in Australia to get the damn dog in," Mr. Roche said later. "Here I am, supposedly the world's honcho headhunter, and I'm getting a dog into Australia. That's service."

◆ Read a collection of in-depth profiles at [WSJ.com/Obituaries](http://WSJ.com/Obituaries)

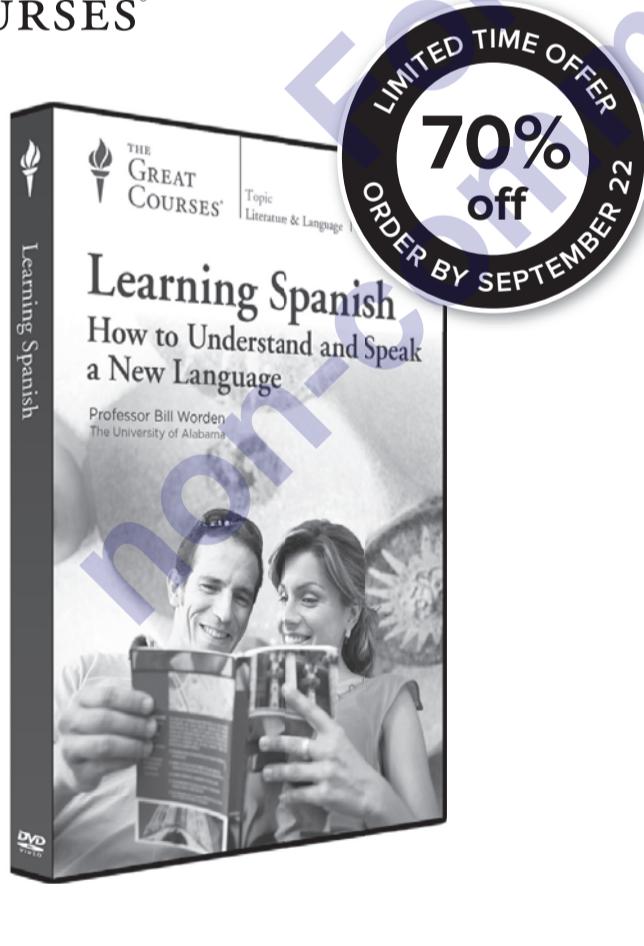
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## FROM PAGE ONE

# Exits, Musk Weigh on Tesla Shares

*Continued from Page One*

Guillen as president of automotive. The newly created position could help bolster leadership in manufacturing and relieve some of the day-to-day pressure on Mr. Musk, who had taken direct control of these areas earlier this year.

"For awhile, there will be a lot of fuss and noise in the media," Mr. Musk wrote in the memo posted on Tesla's website. "Just ignore them. Results are what matter."

The latest events further test a company that is dealing with the fallout from Mr. Musk's abandoned attempt to take it private, pressure to meet key production goals, concerns over its cash position and questions about the CEO's behavior.

Some of Tesla's supportive investors were chagrined by

Mr. Musk's latest antics. He "gave the short sellers another life," Ross Gerber, chief executive of Gerber Kawasaki Wealth & Investment Management, said on Twitter early Friday. "Creating a totally unnecessary crisis of confidence. Even as they report incredible growth in operating numbers." His firm owns about 38,000 Tesla shares worth roughly \$1 million.

In an email before Mr. Musk's Friday afternoon memo, Mr. Gerber said Mr. Musk at least appeared happy in the interview, countering a narrative that he is personally struggling. "I'm just not happy the [board of directors] is not announcing executives being added to support Tesla," he said. "They need someone solid for perception ASAP."

Mr. Morton, the departing accounting chief, said he had no disagreements with Tesla's leadership or its financial reporting, and that he still believed in "Tesla, its mission and its future prospects."

He and Ms. Toledano joined other notable executives who have left Tesla this year, including engineering chief Doug Field, who ended up at

Apple Inc., and sales and marketing president John McNeill, who went to the ride-hailing service Lyft Inc. Ms. Toledano's decision was earlier reported by Bloomberg.

More than 50 vice presidents or higher have left the company in the past two years. Mr. Musk has said he sees executive turnover as being in line with that of other large companies and has announced plans for a reorganization aimed at flattening the layers of managers.

Amid Tesla's difficulties, Mr. Musk took a break on Thursday night to appear on the popular podcast, "The Joe Rogan Experience," which is streamed live on YouTube and hosted by Mr. Rogan. The interview, which lasted more than 2½ hours and stretched past midnight, was provocative, at times turning personal. The entrepreneur, wearing a black T-shirt with the words "Occupy Mars," expressed his concerns about the dangers of artificial intelligence, explored his vision for an electric supersonic airplane and said his brain is a "never-ending explosion of ideas."

Near the end, Mr. Rogan

## Wild Ride

Tesla's share price on Friday

Source: SIX  
THE WALL STREET JOURNAL.

lighted what he said was "marijuana inside of tobacco" and asked Mr. Musk if he had ever smoked marijuana before.

"I think I tried one once," Mr. Musk said, laughing. "You probably can't because of stockholders, right?" Mr. Rogan asked. "I mean, it's legal, right?" Mr. Musk said. "Totally legal," Mr. Rogan replied. The interview was filmed in the

Los Angeles metro area, where marijuana is allowed under state law.

Mr. Musk then put the marijuana cigarette to his mouth and took one puff before handing it back. He said he "almost never" smokes it and that he didn't feel an effect.

"I know a lot of people like weed—and that's fine—but I don't find that it is very useful for productivity," Mr. Musk said.

Mr. Musk has drawn attention recently for his occasional public outbursts. In the past few months, he has lashed out at analysts on a quarterly conference call for asking "boring, bonehead" questions, suggested on Twitter that a British cave explorer was a pedophile, and on Aug. 7 declared he had secured funding to take Tesla private when it later was revealed he was still trying to line up investors to propose a deal.

Following the spell of erratic behavior, some investors and analysts have questioned Mr. Musk's fitness as CEO. Friends and family say they are concerned Mr. Musk is fatigued and overworked. Mr. Musk has talked about struggling with

sleep and his use of the sleeping drug Ambien. When the drug doesn't work, weariness saps his productivity the next day, according to a person familiar with his usage.

Last month, singer Azealia Banks suggested on Instagram that Mr. Musk used LSD while tweeting. A spokesperson for Mr. Musk called that claim "complete nonsense." Ms. Banks, who later apologized, made the accusation in the days after Mr. Musk's going-private tweet.

Mr. Musk scrapped the idea 16 days later and now faces an investigation from the Securities and Exchange Commission into whether he misled investors. The Tesla board wasn't happy with Mr. Musk's use of Twitter and has told him to be more careful, a person familiar with the matter previously told The Wall Street Journal.

Regarding his thoughts on Twitter, Mr. Musk said in the interview he tries to ignore most negative comments "but every now and again, you get drawn in. It's not good. You can make mistakes."

—Dan Kruger  
contributed to this article.

# HNA Group Retreats Overseas

*Continued from Page One*

An HNA spokesman declined to comment on the Deutsche Bank stake and details of other planned asset sales. A spokeswoman for Deutsche Bank declined to comment.

Deutsche Bank shares fell about 1.5% in Frankfurt on Friday.

The new wave of planned divestments follows a recent mandate from Beijing for HNA to return to its core business of operating Chinese airlines, according to people familiar with the company.

The plans were in place before HNA's co-founder and former chairman, Wang Jian, fell to his death during a trip to France in July, the people said. Chen Feng, HNA's other founder and now sole chairman, is continuing with the strategy, they added.

"We are committed to streamlining our strategy to focus on our core aviation, tourism and logistics businesses, improve our operations and strengthen our balance sheet," an HNA spokesman said this week.

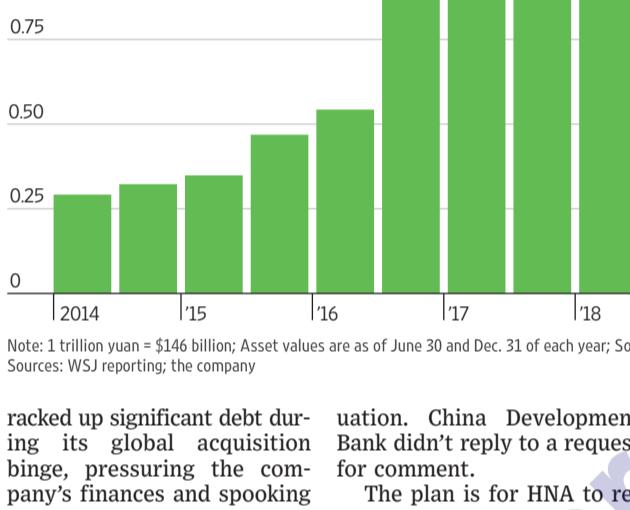
He noted that the group increased its revenue and profitability in the first half of this year, and reduced its debt. "We will continue to execute our strategy to make HNA Group a stronger, more-focused company to support our growth over the long-term," the spokesman added.

The company, which started off as Hainan Airlines in 1993, owns around a dozen airlines in China. In recent years HNA

## Shrinking Giant

HNA Group's assets surged during a wave of acquisitions. The Chinese conglomerate is now downsizing and exiting from many recent investments.

### Total assets of HNA Group



Note: 1 trillion yuan = \$146 billion; Asset values are as of June 30 and Dec. 31 of each year; Some of the assets sold and to be divested are minority stakes; Sales may be for part of the asset.  
Sources: WSJ reporting; the company

racked up significant debt during its global acquisition binge, pressuring the company's finances and spooking some of its bond investors.

Over the past year, HNA and other large private conglomerates have sought to pare noncore investments and lessen their debt in accordance with guidelines from Beijing. The government has been concerned high levels of debt could pose a systemic risk to China's economy.

HNA's fresh efforts to unload assets shows the group remains under pressure to repay debt, which totaled 657.4 billion yuan (\$96.12 billion) at the end of June, down 11% from six months earlier.

State-owned China Development Bank Corp., one of HNA's biggest creditors, has stationed a special team at the company's headquarters in Haikou, the capital of the island province of Hainan, to lead the asset sales, according to people familiar with the sit-

uation. China Development Bank didn't reply to a request for comment.

The plan is for HNA to reduce its total assets by about a third to around 800 billion yuan, according to one of the people familiar with the matter. The group's assets stood at 1.1 trillion yuan at the end of June, according to its recent financial statements.

So far, most of the assets HNA has sold have produced profits, such as its recent sale of its stakes in three companies that own Hilton hotels and other resorts worldwide. Those transactions netted HNA roughly \$2 billion in profits.

The group, however, will likely exit its Deutsche Bank stake at a loss, according to a person familiar with the matter. The German bank's shares have lost roughly 40% of their value since early 2017, when HNA first disclosed it was a significant shareholder.

HNA at one point owned close to 10% of Deutsche Bank

and financed its stake using derivative contracts with banks and more than \$2.8 billion in financing. Its stake declined to 76% as some of those contracts expired and lenders sold some shares to recoup their loans.

HNA expects its shareholding in Deutsche Bank to gradually shrink to zero as more of

the derivative contracts roll off, a person familiar with the matter said. Its existing stake is currently valued at about \$1.8 billion.

The Chinese conglomerate helped anchor Deutsche Bank's \$8.5 billion capital hike in early 2017, but since has been a source of infighting and un-

certainty for the German lender's executives and investors. For most of last year, Deutsche Bank's then-CEO, John Cryan, refused to meet with HNA, irking Deutsche Bank Chairman Paul Achleitner, who had courted the Chinese investor. Mr. Cryan viewed the structure of HNA's investment in Deutsche Bank as speculative and risky for other investors.

Mr. Cryan eventually met HNA Chief Executive Adam Tan in November 2017. Mr. Cryan was ousted as Deutsche Bank CEO earlier this year.

To speed up the pace of HNA's other asset sales, people familiar with the company's approach say it is choosing not to submit some of its recently announced divestments to the Committee on Foreign Investment in the U.S., the multiagency panel led by the U.S. Treasury that screens takeovers for national security concerns.

HNA and its counterparts

have no obligation to file under current Cfius rules, these people said, and waiting for such approval could take a year or more. Submitting transactions to Cfius is a voluntary process for companies.

One recent deal that isn't being submitted for Cfius review is HNA's planned sale of its ownership in the Radisson Hotel Group to a consortium led by Shanghai-based hospitality company Jin Jiang International Holdings Co., according to people familiar with the matter. That deal is expected to close by the end of the year, according to the companies.

A spokesman for HNA declined to comment on the transaction and said the company "fully complies and cooperates with the regulatory authorities in all the countries in which it operates." A Treasury spokesman declined to comment.

—Jenny Strasburg  
contributed to this article.



The kind of scene the TV blackout rule sought to avoid—a 2017 game in Houston's NRG Stadium.

have nothing further." The letters went out in seven batches with cover letters dated from July through September 2014, the FCC's online docket shows. Among them were some from real fans, including Paul Slifer of New Jersey, who says he completed a form on an NFL website and agreed with the league that the blackout rule would result in more games on free TV.

One bears the name of California business consultant Terry Lewis, a Minnesota Vikings fan, who says he hates the blackout rule and didn't know his email address had been used to support it. "I'm not a letter writer or a complainer, either by mail or online."

Many letters appear to have come from email addresses that are now invalid, although it isn't possible to say if they were valid in 2014. Nearly 3,000 emails sent by the Journal to supposed letter writers bounced back.

In all, 59 came from addresses at the domain trbvm.com, which now appears defunct, with names like AsdaAsdfasd and Mcyolo Swag.

Mr. Swann, a Hall of Famer famous for an acrobatic catch for the Pittsburgh Steelers in the 1976 Super Bowl, said in the interview that the NFL hired him primarily to do interviews supporting the blackout rule.

"It was a campaign, if you will, to get people to understand what was going on and how it could potentially impact them," he said, "and see if they would agree with the NFL."

# Fake Fans Lobbied The FCC

*Continued from Page One*

of New York. Mr. Corbett is real, as is his email address associated with the letter. He isn't a football fan. Mr. Corbett, an English and writing professor, has "no idea" what the blackout rule is. He didn't write the letter, he says.

The decades-old blackout rule aimed to get people to buy tickets. A group called the Sports Fans Coalition and cable and satellite providers were lobbying the FCC to dump it.

About 21,000 identical letters went to the agency urging it to preserve the rule, saying: "The NFL, my local community and fans like me all win when home games are sold out."

They came with cover letters signed by former pro-football great Lynn Swann, who was working for the NFL. "These letters reflect the strong and growing sentiment that the rule works," one of the cover letters read. "These many thousands of fans deserve to be heard."

The Journal sent survey invitations to 13,000 email addresses on those letters. Of the 152 who responded, 69% said they hadn't submitted the comments attributed to them. At that rate, roughly 14,500 would

be phony. The survey, conducted with survey-research firm Mercury Analytics, has a margin of error of plus or minus 8 percentage points.

An initial look at comments supporting the blackout repeal didn't indicate similar issues with fake names or mass numbers of identical letters.

One pro-blackout letter was purportedly from Craig Eisele, a Brunswick, Ga., retiree who says the comment in his name made him "angry and frustrated."

It was bad enough to be a Philadelphia Eagles fan stuck watching broadcasts of Jacksonville Jaguar games most weekends, he says. "To steal my name to promote an agenda that is not my agenda, that is insult by injury."

FCC commissioners jettisoned the blackout rule in 2014 by a 5-0 vote. The NFL dropped its own blackout policy in 2015.

Submitting fraudulent statements or representations to the federal government is a felony.

Mr. Swann, now the University of Southern California's athletic director, in an interview last month said he didn't submit the letters. Later, when presented with cover letters bearing Mr. Swann's signature, his executive assistant, Monica Morita, said Mr. Swann authorized them to accompany the fan letters.

The NFL said it "engaged in transparent public advocacy efforts to seek support for preserving the FCC's longstanding sports blackout rule" and the efforts "followed the playbook of

"Astroturfing," is what Tom Wheeler, FCC chairman during the NFL campaign, says he suspects was the nature of the blackout-rule letters. That's a term for fake grass-roots campaigns that generate the appearance of popular support. He says he wasn't aware of the NFL fakes while chairman.

The NFL hired four firms to lobby Congress on the rule, disclosure records show. A website, protectfootballonfreetv.com, invited fans to fill out forms that produced letters starting with the "I write as a football fan" line, says a person familiar with the campaign.

A Washington, D.C., firm, Di-

rect Impact, using a subcontractor, collected the letters, says another person familiar with the campaign. Direct Impact directed Journal inquiries to its parent, Burson-Marsteller, part of global communications company WPP PLC. A Burson-Marsteller spokeswoman said:

"For our program with the NFL back in 2014, we used industry-leading and widely used online technology and practices based on targeted advertising—and used by firms across the grassroots industry—to engage key audiences."

About half of the letters from the Bogginses and other unlikely sounding names, she said: "We

## OPINION

## A Senate Barnburner in Farm Country

By Kyle Peterson

**S**tanding on a shop floor between two 1,000-barrel steel tanks destined for oil fields out west, Rep. Kevin Cramer insists that President Trump cares about North Dakota. "This is no longer flyover country, if you hadn't noticed," he tells a group of steelworkers in coveralls and hard hats on a late-August morning. "The secretary of transportation has been here twice. The secretary of homeland security. The secretary of energy. The secretary of agriculture. Of course, the president himself twice, and the vice president three times, just since they took office."

For a red-state Republican in a tight election, these rolling visits are the arrival of the cavalry. Mr. Cramer is asking voters to promote him to the Senate this fall, and his success will be pivotal if the GOP is to keep majority control. The incumbent Democrat, Heidi Heitkamp, is so personally popular that Mr. Cramer confesses in one TV ad that "we all like Heidi."

### North Dakota's tossup election may turn on trade, conservative values, and how much the state wants to embrace Donald Trump.

Yet North Dakotans also backed Mr. Trump in 2016 by nearly 36 points. "They are very supportive of this president," Mr. Cramer tells me. He tilts his head and grins a little: "I mean very supportive." Hence, Mr. Trump's third official visit to the state, touching down Air Force One in Fargo this Friday to talk up Mr. Cramer at a \$500-a-person fundraiser. "He's gonna vote with me. He's going to vote on Making America Great Again," Mr. Trump told the crowd. If that doesn't convince, the president is expected back in North Dakota for another rally before the election, and there's Donald Trump Jr.'s planned speech on Sept. 25, not to mention . . .

One potential hang-up is Mr. Trump's trade war, which could soon cost North Dakota farmers hundreds of millions of dollars. In 2012 Ms. Heitkamp won election by 0.9 percentage point, or 2,936 votes. Since the state has 30,000 farms, even a small tariff revolt could swing the balance. So far there hasn't been much reliable polling. A June 13-15 survey gave Mr. Cramer a 4-point lead, within the margin of error, but that was before China put a 25% tariff on U.S. soybeans.

&lt;/div

## OPINION

## REVIEW &amp; OUTLOOK

## Senate Democratic Infowars

Liberals understandably revile right-wing demagogue Alex Jones for fanning conspiracy theories, and on Thursday Twitter permanently banned the Infowars founder. But that doesn't absolve Senate Democrats from indulging their own version of Infowars this week against Brett Kavanaugh.

• Start with Vermont Sen.

Patrick Leahy's accusation that the judge conspired with Republican Senate staffer Manny Miranda in 2002 to "hack" Democratic Senators' emails to "assist in getting President Bush's most controversial judicial nominees confirmed." That's a weighty charge. So what's Sen. Leahy's evidence?

As an associate counsel in the Bush White House, Mr. Kavanaugh had been involved in prepping judicial nominees. While acknowledging that he conferred with GOP Senate staffers, he said he didn't think there was anything unusual about his conversations. In one email Mr. Miranda wrote to Mr. Kavanaugh that "intel suggests that Leahy will focus on all things money"—hardly a high-level insight.

Mr. Miranda said on Wednesday that he wasn't sure if he shared stolen information with the judge, but he was certain "I never told him that I got this from the Democrats." Mr. Miranda added that "I can tell you for a fact that Brett didn't know, because no one knew" besides Senate staffers.

• Then there was Hawaii Sen. Mazie Hirono's intimation that Judge Kavanaugh must have known about Ninth Circuit Court of Appeals Judge Alex Kozinski's sexual musings with female clerks—because how could he not? Judge Kavanaugh clerked for Judge Kozinski in the early 1990s, though this was before most of the alleged misconduct occurred.

"He introduced you to the Senate in your 2006 nomination hearing and he called you his good friend," Sen. Hirono said. "Yesterday, you called each of the people who introduced you a friend and I presume you felt that way about Judge Kozinski when he introduced you in 2006. You joined him for panels at the Federalist Society where you patted him on the shoulder and said, 'I learned from the master about hiring clerks.'"

Judge Kavanaugh said that the sexual harassment allegations against Judge Kozinski that emerged last year struck him as a "gut

punch." Sen. Hirono expressed disbelief, but did Al Franken's Senate Democratic colleagues know of his harassment antics?

**The questioning of Brett Kavanaugh was often as factual as Alex Jones.**

• California Sen. Kamala Harris charged that Judge Kavanaugh had communicated with someone at President Trump's personal law firm Kasowitz Benson Torres about the Robert Mueller investigation.

"I have good reason to believe there was a conversation," Ms. Harris declared, adding that "I received reliable information."

North Carolina Sen. Thom Tillis asked Ms. Harris to share any "specific piece of information," but she demurred. The judge replied on Wednesday that he couldn't recall a conversation, though "I'm not sure if I know everyone who works at that law firm."

But on Thursday the judge unequivocally denied discussing the Mueller probe with anyone at the law firm, which a Kasowitz spokesperson corroborated. It appears Ms. Harris's non-smoking gun was correspondence between the judge and Edward McNally, now a partner at Kasowitz, from their days in the Bush White House. Rather than apologize for the smear, Ms. Harris griped that the judge should have "put to rest" the issue on Wednesday.

• Then there's the Democratic conceit that President Trump appointed Judge Kavanaugh as legal protection. "You were gonna basically, like I said, be the human torpedo to take out anything that Mueller brings to the Supreme Court," Rhode Island's Sheldon Whitehouse declared.

Connecticut Sen. Richard Blumenthal added: "The president of the United States who has nominated you is an unindicted co-conspirator implicated in some of the most serious wrongdoing that involves the legitimacy of his presidency" and that "it is unprecedented for a Supreme Court nominee to be named by a president who is an unindicted co-conspirator."

Judge Kavanaugh declined to discuss the particulars of the Mueller probe but praised the Supreme Court's unanimous *U.S. v. Nixon* (1974) ruling that required President Nixon to be subpoenaed and produce tapes related to the Watergate break-in. Three of those justices were appointed by Nixon.

These Democrats may be U.S. Senators, but as conspiracy theorists this week they were hard to distinguish from the likes of Alex Jones.

## Richard DeVos

For those who feel the American system is running off the rails, a reassuring example is Richard DeVos, the Midwest entrepreneur, businessman and political activist who died this week at 92.

DeVos got the idea of starting his own business while in high school. That isn't unusual, but his results were. Years later, with high-school classmate Jay Van Andel, he started Amway, the door-to-door, direct-sales marketing firm that grew into one of America's most successful private businesses, providing jobs to hundreds of thousands of independent sales representatives.

DeVos was a devout evangelical Christian and a born salesman. He believed in capitalism and he believed in individual capitalism, coining the phrase "compassionate capitalism." Essentially, DeVos embodied the conservative, 20th-century heartland values of Grand Rapids, Mich., where he grew up.

His fortune made, he was determined to promote his beliefs and eventually found his

way to the Republican Party and organizations that were coming together to promote conservative ideas. He was an early and longtime supporter of the Federalist Society, the Heritage Foundation and family-centered foundations.

We heard a lot of political criticism in recent years about "the 1%." Richard DeVos was part of the 1% and an example of wealth used to expand the fortunes of others. A series of significant investments in Grand Rapids—a university campus, civic center and pediatric hospital—spurred that city's revival.

His family has extended his values. His son is Dick DeVos, who is the husband of the U.S. Secretary of Education, Betsy DeVos. Their family has dedicated years and its fortune to expanding the school-choice movement for children marooned in poorly performing inner-city schools.

There is a familiar saying about leaving the world a better place. Richard DeVos used his talent, beliefs and wealth to do exactly that.

## Real Wages Are Rising

Most headlines from Friday's August jobs report concerned the 2.9% increase in wages over the last 12 months, the healthiest raise in some time. That figure was probably overstated due to a weak August 2017 falling off the 12-month comparison, but other data are showing that wages after inflation are finally rising as you'd expect in a tight labor market.

The August numbers reinforced the tightening trend. The unemployment rate stayed at 3.9%, and the rate for black Americans fell to a record low 6.3%; a year earlier the rate for blacks was 7.6%. The number of employed Americans fell, but much of that is explained by students returning to school. The same applies to the August dip in the labor participation rate. Overall the August snapshot shows a labor market in excellent shape, with nearly everyone who wants a job able to get one.

Which brings us to the wages debate. The economists who presided over the historically slow wage growth of the Obama years have been arguing that the Trump-era economic growth spurt is no big deal because wages after inflation aren't rising. Their evidence is the average hourly earning increase, which at 2.7% in July wasn't much above recent inflation that through July was 2.9%.

Part of that inflation burst has been the recovery in oil prices from the plunge of 2015, thanks in part to faster global economic growth. We'd worry more if oil prices hadn't flattened out in recent weeks. With the Federal Reserve tightening monetary policy and the dollar strong, a supply shock would be needed

to cause another oil spike.

Other measures of wages also portend a faster pace of growth. The Atlanta Fed's "wage tracker" showed a 3.2% increase year-over-year for June. Most encouraging is this week's report of a bounce in labor productivity growth in the second quarter to 2.9%. That's the best jump since the first quarter of 2015, after which productivity suffered a two-year slump as the economic expansion lost steam. Higher productivity is essential for sustained wage growth.

Meanwhile, the White House Council of Economic Advisers weighed in this week with a useful study that adds further evidence that real wages are rising. Economist Kevin Hassett's crew examined the data and pointed out that average-hourly wages don't include bonuses and employee benefits, which have been increasing smartly.

They also looked at the demographic impact of more experienced (and higher paid) baby boomers leaving the workforce as younger, lower-paid workers join. The large number of baby-boom retirees may have caused the overall wage increase to be understated in recent years even as most current workers see gains.

Adding it all up, Mr. Hassett's team came up with an estimate of a real wage increase after taxes over the last year of 1.4% that would be 3.4% in nominal terms. With capital spending booming at a 10% growth pace, labor productivity should continue to increase and that 1.4% real wage growth would also rise. More investment after tax reform and deregulation means faster economic growth and faster productivity gains that become higher wages.

## LETTERS TO THE EDITOR

### Gender-Language Issue Swings Both Ways

Regarding Abigail Shrier's "The Transgender Language War" (op-ed, Aug. 30): As for the author's discomfort with using people's preferred pronouns, I would remind Ms. Shrier that our language does not compel its speakers ever to use a pronoun; an individual's proper name is always an option. For example, I may write, "I disagree with several of Abigail Shrier's arguments" instead of "I disagree with several of her arguments."

HEIDI SCHWARTZ  
Needham, Mass.

Abigail Shrier refers to George Orwell in writing: "If you want to control people's thoughts, begin by commanding their words." She could have added that Orwell also said that you should commandeer the media, professorships and revise history. Looks like the radical left has aced Orwell 101.

ANGELO MARRACINO  
Clarence, N.Y.

Who is going to defend me against the hate speech of the gender-denying, anti-English, pro-gibberish, linquaphobic language police?

DAN PISENTI  
Mill Valley, Calif.

Regarding Vanessa Fuhrmans and

Alejandro Lazo's "State Pushes for Women on Boards" (U.S. News, Aug. 30): The California legislature's new mandate for female directors at public companies must engender (no pun intended) serious debate about how to define "female." Are nominating committees to rely on a candidate's gender at birth? Self-identification? Pre- or post-operative photos? Choice of rest rooms? As the state seeks to substitute its judgment for that of shareholders' representatives about who is most qualified to serve, its leaders may wish to delay implementation to allow a state referendum or two on how to determine eligibility.

A.G. NEWMYER III  
Palm Beach Gardens, Fla.

Consider California's proposed requirement, under penalty of law, that "major companies" have "female directors" on their boards in light of "The Transgender Language War" which describes the trend among public schools to eliminate the concept of biological gender. I can't wait for the first prosecution of a California corporation for not having a female, while at the same time requiring that she not be identified by gender.

MARY E. BINNING  
Mission Viejo, Calif.

paid for. His current sort of Amish lifestyle might have a romantic aspect to it, but anyone who has witnessed how the Amish actually live and work might not find this so attractive. Simplicity doesn't always create happiness, and you obviously have to have made a lot of money at some point to even start being poor and living well.

BRAD GILLESPIE  
Webster, N.Y.

My wife and I lived in the heartland of Amish country for over 40 years before moving to Texas. We went to college with Amish kids.

We can tell you tales of their beautiful farms but the Amish lifestyle leaves a lot to be desired. If you've ever used an outhouse when it's 20 below, you get the idea. And waking up at 5 a.m. and working your tail off behind a plow horse until dark isn't my idea of an idyllic life. But if you want an excellent barn, call them up. Their work is first rate. They are nice folks.

As far as sending the kids to private college, they'd have to have gotten big scholarships or assistance because of their low family income. So they're really living off the rest of us, aren't they?

No thank you, ma'am!

PAUL LOUBRIS  
Austin, Texas

### McCain, Biden and the Powers of the Senate

William Galston celebrates Sen. John McCain's commitment to maintaining the Senate's "equal" rather than "subordinate" relationship with the executive branch "[w]hether or not we are of the same party" ("McCain Championed a Strong Senate," Politics & Ideas, Aug. 29). McCain's efforts didn't succeed because many of his colleagues' commitment to Senate authority existed only when the president was from the other party.

Implementing Hamilton's understanding in Federalist No. 75, that the "joint possession of the [treaty] power . . . by the President and Senate, would afford a greater prospect

### What Are College Trustee Boards Really There to Do?

Allen C. Guelzo's advice rings true in many cases, but as a past trustee of a well-regarded, small liberal-arts college not far from Gettysburg, I would advise that though some experience in higher ed may be beneficial, experience in business acumen for trustees and administrators would be more helpful ("Back-to-School Advice for College Trustees," op-ed, Aug. 25). In my experience, trustees and administrators often don't understand that they are selling a product in a very competitive environment.

SCOTT RHOADES  
Berwyn, Pa.

Mr. Guelzo misses the point entirely: college and university trustees are chosen for their willingness to donate substantially, and to wield substantial political influence on behalf of their institutions that have no interest in their involvement in actual educational matters.

LAURENT J. TORN JR.  
St. Louis

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### Pepper ... And Salt

THE WALL STREET JOURNAL



"I work out so I don't have to eat kale."

## OPINION

# The New Jewish-Christian Amity

By Abigail Shrier

**S**oon after meeting the fellow who would become my best friend in law school, I confessed something to him: I'm pro-Israel. For Orthodox Jews, this allegiance isn't simply a matter of politics. As close to my heart as any article of faith is the land God granted Abraham with the promise to multiply his descendants like stars in the sky.

I had reason to be nervous about broaching the subject. I'd spent the previous two years, 2000-02, as a graduate student in Europe, a period that coincided with the second *intifada*. I learned then—with every fire-bombed synagogue in France and the cries of the rabble that stormed Oxford carrying Israeli flags defaced with swastikas—that otherwise sensible people can transmogrify when the topic of Israel arises.

## Social changes lead to a confluence of worldviews between the Orthodox and the evangelical.

My new friend, one of only two Southern Baptists I'd known, let out a barking laugh. The North Carolina church where he'd worshiped as an undergraduate, he told me, had two flags: One American, the other Israeli. Supporting and loving Israel was part of his faith, too.

This was my introduction to the new friendship between Orthodox Jews and religious Christians. American evangelical Christians' affinity for Israel and Jews is decades old. But the affection long went unrequited. Only a negligible percentage of Jews were Orthodox, and Jews of all denominations viewed religious Christians' enthusiasm for them with suspicion, uncomfortable with its perceived predilection on Jews' conversion.

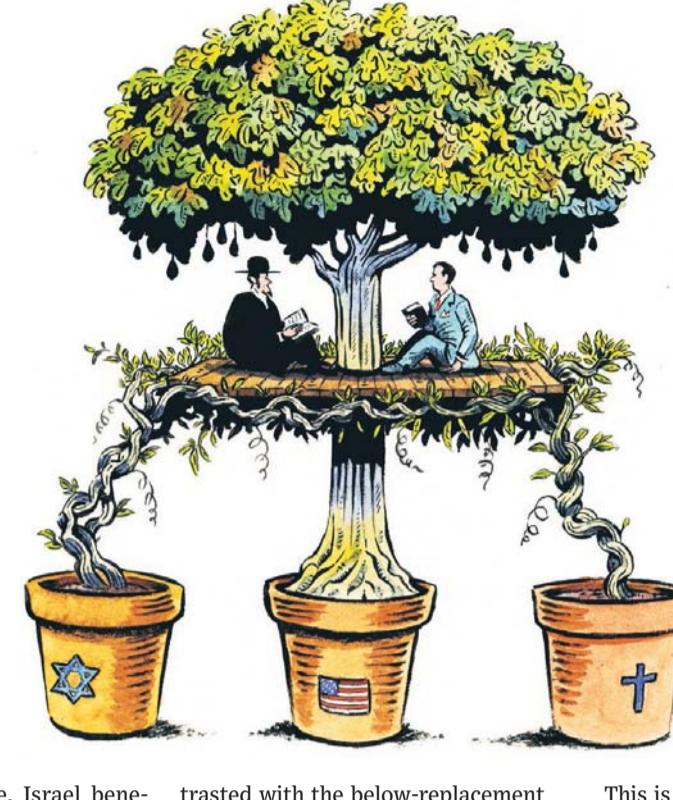
In 1999 the Southern Baptist International Mission Board published a

prayer book that directed its practitioners to inform Jewish friends that they could accept Jesus Christ and remain Jewish. A coalition of leaders of all major rabbinical seminaries, Orthodox included, was so bothered by this deception that it sent a letter to the Southern Baptist president, Rev. Paige Patterson, asking him to stop. If you like us only because you're trying to trick us into conversion or hope we will meet a fiery end—so the thinking went—you can take your friendship somewhere else.

In any case, we Jews didn't need the Southern Baptists. America has long been a tolerant place, where Jews have enjoyed full acceptance. Israel benefited from broad bipartisan political support. If Jews found Christians' conversion attempts or end-of-days plans disconcerting, we had other friends to choose from.

But over the past several decades, the American Jewish community has experienced profound demographic change. Reform and Conservative Jews have few children (1.7 births per woman), attend synagogue less often, increasingly intermarry with non-Jews, are less supportive of Israel, and are generally becoming less distinguishable from non-Jewish progressives.

Amid this decline, Orthodox Jews have staged an unlikely comeback. After near-eradication in Hitler's Europe and predictions of their disappearance in the 1950s, they now make up 10% of the American Jewish population. That may not sound like much, but as Rabbi Mitchell Rocklin noted in Mosaic magazine last year, "because of their significantly higher fertility, especially when



trasted with the below-replacement birthrates among other, larger sectors of the community, they are on pace to double their share every generation."

When we talk about American Jews, we often think of loyal Democrats who prefer the cultural aspects of Judaism to the religious strictures. I grew up in the Conservative movement, a version of Judaism in which observance is generally less strict and more egalitarian than Orthodoxy. I loved our synagogue, camps and schools. But year by year I watched with dismay as traditionalism and Torah too often gave way to political progressivism. There are still religiously committed Jews of liberal denominations—but too few. Most are dissolving into the waters of a secular America that, by and large, describes itself as having no religion at all.

Orthodox Jews may one day become the majority of all affiliated American Jews. And, according to a 2015 Pew Research Center report,

they "more closely resemble white evangelical Protestants than they resemble other U.S. Jews."

In July the New York Times published an interactive online map, displaying granular detail of voting precinct results from the 2016 presidential election. I searched out many of the Orthodox neighborhoods of the New York area: Borough Park, Brooklyn; Rockaway, Queens; Lawrence and Woodmere, Long Island; Monsey, N.Y.; Ocean Township, Lakewood, and Paramus, N.J. I know people from many of those places, and the map confirmed what I suspected: They may talk like New Yorkers, but they vote like Nebraskans.

This is new. In 2000 most Jews—Orthodox included—still faithfully voted Democrat, preferring Gore-Lieberman to Bush-Cheney. But by Mr. Bush's second term, the Orthodox communities had shifted rightward, partly because of the second intifada, which made them more grateful for Christian Zionism. They've never really looked back.

According to the AJC Survey of American Jewish Opinion 2017, Orthodox Jews preferred Donald Trump to Hillary Clinton by a margin of 2 to 1.

Unlike secular and non-Orthodox Jews, who still tend to view religious Christians' affection with suspicion, Orthodox Jews are less concerned by the theological reasons for the support. Whether it stems from eschatology or God's promise to Abraham in Genesis 12 ("I will bless those who bless you and curse him who curses you"), we simply appreciate the friendship. As Ambassador David Friedman noted at the dedication of the U.S. Embassy

in Jerusalem, evangelical Christians "support Israel with much greater fervor and devotion than many in the Jewish community."

When Pew reported last year that a minority of American Jews view evangelical Christians favorably, the Coalition for Jewish Values, a right-wing political organization of Orthodox rabbis, released a statement: "When people wish us well in this world, observant Jews recognize that this is generally a good thing, and trust that God knows how to sort everything out in the next." This particular sentiment is widely held by Orthodox Jews: critiquing Christians' theology isn't our business, and God only knows what they'd make of ours. As for conversion to Christianity, it is all but unheard of among Orthodox Jews.

At a time when kindness and common cause can seem so hard to come by in America, this growing fellow-feeling is something to celebrate. Evangelical Christians and Orthodox Jews send our children to religious schools, attend regular prayer services, are leery of secular universities that would teach our children to deplore our values, and fear government intrusions into our religious life. It is, one might say, a match made in heaven. When former Arkansas Gov. Mike Huckabee spoke last year to a packed sanctuary at my synagogue, the largest Orthodox congregation in the Western United States, he received a standing ovation.

I could hardly accuse George Washington of lacking vision for the country he helped found. But in 1790, he wrote a letter to the Jews of Newport, R.I., in which he offered this blessing: "May the children of the stock of Abraham who dwell in this land continue to merit and enjoy the good will of the other inhabitants—while every one shall sit in safety under his own vine and fig tree and there shall be none to make him afraid." With this friendship, America has done much better than that.

Ms. Shrier is a writer living in Los Angeles.

## Click on a News Channel for a Seventh-Inning Kvetch

By Joseph Epstein

**O**ften while watching baseball on television I will, during pitching changes or breaks between innings, turn to CNN or MSNBC or Fox News for three or so minutes of opinionation. Whenever I do, I am reminded that Paul Valéry likened many expressions of opinion to "products of intestinal flatulence." Never one to let a good metaphor go until it has rendered full service, Valéry added that such emissions "relieve the man giving vent to them, but pollute the intellectual air of others."

**When there's a lull in the game, I take a break from baseball for a few minutes of partisan yelling.**

On cable TV, what one chiefly gets is strong opinions wrapped in indignation. How the producers and hosts who run these shows, along with their various guests and panelists, are able to maintain themselves in a state of permanent umbrage must be a trade secret. Those on CNN and MSNBC are furious toward Donald Trump and his crew; those on Fox News are equally furious toward CNN, MSNBC and the mainstream media generally. Something about politics keeps the flow of righteous anger alive. One might say—Paul Valéry in fact did say, writing in a French context—that "each party has its own program of indignation, and its standard reflexes."

People watch the shows on these channels, I gather, chiefly to have their own political opinions rein-

forced. I myself neither need such support nor wish to make others share my opinions. If too many people came over to my side, it would only make me doubt the subtlety of my views. Whenever I am at a fairly large gathering of people who supposedly share my opinions, my first thought, gazing upon the herd of independent minds, is to wonder if I shouldn't reconsider these opinions.

Now that cable has made possible television shows devoted exclusively to political commentary, a new type of performer has arisen. We do not yet have a name for him. But the French refer to newscasters as *speakerines*, a word suggesting that they are not quite human but machines through which are purveyed the words of others. I wonder if "opinionators" might make a good fit for people who regularly appear on cable television political panels.

They specialize in the expression of opinions, and they have thoughts on everything: tariffs, North Korea, abortion, race, monetary policy, nuclear weapons, crime, climate, coal, foreign policy and anything else you happen to have around the house. No one could possibly be very knowledgeable, let alone expert, on all these topics, but the job of the professional opinionator is to pretend to be, for anywhere from 10 to 15 minutes at a time.

The difference between knowledge and opinion is vast. I realize there is something called informed opinion. But most of the information TV panelists provide is shaped in advance by their opinions, which are in turn stoked by their relentless indignation. A rare exception to this was the late Charles Krauthammer, who generally let wit do the work of indignation.

In the 1950s the media became attached to the notion of dialogue. The idea was that if people with greatly different views discussed the issues openly and civilly, they would come to a mediated conclusion, a happy medium, a golden mean. Liberal newspapers hired at least one conservative columnist and vice versa. Hence, William Safire at the New York Times and Alexander Cockburn at The Wall Street Journal.

The political cable channels have taken up the spirit of dialogue in an almost rote fashion. On CNN and MSNBC, the panelists with standard left-wing opinions are provided with a so-to-say house conservative, to give the impression of balance; con-

servative panels likewise have their house liberal. Often a liberal and a conservative will be called to debate a point, usually with the strongly politicized host aiding the guest with whom he has the greater political affinity, thereby giving the unpleasant impression of ganging up. Sometimes a host will directly face down an opposing figure. Usually the two debaters wind up talking over each other, ensuring that neither is listening to the other.

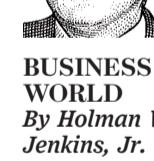
One recent night, during a seventh-inning pitching change in a Cubs-Reds game, I turned to CNN. There I discovered Chris Cuomo and Kellyanne Conway both yelling at each other over the question of

whether Donald Trump was a liar. They could have saved everyone a lot of time, I thought, if they had settled the matter by flipping a coin or perhaps thumb-wrestling.

What a relief to return to the Cubs-Reds game. The Cubs won 7-1, while the Cuomo-Conway match ended in a dreary tie, 0-0, with neither side, like so much political discourse on cable television in our day, scoring any points.

Mr. Epstein is author of "The Ideal of Culture and Other Essays" (Axios Press, 2018) and the forthcoming "Charm: The Elusive Enchantment" (Lyons Press), to be published in October.

## We're Surviving Trump Just Fine



The Donald Trump of Bob Woodward's book is the Trump of the Helsinki press conference with Vladimir Putin: ill-prepared, bombastic and overconfident.

A press conference is a classic pseudo-event, manufactured to make the participants look good. Failing to make himself look good (as he also failed to do after Charlottesville) revealed nothing about Mr. Trump so much as his political amateurishness that even his freakish success in 2016 cannot cure.

The Woodward book is best understood as an antidote to a humorless and self-righteous press's overinterpretation of the Trump phenomenon. The Washington Post and the New York Times dwelled on the same half-dozen anecdotes: One underling called him an idiot. Another disobeyed his orders. Another snatched an unsigned letter from his desk to abort some presumptively dopey action. Et cetera.

Then came a redundant op-ed in the New York Times, by an unnamed Trump official, probably one whom Mr. Woodward didn't find worth talking to. He claimed that he too was working to stop Mr. Trump's bad ideas. Hooray for me, the author seemed to be saying.

Maybe we need to have a conversation about competence. Dean Acheson, President Truman's top foreign-policy adviser, left South Korea out of the free world's "defensive perimeter" in a speech in early 1950 and thereby may have invited the Korean War. Lyndon Johnson used questionable intelligence from the Gulf of Tonkin as a pretext to escalate in Vietnam. The Pentagon, having spent 11 years using no-fly zones

to maintain a balance of power between the Iraq's confessional communities, knew how to avoid civil war in Iraq. George W. Bush threw it all up in the air by handing the country to the Shiites and calling it democracy.

I could go on.

In the Woodward book, Mr. Trump says after the appointment of special counsel Bob Mueller: "Everybody's trying to get me. . . . They're going to spend years digging through my whole life and finances."

### Hysteria aside, the Woodward book shows the president as an amateur.

So at least he is *compos mentis* about some things.

To a national-security aide who interrupts his golf program, he says, "I want to watch the Masters. . . . You and your cyber . . . are going to get me in a war."

One might wish some other presidents had been so interested in golf.

Skeptical about U.S. purposes in Afghanistan, he tells an aide: "Why are you jamming this down my throat?"

These words could be engraved on every president's forehead.

My purpose here is not to elevate President Trump in anyone's estimation, but to inject some realism about the presidency. Barack Obama spun his wheels on impotent attempts to build a legacy out of expansions of the entitlement and regulatory state in ways that don't look like much now. But he avoided major disasters. Mr. Trump is, functionally, Mr. Obama without the ambition (putting aside his odd ideas about trade) and has been rewarded with 4% growth, which is finally deliver-

ing the kind of "hope and change" that might make a difference in the lives of Mr. Obama's "hope and change" voters.

If this is incompetence, we can tolerate it. If his tenure leads to a downgrading of the presidency and a reassertion of Congress as the proper policy maker for the country, all the better.

Instead of telling us what we already know about the Trump White House, Mr. Woodward's investigative chops might have been better employed in getting to the bottom of the strange election that gave us President Trump in the first place.

The FBI became a vehicle by which unknown foreign agents, plus one known foreign agent, plus various U.S. partisan confederates, tried to insert unsubstantiated allegations about Mr. Trump into the campaign.

The shambolic and self-defeating public intervention of the FBI director on behalf of Hillary Clinton was set in motion by secret Russian intelligence about which the public is still being kept in the dark.

A considerable cross-section of the Obama-Bush leadership class in Washington was so alarmed about the prospect of a Trump presidency that they invented, or fell for, a story about how he was a Russian agent.

For the record, I keep hearing from Trump voters who are satisfied they got the wrecking ball they voted for, aimed at this selfsame Bush-Obama elite. No candidate for president in my lifetime came wrapped in less false advertising.

Which leaves only the problem of how to make sure the high-risk Trump presidency does the most good with the least harm. Happily, from the testimony this week, the job is well in hand among Mr. Trump's shifting cast of helpers from mostly the same elite.

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Karen Miller Pensiero, Managing Editor

Jason Anders, Chief News Editor;

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WALL STREET JOURNAL MANAGEMENT:

Joseph B. Vincent, Operations;

Larry L. Hoffman, Production

EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

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## SPORTS



MLB

# Baseball's Road Warriors

The Colorado Rockies are on the verge of making the playoffs in two straight seasons for the first time in franchise history—because they finally figured out how to win on the road

BY JARED DIAMOND

Denver

**THE COLORADO ROCKIES** haven't won very much in their 25 years of existence, never claiming a single division title, let alone a World Series championship. They also play half of their games at 5,200 feet above sea level, an environment that doesn't allow for anything resembling normal baseball.

These two objective facts have naturally led to a lot of justifications, rationalizations and excuses. The Rockies lose, the common narrative goes, not because of their lack of ingenuity and talent, but simply because of their hometown.

But for all the talk of the challenges that plague them at the launching pad known as Coors Field, the Rockies actually have fared pretty well there. The problem starts when they leave town.

"We would lose all the time on the road," star third baseman Nolan Arenado said. "We would be so bad."

Which brings us to 2018, where the Rockies find themselves in unprecedented territory: sitting atop the National League West standings with about three weeks to go in the season, largely because of their success outside of the Mile High City.

As they prepare for a crucial home series against the rival Los Angeles Dodgers this weekend, the Rockies own a record of 40-32 on the road. That puts them on a pace to finish with their best ledger away from Denver in franchise history by a wide margin. Never before have the Rockies finished better than 41-40 away from home, a feat they accomplished in 2009 and 2017, coinciding, not accidentally, with their last two appearances in October.

Even more unusual for the Rockies, they entered Friday having played better on the road than they have at home. They've done that only once before, during the strike-shortened campaign of 1994, when they performed at a sub-.500 level regardless of location. The Rockies qualifying for the playoffs that way would represent an entirely new paradigm for a franchise that has spent decades battling not just its opponents, but its place of residence.

"We knew the only way we could make it to where we want to go is that we had to be able to compete on the road," Arenado said.

When Bud Black took over as manager before last season, he knew all about the Rockies' long-standing road stigma.



Kyle Freeland has emerged as a gem.

From 2011 through 2016, they posted a .496 winning percentage at home versus .368 everywhere else, the largest disparity in the major leagues.

The topic loomed over the organization. Over time, the Rockies' inability to solve the problem developed into the source of internal consternation and plenty of uncomfortable questions for which they couldn't provide adequate answers.

Like so many before him, Black couldn't offer a solution as he arrived for his first spring training. Nonetheless, he decided to address the situation head-on, gathering everybody together early in camp to deliver a speech.

"It was a simple message," Black said. "It doesn't matter where we play—road, cold, wind, rain, heat."

In reality, nobody can deny that the Rockies must deal with issues on the road unique to them.

Certain pitches move differently at Denver's high altitude, forcing pitchers to adjust depending on the site of the game. Batters, accustomed to their fly balls at home cutting through the air like a hot knife through butter, must deal with hitting in settings where baseballs behave more like baseballs and less like pinballs. Perhaps most important, Colorado's reduced oxygen levels lead to fatigue and slow recovery.

But all of that only distracts from a simple truth: The Rockies' pitching stunk. Not just at home, but everywhere. They ranked 27th in the majors in road ERA from 2013 through 2016, bad to the point that nobody could reasonably blame Coors Field for their failures.

Over the past two seasons, that has changed dramatically. Bol-

stered by a young, talented group of starters, the Rockies since 2017 rank 10th in baseball in road ERA. General manager Jeff Bridich called the rotation a "true foundation and bedrock of the team"—a sentiment that few thought could ever describe the Rockies.

"Going back to those years when we were all about offense and getting pounded around and trying to outslug the other team every time to get wins, you never thought about this time," outfielder Carlos González said.

González, a member of the Rockies since 2009, remembers the dark days, when the team embarked on wild experiments to unlock the secret to growing pitchers equipped for Colorado.

They pinned their hopes on high-priced free agents—ask anybody on Blake Street about the horrors of Mike Hampton and Denny Neagle. They all but banned curveballs for a while. They tried going with a four-man rotation and limiting their starters to 75 pitches. None of those ideas panned out.

Bridich, the Rockies' GM since October 2014, took another approach, building a staff not with tricks, but by attempting to acquire and develop the best pitchers he possibly could.

"We committed that we're not going to buy into this. 'We can't pitch here,'" he said.

In 2013 and 2014, with Bridich serving as the organization's senior director of player development, the Rockies drafted a pitcher with a top-10 pick, netting them Jon Gray and Kyle Freeland. They signed Antonio Senzatela out of Venezuela in 2011 and in 2016 traded for German Márquez, then still a prospect.

Lefty Tyler Anderson was also a Rockies first-round pick.

Freeland in particular has emerged as a gem. A 25-year-old lefty, he posted a 4.10 ERA in 33 appearances last season as a rookie. Now he has turned into one of the NL's top pitchers, putting up a 2.96 ERA through his first 28 starts. With a strong stretch run, he could set the record for the best ERA ever for a Rockies pitcher with at least 20 starts, surpassing Ubaldo Jiménez's 2.88 in 2010. He attributed his improvement to tweaking the grip on his changeup, which has generated more grounders.

In spite of all this, some holes for the Rockies still exist. Their bullpen, a problem they thought they conquered this winter when they invested \$106 million in relievers Wade Davis, Bryan Shaw and Jake McGee, remains a major weakness. They entered Friday having scored eight fewer runs than they have allowed, typically an indication of overachievement.

But with mere weeks to go, the Rockies find themselves on the cusp of the playoffs. Nothing else matters.

"Everybody is like, 'Denver will never have an ace or the Rockies will never have a good pitching rotation,'" González said. "Well, it's happening."

## U.S. OPEN

## OSAKA FACES HER IDOL IN FINAL

BY TOM PERROTTA

**SERENA WILLIAMS** is back in the U.S. Open women's final. Across the net on Saturday, she'll face a rising star who grew up idolizing her.

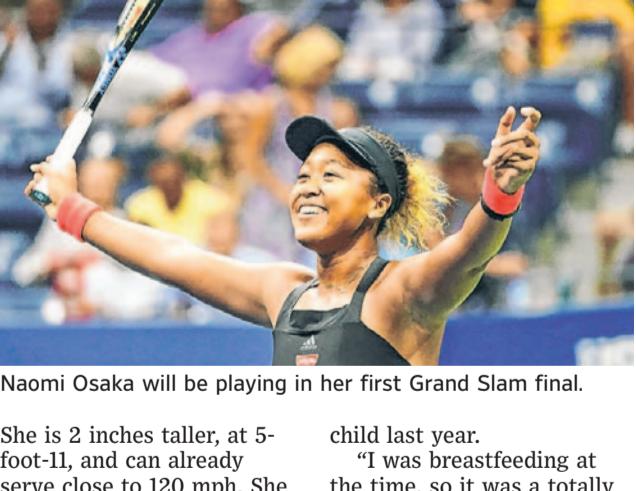
Williams and Naomi Osaka both won their semifinal matches in convincing style Thursday evening. After losing the first two games, Williams thumped Anastasija Sevastova 6-3, 6-0. Osaka escaped a love-40 hole early in her match against Madison Keys, took the lead and never looked back in a 6-2, 6-4 victory.

Asked by ESPN's Tom Rinaldi in an on-court interview how she saved all 13 break points in the match, Osaka said, "I was just thinking, 'I really want to play Serena.'"

The comparison between Williams, 36 years old, and Osaka, 20, could not be more compelling. This will be the 31st Grand Slam final for Williams, who has won 23 of them, one fewer than the all-time record of 24 by Margaret Court. Overall, Williams has won 72 pro tournaments in her career.

Osaka faces Williams in the final on Saturday. Williams has won 23 of them, one fewer than the all-time record of 24 by Margaret Court. Overall, Williams has won 72 pro tournaments in her career.

But one does not need to watch Osaka for long to see a young version of Williams.



Naomi Osaka will be playing in her first Grand Slam final.

She is 2 inches taller, at 5-foot-11, and can already serve close to 120 mph. She hits a solid kick serve that bounces high, and runs with speed. And despite not yet having the confidence of Williams, she is relentless.

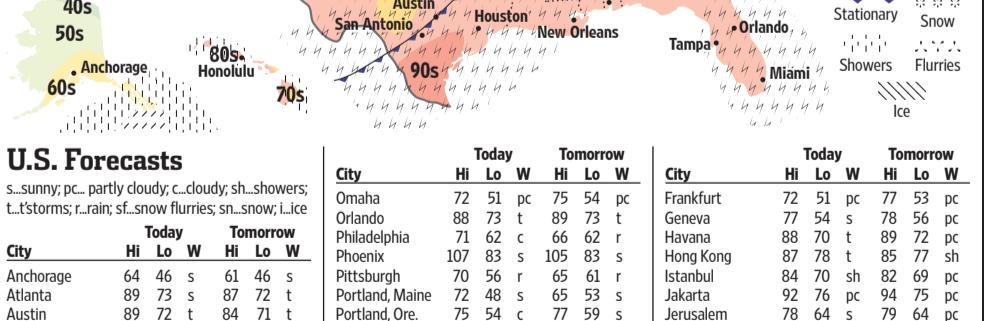
Against Keys, Osaka controlled her emotions, and her strokes, in a way similar to Williams.

Nobuo knows this better than Osaka's coach, Sascha Bajin, who worked with Williams for eight years.

"Naomi one day might own the court, like Serena," Bajin said.

Osaka and Williams have played each other once. In March, Osaka won 6-3, 6-2 in Miami, but Williams was just starting her comeback to tennis after having her first

## Weather



## U.S. Forecasts

S=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

Today Hi Lo W Today Hi Lo W

City

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Today

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**Apple's Next Act**  
The tech giant's future  
might be in wearable  
computers **B12**

# EXCHANGE



**Winning Secret**  
Why Sue Bird is the  
most successful team  
captain in sports **B13**

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THE WALL STREET JOURNAL.

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SATURDAY/SUNDAY, SEPTEMBER 8 - 9, 2018 | **B1**

DJIA 25916.54 ▼ 79.33 0.3% NASDAQ 7902.54 ▼ 0.3% STOXX 600 373.77 ▲ 0.1% 10-YR. TREAS. ▼ 19/32, yield 2.944%

OIL \$67.75 ▼ \$0.02

GOLD \$1,193.60 ▼ \$4.30

EURO \$1.1553 YEN 111.03

Jan. 1  
**13264.82**

**800Z**

Dec. 31  
**8776.39**

## The World Turned Upside Down

**Burned by the crisis, we retreated from risk. But risk-taking never disappears, it just changes shape.**

Ten years ago this month, the failure of Lehman Brothers exposed how cavalier the world had been towards risk. Households had bought homes they thought could never go down in price, banks had made loans they thought would never default and repackaged them into securities to make them seem riskless,

and governments, convinced depressions were a thing of the past, had stood by. ▼ Since then, they have sought to ensure it never happens again. And thus, the world has retreated from risk. That retreat has reshaped institutions, regulations and attitudes, and in the process

the economy: It's why economic growth has been so durable yet so muted, with less of the risk-taking that both drives booms and busts and raises long-run growth. ▼ With time, even the deepest traumas wear off, and there are signs that risk-taking is returning, though in different forms from before. What remains unclear is whether it paves the way for years of stable, crisis-free growth, or yet another bust. *Please turn to page B4*

**Power Shift**  
Banks lost their dominance  
on Wall Street **B6**

**The Worst First Day**  
Four who started at Lehman  
just before the meltdown  
**B6**

**Inventor's Remorse**  
The father of mortgage  
bonds has regrets  
**B8**

**New Mortgage Kings**  
They're less regulated and  
more aggressive  
**B10**

## Jobs Data, Trade Woes Hit Stocks

Investors fret about Fed rate increases and tariff fallout

BY CORRIE DRIEBUSCH

AND BEN ST. CLAIR

A rough week for technology stocks battered the Nasdaq Composite, dragging the index to its worst week since March.

The tech-heavy index slipped Friday after President Trump said tariffs on an additional \$267 billion in goods imported from China could be implemented on short notice. The ramped-up rhetoric around the trade dispute reverberated through the stock market, sending major indexes lower. Shares of technology companies, which had been trading higher earlier in the session, erased gains.

"If you're looking at trade war escalation, expect tech stocks to be hurt the most be-

cause of China supply issues," said Justin Wiggs, managing director in equity trading at Stifel Nicolaus.

The Nasdaq Composite fell 20.18 points,

or 0.3%, to 7902.54, putting its weekly de-

cline at 2.6%—its worst performance since

the week ended March 23 when Facebook's

data-privacy scandal erupted. The S&P 500

shed 6.37 points, or 0.2%, to 2871.68 on Fri-

day, while the Dow Jones Industrial Average

lost 79.33 points, 0.3%, to 25916.54.

Fears of tariffs, increased government

regulation and pricing pressures have

weighed on tech companies in recent ses-

sions. Internet companies tumbled earlier

this week as executives from Facebook Inc.

and Twitter Inc. testified before Congress

about foreign influence on their platforms in

the 2016 presidential election. On Thursday,

semiconductor stocks slumped on lowered

*Please turn to page B2*

## Verizon to Lose Leader of Push Into Content

Tim Armstrong, onetime head

of AOL, has led modest gains

BY SARAH KROUSE

Tim Armstrong, the leader of **Verizon Communications** Inc.'s media and advertising busi-

ness, is in talks to depart, according to people

familiar with the matter, leaving unfinished

the task of building the unit into a digital-con-

tent giant.

Mr. Armstrong, who came to Verizon in

2015 when it acquired AOL and then helped

steer its purchase of Yahoo two years later,

had tried to combine the two internet compa-

nies to challenge Google and Facebook Inc. in digital advertising. But those efforts have failed to generate much growth or make the unit, called Oath, more than a side note in the wireless giant's earnings.

There were recent discussions about whether to spin off the Oath business, the people said, but Verizon has decided instead to integrate some of its operations more closely with the rest of the company. Mr. Armstrong,

47 years old, is in discussions to depart as

soon as next month, they said, as are other

members of his leadership team.

Verizon and Oath executives have disagreed over what some employees within the digital ad unit see as an overly conservative approach to using wireless subscriber data to boost Oath's advertising revenue, people familiar with those discussions say.

Senior executives within Verizon are wary of alienating lucrative wireless customers in the name of adding incremental advertising revenue, these people said. Oath contributed less than \$4 billion in revenue during the first

*Please turn to page B2*

## THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

## NIKE INC.

Nike waded into the national-anthem controversy Monday, announcing that its 30th anniversary "Just Do It" ad campaign would feature Colin Kaepernick, the former National Football League quarterback who was one of the leaders of player protests during the anthem. Investors jeered the move, and news of Mr. Kaepernick's role in the athletic-apparel maker's campaign sparked a backlash on social media with some users posting images of people damaging their Nike products. Nike stock **fell 3.2% Tuesday**, making it the worst-performing member of the Dow Jones Industrial Average.

## AMAZON.COM INC.

**AMZN** Move over, Apple Inc., there's a new member in the trillion-dollar club. Amazon became the second U.S. company to touch a market value above \$1 trillion after shares briefly topped \$2,050.27 in midday trading before **ending up 1.3% Tuesday**. The online retailer's stock has surged nearly 75% this year. The news wasn't all good for Amazon, however: A spat with Sen. Bernie Sanders over workers' wages escalated as the Vermont independent called out the company in unveiling a bill aimed at taxing big companies whose employees rely on federal benefits to make ends meet.

## PERFORMANCE OF TECHNOLOGY STOCKS THIS WEEK



## TWITTER INC.

**TWTR** Tech stocks fell broadly Wednesday as executives from Twitter and Facebook Inc.—but, notably, not Google, which was represented by an empty chair—testified before the Senate Intelligence Committee over their platforms' efforts to prevent election meddling and what regulation the companies might consider. Twitter **lost 6.1% Wednesday**, while Facebook and Google parent Alphabet Inc. declined 2.3% and 0.9%, respectively.

## WPP PLC

**WPP** WPP on Monday ended months of uncertainty in naming company veteran Mark Read as chief executive to succeed founder Martin Sorrell. On Tuesday, the world's largest advertiser posted weak second-quarter results in North America that underscore the challenges facing Mr. Read—namely a company that is struggling to boost growth as it faces falling fees from clients and upheaval from the dominance of Facebook and Google in digital advertising. The U.K.-based company's American depositary receipts **fell 6.3% Tuesday**.

## CBS CORP.

**CBS** CBS shares got a boost as the company made progress on two fronts: the fate of CEO Leslie Moonves and an upcoming courtroom battle to block a merger with Viacom Inc. Shares ticked up 0.7% on Wednesday amid reports that CBS was in talks with Shari Redstone and her family's holding company, National Amusements Inc., to settle litigation aiming to halt the Viacom deal. Shares then **rose 3.2% Thursday** amid news that independent board members are negotiating a possible exit for Mr. Moonves, who is being probed by law firms appointed by CBS over sexual-harassment allegations.

## BROADCOM INC.

**AVGO** In Broadcom's first earnings call since purchasing CA Inc. in July, CEO Hock Tan finally offered a rationale behind the deal, which initially surprised investors and had dented shares. "We're buying CA because of their customers and [CA's] importance to these customers. CA sells mission-critical software to virtually all of the world's largest enterprises," Mr. Tan said. Broadcom also announced plans to raise shareholder dividends after more than doubling its profit for the sixth consecutive quarter. The semiconductor company's stock **climbed 7.7% Friday**.

—Laine Higgins

## Jobs Data, Trade Woes Hit Stocks

*Continued from page B1*

analyst expectations and ongoing worries about how resilient their revenue will be if the U.S. trade dispute with China grows.

Twitter's stock declined 32 cents, or 1%, to \$30.49, putting its weekly loss at 13%. Facebook shares edged up 51 cents, or 0.3%, to 163.04 Friday, but ended the week down 7.2%.

And shares of Tesla Inc. dropped 17.71, or 6.3%, to 263.24 following executive departures and

**FRIDAY'S MARKETS** an interview that appeared to show Chief Executive Elon Musk smoking marijuana.

More broadly, stocks wobbled Friday after the U.S. jobs report for August showed a pickup in hiring and healthy wage growth, bolstering the case for the Federal Reserve to continue raising interest rates at its current pace. The Federal Reserve closely watches wage growth as an indicator of inflation, and some analysts have said the rise in wages could encourage more short-term rate increases.

"We could see some jitters in markets," said Kristina Hooper, chief global market strategist for Invesco, adding that when wages last grew at nearly as great a pace earlier this year, it caused some turmoil in the stock market. "If inflation is going up too much, instead of the Fed pausing, it could need to tighten more," she said.

## Verizon to Lose Head Of Media

*Continued from page B1*

half of the year, compared with the wireless business's \$44 billion.

Verizon spent roughly \$9 billion to buy both AOL in 2015 and Yahoo in 2017. Owning two names synonymous with the early days of the internet provided a path for Verizon to become a player in media and advertising even though the companies represent less than 5% of U.S. digital ad revenue.

The largest U.S. carrier by subscribers rolled the two brands into one unit under Mr. Armstrong's leadership, saying it offered a chance to marry data on more than 100 million wireless customers with roughly 1 billion monthly online visitors to sites like HuffPost, TechCrunch and Yahoo Sports.

Verizon decided to share with Oath anonymous information on subscribers' age, gender, phone language and data plan size, for example. But people familiar with the matter say the carrier refused to share information on the apps customers used and their web browsing activity unless users explicitly opted in.

Only about 10 million subscribers have opted into the "Verizon Selects" program, which offers promotions in exchange for the ability to target ads based on a subscriber's web and app usage, location, and other behavior.

Labor Department data showed the U.S. added 201,000 jobs in August, ahead of forecasts for 192,000 additional jobs. Average hourly earnings were up 2.9% from a year earlier, while the unemployment rate held steady.

Yields on 10-year U.S. Treasurys edged higher to 2.944%, from 2.877% Thursday. Yields move inversely to prices.

As the payout on Treasury bonds rises, the returns from utilities and real-estate company stocks, which offer bondlike distributions, can seem less attractive—and more risky—in comparison. Shares of utilities and real-estate investment trusts declined Friday.

The dollar turned higher against a basket of currencies; the ICE Dollar Index was up 0.3%.

Around the globe, fears of contagion in emerging markets and trade tensions helped push Asian and European stocks lower this week. On Thursday, the MSCI Emerging Markets Index fell into bear market territory, defined as a 20% drop from a recent peak.

The Stoxx Europe 600 rose 0.1%, though banking stocks declined.

Shares in Deutsche Bank fell 1.5% after reports that Chinese conglomerate HNA Group, one of the bank's largest shareholders, planned to sell its 7.6% stake in the bank.

In Asia, Hong Kong's Hang Seng was flat and the Shanghai Composite Index rose 0.4%. Meanwhile, South Korea's Kospi fell 0.3% and Japan's Nikkei dropped 0.8%, with the Japanese index closing lower for the sixth consecutive trading day.

In commodities, U.S. crude fell 2.9% for the week to \$67.75 a barrel after a report showed U.S. inventories of petroleum products were already starting to rise as the lower-demand fall season nears.

The pool of Verizon subscribers from which Oath could draw data was also smaller than some AOL and Yahoo employees anticipated, the people say. Of Verizon's 116 million subscribers, only about a third were account holders whose identities had been verified. Others were members of family plans or government workers and corporate employees, those people said.

Mr. Armstrong informed senior Oath leaders at Yahoo's Sunnyvale, Calif., campus this summer that he was handing his day-to-day responsibilities to K. Guru Gowrappan, a former executive at Alibaba Group Holding Ltd. who joined the unit this spring, according to a person familiar with the meeting.

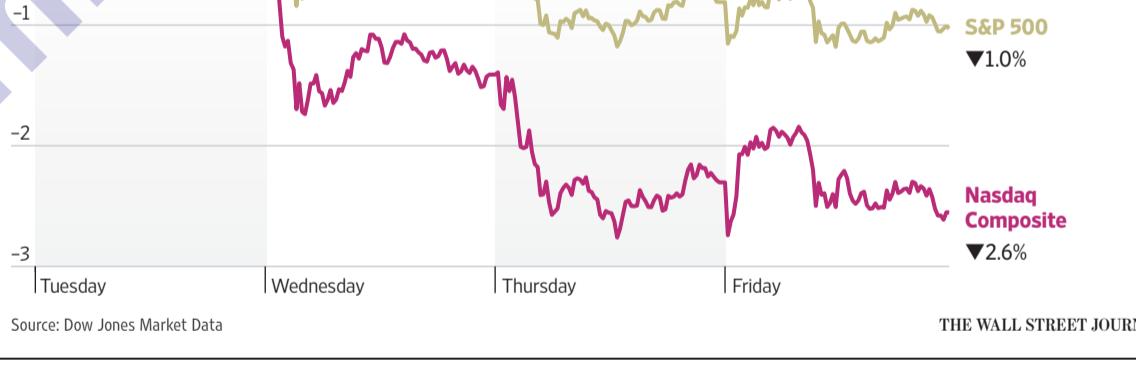


The technology-laden Nasdaq Composite had a tough week, while the U.S. jobs report affected stocks more broadly.

## Tech Trouble

Technology stocks slumped over the past week, hit by fears of tariffs, increased government regulation and pricing pressures. The declines weighed particularly hard on the Nasdaq Composite, which snapped a two-week winning streak and suffered its worst week since March.

## Index performance



Source: Dow Jones Market Data

THE WALL STREET JOURNAL.

Mr. Gowrappan is president and chief operating officer at Oath and the most senior executive after Mr. Armstrong. Some top executives that joined Oath earlier this year—the unit's finance chief, Vanessa Wittman, and its communications chief, Natalie Ravitz—are among the senior staff that are also expected to depart, the person said.

Half of a roughly \$60 million incentive award given to Mr. Armstrong as part of the AOL acquisition vested in May and the remainder is set to vest next spring, according to a regulatory filing. Discussions about Mr. Armstrong's future are continuing, the people said.

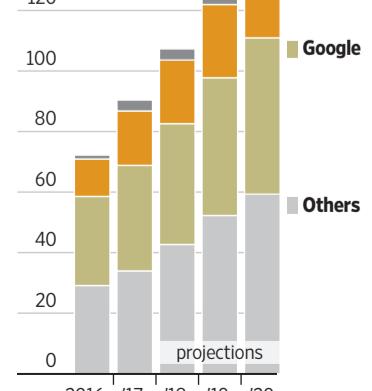
Mr. Armstrong was president of Google's Americas operations in the

2000s, a period when search advertising exploded. He left in 2009 to become chief executive of AOL as it was preparing to spin off from Time Warner. With a spree of acquisitions, he pushed AOL into the ad-tech sector, fended off an activist investor and then sold the business to Verizon for \$4.4 billion.

Lowell McAdam, Verizon's long-time CEO who conceptualized the AOL deal with Mr. Armstrong at a Sun Valley, Idaho, conference in 2014, retired from the top job at the end of July. Although Mr. Armstrong was a former public company CEO and high-profile executive, he wasn't among the final candidates considered by the board to succeed Mr. McAdam, according to people familiar with the process.

## Small Slice

Oath, home to AOL and Yahoo, is an also-ran in U.S. digital ad revenue.



Source: eMarketer Inc.

THE WALL STREET JOURNAL.



Tim Armstrong helped steer Verizon's purchase of Yahoo in 2017.

Verizon shopped for, but didn't buy, a large video-content provider last year, and has so far eschewed the transformative mergers that its phone rivals have pursued. Mr. McAdam's successor, former Ericsson CEO Hans Vestberg, has said he is focused primarily on building out a faster 5G network, rather than content.

Two forays into streaming video in recent years have failed to make Verizon a go-to content provider. Earlier this year Verizon shut down a mobile video app called go90 and sold its stake in AwesomenessTV, which produces short shows. Mr. Armstrong's boss at Verizon, executive vice president of global media Marni Waldman, left last October.

Mr. Armstrong has pressed in recent months for Verizon to better use its retail stores to promote Oath's services such as the ability to watch National Football League games on Yahoo Sports, the people said. The unit is working to get more Oath apps pre-loaded on smartphones, which could ready usage.

Oath has also pitched a service to advertisers that analyzes more than 200 million Yahoo Mail inboxes and the user data they contain for clues about what products those users might buy, The Wall Street Journal recently reported.

Meanwhile, executives have tried to quell rumors that Verizon was contemplating unloading the Oath unit. "There is no intention of spinning out Oath in any particular format," Mr. McAdam said on his final earnings call with analysts in July. "We see the synergies that we expected to see." At an investor conference on Friday, Verizon finance chief Matt Ellis said of Oath: "We still feel very strongly there's a great opportunity there."

## BUSINESS &amp; FINANCE NEWS

# Walmart Hits a Snag in Digital Market

Effort to sell premium outdoor gear riles up rival retailers, putting brands in tough spot

BY SARAH NASSAUER

**Walmart** Inc.'s plan to sell high-end hiking, camping and other outdoor gear on its website hasn't started well, a sign of the challenges the discount chain faces as it tries to stretch further into Amazon.com Inc.'s territory.

Late last month Walmart said it would start selling items including \$250 Deuter hiking backpacks and \$100 Leki hiking poles, adding to its website brands already sold through Moosejaw, the small outdoor retailer Walmart bought last year. The brands were clustered in a "premium outdoor store" within Walmart.com and curated by Moosejaw.

But several brands, including Leki, Deuter and climbing-gear seller Black Diamond Equipment, asked to be removed from Walmart.com, and the retailer complied.

When the products appeared on Walmart.com, outdoor stores contacted the brands, some expressing concern that Walmart would eventually push product prices lower, said executives from outdoor-gear companies and retailers. In some cases, Walmart's competitors told brands they would stop selling their products if they remained on the site.

"We launched, and then all hell broke loose a little bit within the outdoor industry," Moosejaw Chief Executive Eoin Comerford said in an interview. "I didn't expect the reaction to be quite so vehement."

About a third of the premium outdoor brands have left Walmart.com, Mr. Comerford said. Walmart has added other brands and expects to make up those losses within about two months, he said.

Walmart's competitors "were very frustrated by our decision" to sell on Wal-



The company bought Moosejaw, a Michigan-based outdoor retailer, for \$51 million last year, part of a string of acquisitions of small online sellers of high-end products.

mart.com, said Shawn Hostetter, president of Katadyn North America, a seller of water-filtration systems that is owned by Swiss firm Katadyn Group. Some outdoor stores said they would drop the filter company's products, citing concerns that Walmart would drive down prices, he said.

The dust-up highlights the pressures faced by both brands and retailers as they struggle to adapt to the rise of online buying. Brands are looking to boost sales online while still controlling the price and selection available. Traditional retailers are more aggressively facing off with Amazon, ensnaring brands. For Walmart, the outdoor-store challenges point to the balancing act of

maintaining its reputation for low prices while attracting more premium brands that want to keep prices high.

Walmart wooed brands for months, including Katadyn, often by offering the small firms the ability to manage how outside sellers on Walmart.com display and price the firm's products, some of the firms said. Mr. Hostetter said that was an appealing offer after years of competing on Amazon with outside sellers that were willing to slash prices on branded products.

A typical Walmart supercenter sells around 100,000 products, whereas Walmart.com offers more than 70 million items. As with Amazon, those goods come both from the re-

tailer's own inventory and from outside sellers.

After Walmart put its premium outdoor store online Aug. 27, the Grassroots Outdoor Alliance, an organization of 70 small U.S. outdoor retailers, recommended its members put all orders on hold from brands involved, said Rich Hill, the group's president.

The negative reaction from retailers reflects pressures facing the outdoor-gear industry but is shortsighted, according to Mr. Comerford. Consumers already expect products to be widely available, he said, so limiting how and which consumers can buy products is "just not going to work long-term."

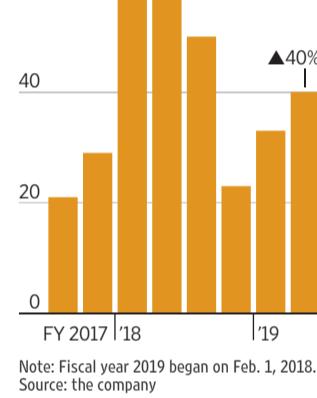
Walmart added around

1,100 new brands to its website in the most recent quarter, said a spokesman, including premium brands through a partnership with department store Lord & Taylor. Premium brands aren't available at Walmart's physical stores.

Walmart executives have said that bringing a wider spectrum of brands onto Walmart.com is a key part of the Bentonville, Ark., company's strategy to boost online margins and sales. Walmart bought Moosejaw, an outdoor retailer based in Madison Heights, Mich., for \$51 million last year, part of a string of acquisitions of small online sellers of high-end products. It also has redesigned its website with a more high-end feel.

## Stepping Up Online

Walmart's e-commerce sales growth, quarterly



Note: Fiscal year 2019 began on Feb. 1, 2018.  
Source: the company  
THE WALL STREET JOURNAL.

## Hack of British Airways Affects About 380,000 Card Payments



British Airways' owner said the airline was hit by a cyberattack, resulting in the theft of the personal data of customers who booked flights on its website.

**International Consolidated Airlines Group** SA said Thursday that the breach affected customers who reserved seats with British Airways between

Aug. 21 and Sept. 5, and that it was investigating the incident. The stolen data didn't include travel or passport details.

The company said the breach was resolved and police were notified.

A British Airways spokesman said Friday that about 380,000 card payments were compromised. On Friday morning, Brit-

ish Airways customers received an email informing them they might be affected and recommending they contact their bank or credit-card provider.

IAG shares in London closed down 1.4% on Friday.

Among corporate data breaches this year, Germany-based sportswear retailer Adidas AG said in June that a "few mil-

lion" users of its U.S. website may have had their data exposed to an unauthorized party, including contact information, usernames and encrypted passwords. In March, Under Armour Inc. said some 150 million users of its fitness-tracking apps had their personal information exposed.

—Carlo Martuscelli

## Visium Founder Weighs a Return

BY RACHAEL LEVY

The founder of a hedge-fund firm that shut down after an insider-trading scandal is considering raising money from clients again.

Jacob Gottlieb, who liquidated Visium Asset Management LP beginning in 2016, hasn't made a decision on timing for a new hedge fund and may still change his mind.

Visium closed after staffers were charged with insider trading and mispricing, or inflating the value of assets, of a bond portfolio. Mr. Gottlieb wasn't accused of wrongdoing.

"I love investing," Mr. Gottlieb, 46 years old, said in an interview. "This is what I've done since I've been a teenager, and I expect to do this for the rest of my life."

Mr. Gottlieb has formed a family office called Altium Capital that mostly manages his personal wealth and employs about six people. The firm, like Visium, focuses on health-care investing and has been making bets on stocks in that sector. The firm employs Mark Gottlieb, Jacob's brother, as chief operating officer.

In the two years since Visium began to wind down, Mr. Gottlieb said he "didn't have the luxury to take a long break" as he liquidated the portfolios "as efficiently as possible." He said he worked the past two years without compensation. "I'm focused on investing again," he said.

Now Mr. Gottlieb, a medical doctor, said the time is right for a new health-care-focused hedge fund. "Over the last five years, there has been a tremendous number of companies that have gone public," he said. "The value creation and value destruction are going to be very large."

He said the new fund's strategy will be similar to one of Visium's largest funds, with a focus on "thoughtful, methodical research."

Mr. Gottlieb founded Visium in 2005, and at its peak the firm managed about \$8 billion. The Visium Balanced

Fund, the firm's flagship health-care fund, returned 14.3% annualized from April 2001 through the end of 2015, a document reviewed by The Wall Street Journal showed.

That period includes four years—2001 to 2005—during which Mr. Gottlieb managed the strategy in separate accounts. The fund lost 9.3% from the start of 2016 through May of that year, according to a separate document.

In 2016, federal prosecutors charged a Visium portfolio manager, Sanjay Valvani, with trading on confidential government information about generic-drug approvals. Days after he was charged, Mr. Valvani, a partner at Visium's health-care-focused fund, was found dead in his home in an apparent suicide.

Prosecutors also accused

## The hedge fund shut following charges of insider trading and mispricing.

former Visium portfolio manager Stefan Lumiere with trying to misprice securities in a fixed-income fund. Mr. Lumiere pleaded guilty and was sentenced to 18 months in prison followed by three years' supervised release and a \$1 million fine.

Earlier this year, the Securities and Exchange Commission barred Mr. Lumiere, Mr. Gottlieb's former brother-in-law and a portfolio manager at Visium, from working in the securities industry.

Christopher Plaford, another portfolio manager, also pleaded guilty to the mispricing and hasn't been sentenced.

The SEC separately found that Visium's chief financial officer, Steven Ku, "failed reasonably to supervise" Messrs. Lumiere and Plaford. Mr. Ku agreed to pay a \$100,000 penalty and is barred from the industry for 12 months.

## Chinese Investment Bank Prepares for IPO

BY STELLA YIFAN XIE

**HONG KONG**—A Chinese investment bank leading a herd of initial public offerings by Chinese technology startups is planning to raise up to \$400 million in its own IPO this month, according to people familiar with the matter.

Beijing-based **China Renaissance Holdings** Ltd. is aiming to go public in the second half of September at a company valuation of \$2.5 billion to \$2.8 billion, the people said.

The boutique investment bank has served as a financial adviser on several IPOs this year of Chinese "unicorns," or

companies with valuations of over \$1 billion, including that of Baidu Inc. spinoff iQiyi Inc. and the coming debut of online retail services provider Meituan Dianping.

It has also advised on some high-profile mergers in China—notably the combination of two ride-hailing companies in 2015 to create Didi Chuxing Technology Co.—and was an underwriter for U.S. and Hong Kong listings of several Chinese startups backed by Tencent Holdings Ltd.

China Renaissance, which has focused its business on China's fast-growing internet and technology sector, was

founded in 2005 by Fan Bao, a former Morgan Stanley and Credit Suisse banker originally from Shanghai. Mr. Bao controls China Renaissance with a 63% stake. Other shareholders include Neil Shen, a partner in venture-capital firm Sequoia Capital China, and Li Shujun, founder of Shanghai-based private-equity firm Trustbridge Partners.

Besides its investment-banking business, China Renaissance has private-equity and asset-management units with around \$4 billion in assets. The company said in a filing to the Hong Kong stock exchange in June that it intended

to use proceeds of an IPO to expand its advisory, securities and investment-management businesses.

The bank's first-quarter revenue rose 66% from a year earlier to \$38.8 million, but its loss widened to \$65.3 million due to higher expenses, according to the filing in June. The company made a small profit in 2017.

Its IPO would come at a turbulent time. Stocks in China and Hong Kong have broadly declined amid an escalation in trade tensions and skepticism over the stock valuations and growth prospects of Chinese tech majors.

## THE CRISIS | A DECADE LATER

# The World Turned Upside Down

## TIMELINE 2008: How Disaster Unfolded

**JAN. 4**  
The U.S. unemployment rate hits 5%, its highest level in more than two years.



**JAN. 22**  
The Federal Reserve's rate-setting committee, chaired by Ben Bernanke, surprises markets by cutting its interest-rate target three-quarters of a percentage point to 3.5% a week before it is scheduled to meet. It's the Fed's first emergency rate cut since 1998.

**JAN. 30**  
At its scheduled meeting, the Fed cuts rates again, this time by half a percentage point.

**FEB. 7**  
Congress approves a \$168 billion economic-stimulus plan, paving the way for over 130 million households to get tax-rebate checks of \$300 to \$1,200.

**MARCH 14**  
In an effort to stave off the bankruptcy of Bear Stearns, the Fed gives the firm access to low-cost funds from its "discount window," something it hadn't done for an investment bank since the Great Depression.

**MARCH 16**  
After a frantic weekend, JP Morgan Chase agrees to buy Bear Stearns for the fire-sale price of \$2 a share, or \$236 million, amid fears that failing to find a buyer could deepen Wall Street's crisis of confidence. The Fed agrees to cover \$20 billion of potential Bear Stearns losses to get JP Morgan to agree to a deal.

**MARCH 18**  
The Fed cuts its short-term interest-rate target three-quarters of a percentage point to 2.25%, sending the Dow industrials up 420 points, or 3.5%, to 12329.66. Shares of Lehman Brothers Holdings, under sharp pressure in recent days as investors fret about its mortgage bets, soar more than 46% after it releases first-quarter earnings.

**turns.** The late economist Hyman Minsky anticipated the crisis with his thesis that "stability is destabilizing." Long periods of calm induce behavior and innovation that make the next downturn more violent. The converse explains the aftermath: Instability is stabilizing. "The events of 2008-09 create appreciation for the possibility of events like 2008-09, which prompts risk-reducing behavioral changes that make the system more stable," Mr. Thomas writes in a report. Among them: businesses hold more cash, banks are less leveraged, and policy makers intervene more to stabilize markets.

With less leverage and fewer channels of international contagion, financial disruptions burn themselves out before they become full-fledged crises, from the "taper tantrum" in 2013 when the Fed slowed its buying of bonds to the collapse in oil prices in 2014, China's bungled devaluation in 2015, and the problems now engulfing Turkey and Argentina.

The following summer, I was arriving in Sun Valley with my daughter and she said, "There's a message on your phone." And I said, "I don't know how to bring it up," so she brought it up for me. And of course it was the message from that Saturday night saying 'call us,' and do this or that. So it was a little bit late. But there was no way we could write an unlimited guarantee.

—Edited and condensed from an interview with Nicole Friedman.  
For more from the interview, visit WSJ.com.

**RISK AVERSE**  
**24%**  
The percentage of American households that held stocks or mutual funds in 2016, down from nearly 30% in 2007.

**At the very height of the financial crisis, as banks and regulators were hunting for a way to rescue Lehman Brothers, U.K. bank Barclays briefly considered buying it outright. To help pave the way, the bank on Sept. 13 proposed entering into a side contract with Warren Buffett, effectively buying insurance on Lehman from Mr. Buffett's Berkshire Hathaway. It never came to be. Here's part of the reason why, in Mr. Buffett's own words.**

On Saturday, I had a long-standing commitment to go to Edmonton, Alberta, where Paul Anka was giving a charity performance. My wife and I went up with another couple and we checked into our hotel room about six o'clock or so. And amazingly I got a call. I didn't think anybody knew I was there. But that related to a problem that Barclays had run into with the U.K. regulations in respect to possibly taking over Lehman. So they were looking for an insurance company that would in effect guarantee Lehman's performance until the shareholders of Barclays had a chance to vote, which might have taken 45 days or 60 days. That meant essentially guaranteeing every ticket that would be written during that period. Nobody had ever written an insurance policy like that. I asked them what limit they wanted, and they said 'unlimited.' And I said, 'I'm going to this performance with another couple. Send me a fax. Describe exactly what you want and tell me how much you will pay.' So I came back from the performance and no fax. And so I called the manager of the hotel and I said 'There must be a fax somewhere.' And it's 11 or 12 at night. And he said, 'No there's no fax.' And I couldn't figure that out. Well it turned out they'd called me on a cell phone. A little flip phone which I still have. It was beyond my technical comprehension to figure out that's what they'd done because actually they said they'd send a fax.

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**Mortgage borrowing, the culprit in countless crises through history, looks tame. But in its place a student debt bubble has inflated.**



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**LEHMAN BROTHERS**  
**Dick Fuld Chases Redemption**

## THE CRISIS | A DECADE LATER



**zon.com Inc.** and Elon Musk splurge on long-shots with high probability of failure, but it's striking how exceptional they are. Rather than become the next Google or Facebook, many startups aspire to be bought by Google or Facebook. Oil companies used to spend billions searching for oil and gas in remote and dangerous places until BP PLC was bled white by penalties and lawsuits for the Deepwater Horizon oil spill in 2010 and Royal Dutch Shell PLC spent \$7 billion fruitlessly exploring north of Alaska. Now big oil ploughs its money into extracting oil from shale formations in the continental U.S. using hydraulic fracturing, a methodical, factory-like process with more predictable returns than deepwater drilling.

Today, nine years into a business expansion, residential and business investment together equal 17.6% of GDP, well below similar stages of previous cycles. Since investment booms often lead to busts, muted investment helps explain why the expansion is now the second longest on record. But because investment also drives productivity, it helps explain why it's one of the weakest.

One of the lessons of financial history is that risk-taking never disappears, it just changes shape, often to slip past the institutional and psychological defenses erected after the last crisis. That is already happening. Low interest rates have already bred imbalances: U.S. property and equity values are roughly back to the peaks, relative to national income, reached before the 2001 and 2007 recessions. In some foreign markets, property prices are even more extreme. Pessimism about stocks has faded, and regulators are chipping away at post-crisis financial rules.

Banks are certainly stronger than before the crisis, but innovation continues apace in the less-regulated "shadow" banking system. For example, in 2014, regulators cracked down on bank lending to highly leveraged companies. A study by three economists at the Federal Reserve Bank of New York found that leveraged lending migrated to investment banks, private-equity funds and business development companies, many of whom borrowed from banks. So it's not clear if the financial system is safer as a result. Certainly corporate leverage is at extremes, though companies have lately curbed their borrowing.

Mortgage borrowing, the culprit in countless crises through history, looks tame. But in its place a student debt bubble has inflated. Borrowing for higher education seems prudent, but then borrowing for a home was a no-brainer, too, until a decade ago. Student loans, even those that financed worthless degrees, won't tank the financial system: there aren't enough and most are federally guaranteed. But they can't be discharged in bankruptcy either (with rare exceptions), which means they'll haunt millions of borrowers for years to come.

Most emerging economies long ago abandoned the fixed exchange rates that encouraged foreign borrowing and precipitated the Mexican and Asian crises of the 1990s (and the eurozone crisis, since the euro is a type of fixed exchange rate). Yet that discipline has slipped in recent years: near-zero American interest rates encouraged emerging-market companies and governments to gorge on dollar loans, and they are being squeezed as the dollar rises against their own currencies. Turkey and Argentina may be isolated cases, or they may be the tip of the iceberg. An International Monetary Fund study recently found China's booming credit growth bore the hallmarks of an economy headed towards crisis.

The U.S. government has long been a stabilizing in-

fluence in past crises thanks to the stature of its currency, its debt, and its institutions such as the Fed and Congress. Yet arguably it is becoming a source of instability. In the last year Congress has passed a gargantuan tax cut and spending increase that, according to Deutsche Bank, represent the largest stimulus to the economy outside of a recession since the 1960s. It sets the federal debt, already the highest relative to GDP since the 1940s, on an even steeper trajectory, stimulates an economy already at or above full employment which could fuel inflation, and pressures the trade deficit—even as White House imposes tariffs on numerous trading partners in an effort to narrow it.

The U.S. can pursue such an unorthodox policy mix because in the post-crisis world investors seem ready to absorb any amount of super-safe Treasury debt, the Fed is willing to err on the side of higher inflation and the rest of the world is reluctant to antagonize the world's military and economic superpower. If any of those factors were to change, all bets are off.

## LEHMAN BROTHERS

**Dick Fuld Chases Redemption**

By JUSTIN BAER AND GREGORY ZUCKERMAN

In the lobby of Dick Fuld's advisory firm a framed print greets visitors with a stark message: "That Was Then This Is Now."

A decade after presiding over the collapse of Lehman Brothers Holdings Inc., Mr. Fuld is still working on the second act of a Wall Street career that many predicted had also expired in September 2008. But as the anniversary of Lehman's demise nears, friends and former colleagues say Mr. Fuld's mind is on Lehman's final days.

Mr. Fuld still occasionally seethes over the government's refusal to rescue Lehman as it had many other financial firms under duress, though he believes time—and a recent book on the firm's collapse—has helped prove that Lehman should've been saved.

Mr. Fuld reserves his most pointed criticisms for his longtime rival, Henry Paulson, who ran Goldman Sachs Group Inc. before heading the U.S. Treasury during the financial crisis. Mr. Paulson and other key crisis-era officials have said that the government couldn't lend Lehman enough to keep it solvent and that it needed a deal with a stronger rival. When no deal emerged for Lehman, bankruptcy was the best option, they've argued.

Mr. Fuld declined requests for comment through several current and former colleagues.

The Sept. 15, 2008, collapse of Lehman made it the biggest casualty of the financial crisis. Mr. Fuld was branded as one of the villains of that era, blamed for not heeding the warnings about Lehman's risks and not securing a deal that might have averted disaster.



**MARCH 24**  
JPMorgan CEO Jamie Dimon raises his firm's bid for Bear Stearns to \$10 a share, or \$1.2 billion, to quell objections to the deal. Bear had been worth about \$20 billion at the start of 2007.

**APRIL 1**  
Lehman Brothers, which has been battling rumors that it is on the ropes, sells preferred convertible shares to raise \$4 billion in new capital. Its shares rise 18%.

**MAY 8**  
Insurer American International Group posts a \$7.8 billion loss, and says it will raise \$12.5 billion to replenish its balance sheet.



**MAY 21**  
Hedge-fund manager David Einhorn tells a room full of high-profile investors at a conference that he is shorting Lehman. He questions the firm's accounting, and says Lehman will need to take significant write-downs when it next reports results.

**JUNE 15**  
AIG's board forces out CEO Martin Sullivan. He is succeeded by Chairman Robert Willumstad, who promises to have a "game plan" for turning around the struggling insurer by Labor Day.

The firm he once ran exists only as a shrinking knot of assets and legal disputes. But there are signs that Lehman, the largest bankruptcy in U.S. history, is getting closer to winding down: The estate that manages Lehman's assets has resolved all but \$4.1 billion of the \$1.2 trillion in claims brought against it since the filing.

For his part, Mr. Fuld today spends his time running Matrix Private Capital LLC, a financial-advisory firm he opened seven months after Lehman's collapse.

Advice to his new staff often comes wrapped in a favorite saying: "If you have any doubts about what you're doing, always fall back on the truth." If Lehman comes up—and it does occasionally—it's often as the backdrop to a story Mr. Fuld has shared on the way Wall Street used to work, those employees said.

He reads a lot and is often eager to share what he's learned with the people around him, says Carla Schiavo, who served as Mr. Fuld's assistant at Matrix from 2010-14.

Mr. Fuld makes the same commute from his longtime home in Greenwich, Conn., to midtown Manhattan, satisfying an itch to stay close to the financial system's core. "I don't think Dick Fuld is a person who could ever not work," says Ms. Schiavo.

Building Matrix hasn't been easy, friends and former colleagues say. It had struggled to gain traction with clients, many of whom were wary of being criticized for working with Mr. Fuld.

Matrix has 16 employees and about \$200 million in assets under management, according to a person familiar with the firm, up from \$124 million last year.

"He's still searching for what the right objective of Matrix is, the right palette of activities," says Peter Cohen, the retired chairman of Cowen Inc., who had been Mr. Fuld's boss decades earlier at Shearson Lehman.

"But he is upbeat, positive."

In the decade since Lehman's demise, friends and former colleagues say, Mr. Fuld has grown more hopeful that history will judge him on one important point: Lehman didn't have to die.

A recent book on the subject piqued his interest, these people say. It was "The Fed and Lehman Brothers: Setting the Record Straight on a Financial Disaster," written by Johns Hopkins University economics professor Laurence M. Ball. The book argues that Lehman had ample collateral to justify a U.S. government loan that would have stayed off bankruptcy, rejecting statements from former officials that such a bailout would have been illegal. Mr. Ball's case closely mirrors arguments made by Mr. Fuld and other former Lehman executives since the crisis.

"If you bail out AIG...why not Lehman?" asks Lawrence McDonald, a former bond trader at the firm who co-wrote a book recounting the bank's collapse, "A Colossal Failure of Common Sense: The Inside Story of the Collapse of Lehman Brothers." "Lehman only needed \$32 billion," he says, compared with \$182 billion committed to stabilize insurer American International Group Inc., one week after Lehman's demise. The AIG aid eventually was fully recovered.

The notion that an academic had reached some of the same conclusions has given Mr. Fuld some measure of vindication, friends and former colleagues say.

"He was very happy about Ball's book," says Tom Russo, a former Lehman general counsel who has remained one of Mr. Fuld's closest allies. "As time goes on, the truth comes out. He feels, over time, that history will be accurate."

—Corrie Driebusch contributed to this article.

**Mr. Fuld still occasionally seethes over the government's refusal to rescue Lehman as it had many other financial firms under duress.**

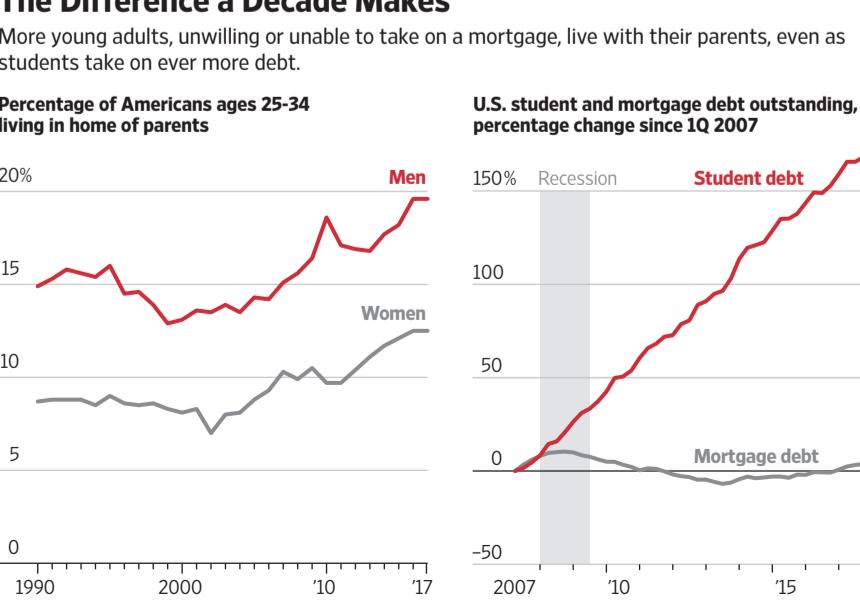


VICTOR J. BLUE/BLOOMBERG NEWS

## The Difference a Decade Makes

More young adults, unwilling or unable to take on a mortgage, live with their parents, even as students take on ever more debt.

**Percentage of Americans ages 25-34 living in home of parents**



## RISK AVERSE

**24%**  
The percentage of American households that held stocks or mutual funds in 2016, down from nearly 30% in 2007.

For more from the interview, visit WSJ.com.

## THE CRISIS | A DECADE LATER



PEP MONTESERATT

WALL STREET

## Banks Lost The Battle for Power

By LIZ HOFFMAN

## ORAL HISTORY

**Henry Paulson**

Former Treasury Secretary

*As secretary of the U.S. Treasury in 2008, Henry Paulson was a central player as the U.S. government worked to prevent the potential collapse of the financial system.*

We came so close to really going into an abyss. It could've been much worse. There are a lot of lessons, but the biggest one is that you can't get Congress to act unless there's a true emergency. And then it takes time. As a colleague of Tim Geithner's so aptly said, it's like you're a firefighter and you need to go to Congress to get the fire engine. It can be costly if you don't have the authorities you need. We had a balkanized, outdated, financial regulatory system that didn't keep up with the modern financial system. So much was done away from the banks, yet there was insufficient oversight, visibility, or authorities for dealing with failing non-banks. Lehman really shocked the political system and allowed us to get the authorities we needed.

Congress has taken away some of the most important tools we used to avoid catastrophe. Importantly, we have a new rule for dealing with a failing financial firm but the congressional intent is that no government money will be used. It remains to be seen how this will work because it takes government money to stop a severe panic. What we did was highly unpopular. The public would like to see you punish the arsonist, but we could not have quickly recapitalized the financial sector if we used punitive terms. We put capital into 700 banks, all the money came back with a profit and we avoided a collapse of the system. I'm proud we worked on a bipartisan basis, with continuity across two administrations.

*—Edited and condensed from an interview with Justin Baer*

Catch him in an unguarded moment, and Lloyd Blankfein will tell you his biggest strategic regret in 12 years running **Goldman Sachs Group Inc.**

It isn't the mortgage trades that invited public wrath or the congressional testimony that fanned the flames, although there are things he would do differently on both fronts. It is a missed deal.

In 2009, Goldman was outbid for an index-funds business that **Barclays PLC**, the British bank, was selling. Called iShares, it was a leading player in a fast-growing but still unproven business: passive investing, which doesn't try to beat the market but simply match its returns.

Instead, iShares was sold to **BlackRock Inc.**, where it became the backbone of what is today a \$6.3 trillion empire, the largest asset manager in the world.

That deal, more than any other struck during the financial crisis, captures the shift that has reshaped Wall Street in the decade since. Profits, assets and influence have moved from investment banks such as Goldman to money-management giants such as BlackRock and Vanguard Group Inc.

These firms were once sleepy clients of Wall Street. Today they are its power brokers, directing huge flows of capital and capturing the lion's share of the finance industry's fees.

In 2009, BlackRock faced criticism that it had overpaid for iShares. Today investment bankers and traders speak privately about needing to "feed the Fink"—to ensure that the firm, run since its 1988 founding by former bond trader Laurence Fink, receives sufficient fees and attention, given its clout.

Assets at BlackRock, Vanguard, State Street Inc. and Fidelity Investments have doubled since 2009, to \$16.5 trillion. Vanguard, based in the Philadelphia suburb of Malvern, Pa. (population: 3,400), brought in \$1 billion a day of new money last year.

Meanwhile, the country's 10 largest banks in 2007 are 6% smaller today.

It is a remarkable power shift between Wall Street's two camps: "sell-side" banks and their "buy-side" clients. Banks, which act as trading partner, lender and custodian, once firmly held the upper hand. They built complex securities—at times foisting them on unsophisticated investors, courts would later find—and charged high fees that they amplified with debt.

In the decade since the crisis, the pendulum has swung the other direction. Washington forced banks to get smaller and safer. The government flooded the economy with money, which acted as a financial lubricant, pushing markets higher and smoothing out the swings that Wall Street traders had once exploited for profit.

Meanwhile, low interest rates discouraged saving and incentivized a generation of scammers to invest in the market. When they did, they opted for the low-cost index funds rolling out at Vanguard and others on the buy side, which promised to capture the gains from a steadily rising stock market while charging fees that were near zero.

That shift appears to tell a reassuring story, as staid asset managers—some of them run for the benefit of private investors or mutual fund-holders, rather than profit-hungry public shareholders—dethrone the banks whose casino culture brought the economy to the brink of collapse.

But "financial risk hasn't gone away," said Michael Silva, a former bank examiner at the Federal Reserve now at DLA Piper, a law firm. "All the risk that has come out of the banks just went somewhere else."

Giant asset managers, he said, share some similarities to the investment banks of the 2000s—"not as well understood by the market or regulators as they should be."

The market got a glimpse of those potential risks on Aug. 24, 2015. Fears of a downturn in the Chinese economy hit U.S. markets. Trading in many index funds was halted

## JUNE 16

**Lehman Brothers** posts a \$2.8 billion quarterly loss, but CEO Richard Fuld insists the firm can "go it alone" without a bigger bank as a partner.

## JULY 15

Treasury Sec. **Henry Paulson** asks Congress for an unlimited authorization to recapitalize mortgage giants **Fannie Mae** and **Freddie Mac**. Said Mr. Paulson:



**'If you've got a bazooka, and people know you've got it, you may not have to take it out.'**

## SEPT. 7

Mr. Paulson announces a plan to take control of Fannie and Freddie and replace their CEOs. Treasury pledges to provide as much as \$200 billion to the companies as they cope with heavy losses on mortgage defaults.

## SEPT. 9

Lehman shares fall 45% after Korea Development Bank, which had been in talks with Lehman about providing a capital infusion, says it has closed the door on a possible deal.

## SEPT. 11

Lehman's Fuld spends the day looking for potential buyers for his firm in consultation with federal regulators. Bank of America is in preliminary discussions about a transaction. Lehman shares fall another 42%.

## SEPT. 12

S&P threatens to downgrade AIG; its shares fall

as stocks whipsawed. For a few hours, wide gaps opened up between the price of these funds' units and the prices of the basket of stocks they are meant to track, leaving investors holding the bag and suggesting that passive products are more complicated than they had been billed.

And that's just in U.S. stocks. Elsewhere, money managers have plowed billions of dollars into new products that wrap risky investments, such low-rated corporate debt, into instruments that imitate stocks. Known as "liquid alternatives," these funds are traded on exchanges and redeemable for cash daily.

More than \$220 billion as of March was invested in such products, which haven't yet been tested in a prolonged downturn, according to Morningstar. Smaller tests haven't been entirely reassuring. During a December 2015 hiccup in the bond market, a \$789 million fund run by Third Avenue Management LLC, packed with junk-rated debt, barred customers from withdrawing their money, saying it couldn't meet redemptions without selling assets at fire-sale prices. The fund is being wound down.

Some experts worry that when the next bout of turmoil hits, the concentration of assets at the biggest money managers will deepen the rout as everyone rushes for the exits. Unlike the largest banks, which since 2009 have submitted to annual Federal Reserve "stress tests" validating their soundness, asset managers haven't been subject to poking and prodding at making sure they'll hold up in good times and bad.

"We are unlikely to have another banking crisis," Mr. Silvia, the former Fed examiner, said. "But we are still as vulnerable—if not more so—to a financial crisis."

The financial sector as a whole hasn't shrunk since 2008. In fact, the pie is growing: Revenues across the industry have grown by 26% since 2006, to \$671 billion last year, according to Boston Consulting Group.

Banks' share of that is shrinking, though, to one-third in 2017 from one-half in 2006, according to BCG. The proportion earned by money managers such as BlackRock rose to 49% from 39% over that period, and is now the largest single chunk. Exchanges and financial-technology firms have also gained at banks' expense.

Even inside Wall Street banks, the axis has shifted toward steadier buy-side businesses. Morgan Stanley and Bank of America Corp. have embraced retail, charging individual clients fees of as much as 1% to invest their wealth—asset-management writ small. Citigroup Inc. in August reorganized its consumer business around a U.S. strategy that will emphasize wealth and asset management.

At Goldman, the firm's asset-management arm accounts for 19% of firmwide revenue, compared to 10% in 2007. The trading division's share has slipped from 65% to 37% over that period.

And nearly a decade after missing out on iShares, Goldman is building its own passive index-funds business from scratch to compete. Goldman has gathered about \$10 billion since the effort began in 2015. Over the same period, BlackRock added \$1.2 trillion.

## THE COLLAPSE

## A Rough Day To Start At Lehman

By CORRIE DRIEBUSCH

September 15, 2008, was one of the darkest days in the history of Wall Street. For four new college graduates, it was also their first day of work at **Lehman Brothers Holdings Inc.**

Sohil Sheth, Justin Gaines, Brian Grossman and Luvleen Sidhu walked through the doors of Lehman just as the venerable investment bank filed for bankruptcy protection, an event that sent shockwaves around the globe. The aftershocks continue to define many aspects of American life a decade later.

The crisis provided these unlucky millennials with a new perspective. Big institutions were no longer infallible. Wall Street no longer offered a guaranteed career path. Life was more fragile than they knew.

One thing was certain: Their world would never again look the same.

**Sohil Sheth**

Works for Boston technology firm Harding Point

My junior year at Amherst, everyone was trying to get an internship in New York at a bank, and I got one with Lehman's investment management division. All we heard from executives was that Lehman was going to be the next **Goldman Sachs**.

The summer of 2008 I moved to New York for training. I was definitely getting nervous that maybe they would start laying people off. But the messaging at Lehman was

In the decade since the financial crisis, money managers such as BlackRock and Vanguard have attracted trillions of dollars of investor cash. The largest banks, reeling from the meltdown and laboring under new regulations, have shrunk. The result is a swing in power on Wall Street.

## Total assets, in trillions\* ■ Banks ■ Asset managers



The crisis sparks a series of bank mergers as regulators scramble to shore up the system. JPMorgan buys Washington Mutual and Bear Stearns; Bank of America buys Merrill Lynch and Wells Fargo swallows the much larger Wachovia. The 10 biggest banks in America become six in the span of a year.

BlackRock completes the acquisition of Barclays' index-fund business, instantly becoming the largest asset manager in the world. BlackRock is criticized for overpaying to win a bidding war for the business.

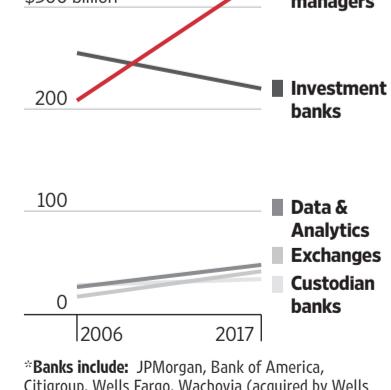
The biggest U.S. banks start undergoing annual government "stress tests" to see how they would fare in a meltdown. The result: They have to get smaller and safer, quickly.

More trading scandals, this time at JPMorgan and UBS, ramp up pressure on banks to scale back those businesses. That means slicing the hundreds of billions of dollars of securities they hold in their portfolios.

Morgan Stanley slashes its risk-weighted assets by 16% as banks keep shrinking, mostly by downsizing their trading arms.

Bargain-basement funds are catching on. The lowest-cost 20% of funds add some \$600 billion, while \$400 million flows out of the remaining 80%, according to Morningstar.

Vanguard takes in \$1 billion a day in new money. By year's end, assets managed by Vanguard, BlackRock, Fidelity and State Street surpass \$16 trillion, almost triple the 2007 level.



\*Banks include: JPMorgan, Bank of America, Citigroup, Wells Fargo, Wachovia (acquired by Wells Fargo in 2008), Washington Mutual (acquired by JPMorgan in 2008), Merrill Lynch (acquired by Bank of America in 2008), Lehman Brothers (closed in 2008), Goldman Sachs, Morgan Stanley. Asset managers include: BlackRock, Vanguard, State Street, Fidelity, and State Street. Sources: The companies (assets); Boston Consulting Group (revenue).

Reporting by Liz Hoffman, Graphic by Kiersten Schmidt / THE WALL STREET JOURNAL.

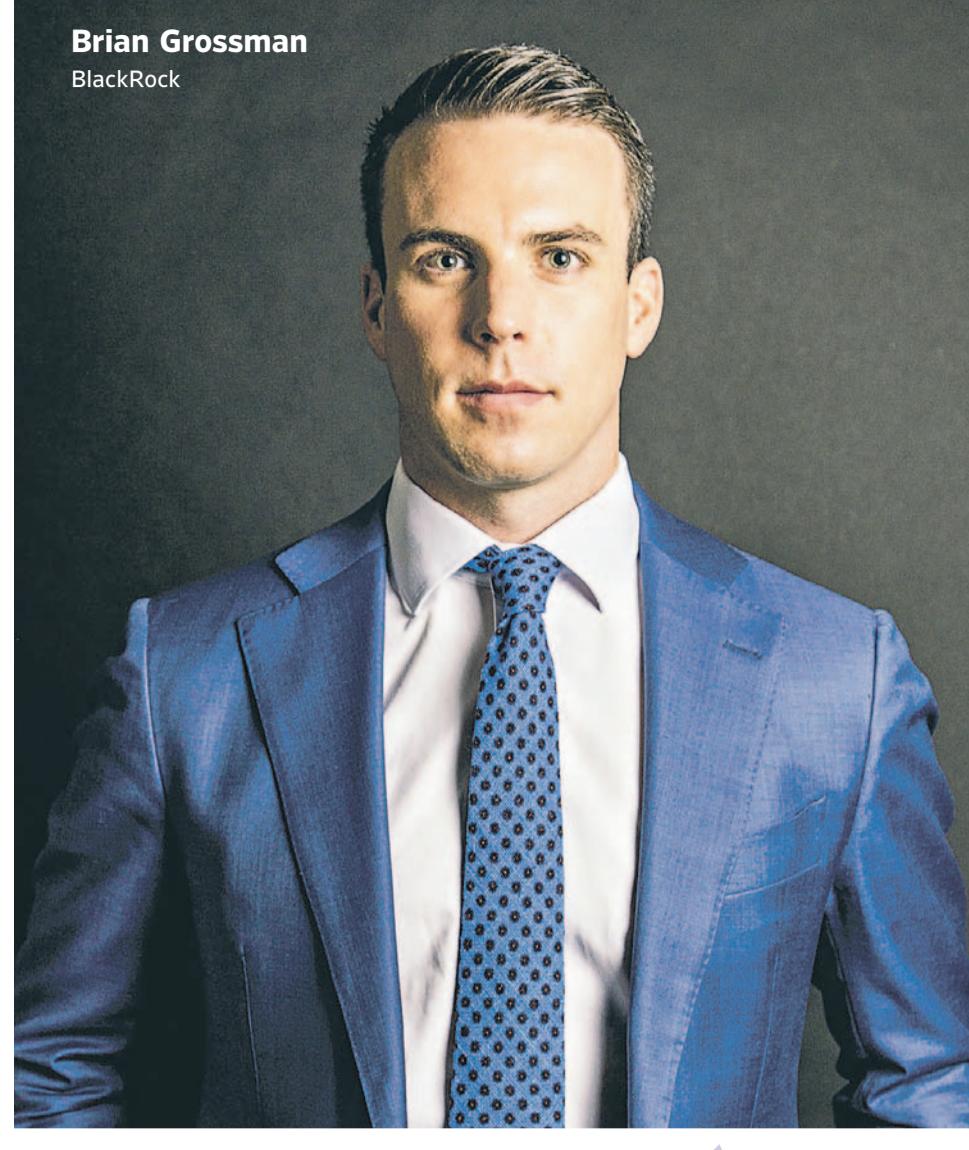
## THE CRISIS | A DECADE LATER

**Justin Gaines**  
Matrix Private Capital



**Brian Grossman**

BlackRock



**Luvleen Sidhu**  
BankMobile



**Sohil Sheth**

Harding Point



GAINES, GROSSMAN, SIDHU: MICHAEL BUCHER/THE WALL STREET JOURNAL; SHETH: DOUG LEVY FOR THE WALL STREET JOURNAL

'don't worry.' There's no way the government would let anything happen to a company as big as Lehman.

I was preparing for a licensing exam in my apartment on Sunday, Sept. 14, and there was a new news story every minute. I refreshed my computer browser and all of a sudden there was a headline that Lehman declares bankruptcy. I got that feeling in the pit of my stomach. The next day we all went in to work, but everyone was a zombie.

I kept working there, but this cloud was hanging over us. I worked in the fund of hedge funds group for 2½ years, but then got super jaded. I went to Peru and worked for a nonprofit for almost a year.

A decade ago I defended the finance industry. Looking back, it's tough to be socially conscious and work in it. I'm not saying tech is saving the world, but there's more practical applications that can apply to a lot of people than just making the rich richer.

### Luvleen Sidhu

Co-founded digital banking startup BankMobile

I interned at Lehman after my sophomore and junior years at Harvard. I graduated in 2008 and started six weeks of training, and the first day on the job was the bankruptcy. I remember contacting HR and I asked, should I come in? The response was, 'please come in, it's business as usual.'

My first day was kind of crazy, in an eerie way that we were ignoring reality. No one was acting panicked. No one was acting out of line, though maybe they were behind closed doors.

For it to happen the first day of my career, it really showed the fragility of things. I was gung-ho Lehman. I still have our Lehman bag. Lehman squishy ball. Lehman training binder. I thought I was going to a top investment bank.

I think it was for the best in hindsight. We had this clear trajectory: Go to a top undergrad school, do banking or consulting, then go to business school. All those things still happened, but what changed I think is entrepreneurship really blossomed. You realized that's not the only path in life to make you feel you accomplished something.

### Justin Gaines

Works for Matrix Private Capital LLC, the New York advisory firm founded by former Lehman CEO Dick Fuld

I moved to New York in June 2008, and began my training at Lehman the next month. I'd loved my internship

31%. Merrill Lynch, which has recently offloaded billions of dollars of mortgage assets at fire-sale prices, falls 12%. After markets close for the week, Treasury's Paulson, the Fed's Bernanke and his top New York lieutenant, **Timothy Geithner**, summon some 30 Wall Street executives for an emergency meeting at the Fed's offices in Lower Manhattan to discuss Lehman's future. Mr. Geithner tells the assembled executives:



**'There is no political will for a federal bailout.'**

SEPT. 13

Bank of America backs away from a potential deal with Lehman as dozens of representatives from Wall Street firms debate ways to rescue the firm. Some still expect the government will step in.

the year before. Dick Fuld even hosted a breakfast for all interns from Middlebury [College] because he was a trustee there. But in summer 2008 all these rumors were swirling. We were watching the stock market and Lehman's stock kept falling. I bought some at \$5 a share, and that was my first investment mistake.

I took my licensing exam the morning of September 15. I then went into work at Lehman's office on 40th and 3rd Avenue. There were some tumultuous times, but I was fortunate that my position was maintained at Neuberger Berman [an investment management firm then owned by Lehman], and I spent eight years there.

Looking back, it helped me be able to think about markets differently. It's something most people will never forget, but to happen on the first day of my career, it's seared into my memory.

In a way I've come full circle. I now sit down the hall from Dick Fuld at Matrix.

### Brian Grossman

Works for BlackRock Inc. in New York

In 2007 I went to campus recruiting by banks, and it was really attractive to go to a place like Lehman. People were advancing very quickly, getting a ton of experience and making money very quickly. The culture at Lehman was really strong, and there was a lot of pride in how it was competing as a smaller rival.

When I was on spring break in 2008 I didn't have reception on my phone. When my plane landed I had voicemails about Bear Stearns going under, and the news kept saying Lehman is next. That was pretty scary. So I started interviewing other places, but at the end of the day I decided to go through with Lehman.

During training, everyone was learning to do things like model Excel while we watched the stock price drop. The day we heard about the bankruptcy I was in my apartment preparing for a licensing exam and emailing with my analyst class. We decided we had to still take the exam that Monday morning because if they're going to make cuts if you fail you'll get cut.

It was sad to watch Lehman go under, but it was exciting to be in the early years of my career and able to witness the industry change during that time. That was one of the valuable lessons working toward my current position, which I see myself in long term.

*These interviews have been lightly edited and condensed.*

**'I got that feeling in the pit of my stomach.**

**The next day we all went in to work, but everyone was a zombie.'**

### TROUBLED TIMES

**28,600**

The approximate number of people employed at Lehman Brothers when it failed.

## THE CRISIS | A DECADE LATER

HOUSING

# The Father Of Mortgage Bonds Has Regrets

BY CEZARY PODKUL

When Lewis Ranieri invented mortgage bonds, he never thought it would turn out this way.

Four decades ago, Mr. Ranieri was at the helm of a revolution in how Americans finance their homes. Until then, mortgages largely stayed on the books of local savings banks. Mr. Ranieri created a secondary market that packaged mortgages into securities sold to investors.

For that he was immortalized in Michael Lewis's book "Liar's Poker," which profiled Mr. Ranieri's mortgage-trading department at investment bank Salomon Brothers in the 1980s.

As the mortgage market grew, so did the securitization of increasingly risky and fraudulent loans. In 2008, the housing market collapsed, setting off one of the worst crises that has ever shaken the global financial system.

"I'm the guy who played a central role in this home thing and I regret it because...it got abused beyond everybody's imagination," says Mr. Ranieri, 71 years old.

A Catholic who keeps a crucifix on his desk, he doesn't shy away from his share of the blame.

"I will never, ever, ever live out that scar that I carry for what happened with something I created," he says. "It did so much damage to so many people."

There's no going back. Today, the market for securities backed by Americans' mortgage payments totals about \$7.2 trillion, according to data compiled by the Securities Industry and Financial Markets Association. That's about the same as in mid-2008.

Many of the families affected by the housing crisis were just like his own. Mr. Ranieri's father died when he was 12 and his mother struggled to support the family; money was so tight that he remembers searching for spare change in the coin slots of phone booths.

A classified ad led him to the night shift at the mailroom at Salomon Brothers and later its trading floor. His mortgage-trading desk became so profitable that Mr. Lewis dubbed them "the fat men and their marvelous money machine."

In his Uniondale, N.Y., office, surrounded by ancient vases and Civil War artifacts, he attempts to deconstruct what went wrong in the mortgage market. He holds up a photo of himself with President Reagan in 1984, when Mr. Reagan signed into law a bill Mr. Ranieri had championed.

"This is where it all started," he says.

Back then, investors could only hold mortgage-backed securities if they were sold by one of the big three government-sponsored guarantors—Fannie Mae, Freddie Mac or Ginnie Mae.

Mr. Ranieri urged Congress to ease restrictions so more pension funds, insurance firms and banks could invest in privately issued mortgage securities. A law firm hired by Salomon Brothers suggested language for the bill and helped lobby for its passage.

To safeguard investors, the law defined mortgage



SEPT 14

Barclays, the U.K. bank, withdraws as the last potential buyer for Lehman. It becomes clear the bank will fail. AIG's Willumstad tells the Fed's Geithner the insurer needs a lifeline. Merrill Lynch CEO John Thain agrees to sell his firm to Bank of America for \$50 billion.

SEPT. 15

Lehman files for bankruptcy. The Dow industrials fall 504 points. Moody's and S&P cut their ratings on AIG, a move that means its trading partners can demand an additional \$14.5 billion in collateral.

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## THE WALL STREET JOURNAL.

FRIDAY, SEPTEMBER 14, 2008 VOL. CCLXV NO. 42

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AIG, Lehman Shock Hits World Markets

Focus Meets to Rate of Giant Insurer After U.S. Allows Investment Bank to Fail; Barclays in Talks to Buy Core Lehman Unit



SEPT 16

Markets rally sharply as word spreads that U.S. regulators have reversed course and will intervene to prevent AIG from falling into bankruptcy. After the close, the Fed promises \$85 billion to the insurer. The Reserve Primary Fund, a money market fund, says losses on Lehman mean net asset value fell below \$1 per share—a rare development that sows panic in related assets.

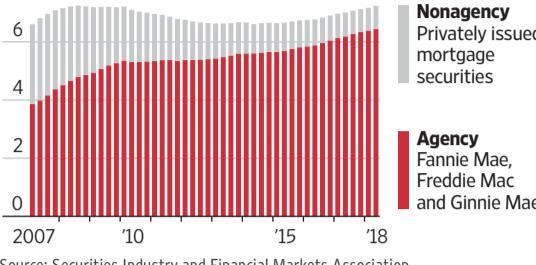
SEPT. 17

The Dow industrials fall 449 points; Morgan Stanley plunges 24%; Goldman drops 14% as investor concerns grow about whether another financial powerhouse is on the brink of failure.

## Government-Backed

The market for residential-mortgage-backed securities has become increasingly dominated by government-backed mortgage guarantors since the 2008 financial crisis.

\$8 trillion



Source: Securities Industry and Financial Markets Association

THE WALL STREET JOURNAL.

securities as debt rated in one of the two highest categories by at least one credit-ratings firm. Mr. Ranieri told House lawmakers at a 1984 hearing that the requirement would "provide substantial investor protection."

He also testified that the Securities and Exchange Commission would require broker-dealers of mortgage securities to keep sufficient capital cushions and provide "adequate protection" against any problems. Loan underwriters would also help ensure the market's integrity, he predicted.

That's not what happened.

"All of the safeguards we thought we had got blown away like they were never there," Mr. Ranieri says as classical music plays in the background. He says he is most upset at the ratings firms.

"We put them in business. They were part of the bill," he says.

The problem was that security issuers pay the rating firms to rate their deals, resulting in pressure to inflate ratings. A decade after the collapse, that's still the industry's business model.

As for the SEC, Mr. Ranieri says the agency "never took jurisdiction" of the mortgage-backed-securities market, allowing it to become increasingly opaque. The SEC declined to comment.

In the spring of 2008, Mr. Ranieri confided to a close friend, Mark Goldhaber, that he couldn't understand the risks behind Wall Street's newest breed of mortgage-backed securities, collateralized debt obligations, after spending a day reading the prospectus of one of them.

"If you can't figure it out, that's a bad sign," Mr. Goldhaber told him.

The risks weren't well understood in other corners of the market, either. The U.S. government's official inquiry into the financial crisis faulted Fannie Mae and Freddie Mac for taking on more risk when the first cracks in the housing market started to show, including by buying tens of billions in subprime-mortgage-backed securities sold by Wall Street banks.

Mr. Ranieri traces the origins of Fannie Mae's risk-taking to the early 1980s, when the market feared Fannie Mae—then a shareholder-owned corporation—might default. If it did, it was unclear whether the federal government would come to the rescue.

The crisis was resolved in November 1982, when the Treasury Department sent Standard & Poor's a letter saying the "special status" of Fannie Mae's debt should be considered when evaluating the firm's securities.

The letter's author, then-Assistant Treasury Secretary Roger Mehle, says he didn't tell the market anything it "didn't already, or couldn't, know." Mr. Ranieri believes the letter cemented the market perception that the government would stand behind Fannie Mae in any crisis.

That prediction came true in 2008 when the government took over Fannie Mae and its competitor, Freddie Mac. Since then, Congress has failed to act on any plan to reorganize them and the two continue to pump massive leverage into the U.S. housing market; each has assets worth more than 400 times the equity on its books.

The two firms are highly leveraged because their capital rules have been suspended since 2008 while they're under government control, according to Sandra Thompson, a deputy director at the Federal Housing Finance Agency, which oversees Fannie and Freddie. She said the two firms are prohibited from buying the types of mortgages that got them into trouble before 2008 and are now transferring more of their risks to investors. Representatives for Fannie Mae and Freddie Mac said the two are very different companies compared with 10 years ago.

Mr. Ranieri thinks the debate over their future misses a bigger, more fundamental problem: While government financing remains plentiful, affordable housing is disappearing fast.

He doesn't think U.S. housing policy is helping to fix the problem. Size limits on mortgages guaranteed by Fannie Mae and Freddie Mac now far exceed median home sale prices. Mr. Ranieri worries such generous government support may ultimately encourage "financial engineering" to make homeownership more manageable. He believes that already definitions of reasonable debt-to-income ratios are being stretched, undermining safeguards put in place by the 2010 Dodd-Frank financial-overhaul law.

It's the thought of such lending practices reappearing in the market that most bothers Mr. Ranieri. After foreclosures began sweeping America in 2007, he raised private-equity funds to buy delinquent loans and launched Selene Finance, a company that serviced and sought to modify them to avoid foreclosure. The goal was to make money from loans whose borrowers resumed payments while also helping the victims of bad lending practices.

Mr. Ranieri sometimes personally advised homeowners on their options, even if Selene wasn't involved, according to Karen Bellezza, who worked on the mortgage modifications.

Mr. Ranieri recalls trying to help modify the toxic mortgage of a hospital worker who had sunk his life savings in a home for his family. When he told the man he had no choice but to give up his home, he broke down crying.

"It ripped my guts out," Mr. Ranieri says. It was a moment of realization that there were "hundreds of thousands of families who were being hurt."

Lewis Ranieri was immortalized in Michael Lewis's book 'Liar's Poker.' Now he harbors deep regret for what happened with the mortgage bonds he invented.

'I will never, ever, ever live out that scar that I carry for what happened to something I created,' says Lewis Ranieri. 'It did so much damage to so many people.'



## THE CRISIS | A DECADE LATER

# The Financial Crisis Changed Home Buying Forever

**Getting a piece of the American Dream looks a lot different than it used to**

By Christina Rexrode and Hanna Sender

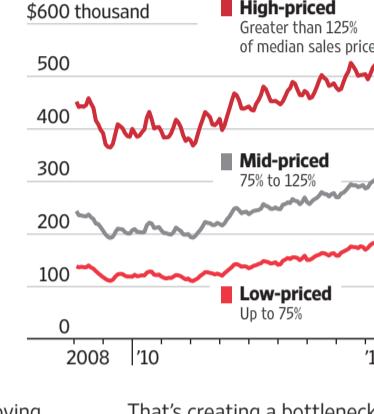
Would-be buyers are competing for a relatively small number of homes, which is pushing up prices.

**Home prices, change from year earlier**



Prices are going up by the biggest proportion for lower-priced homes.

**Average sales prices**



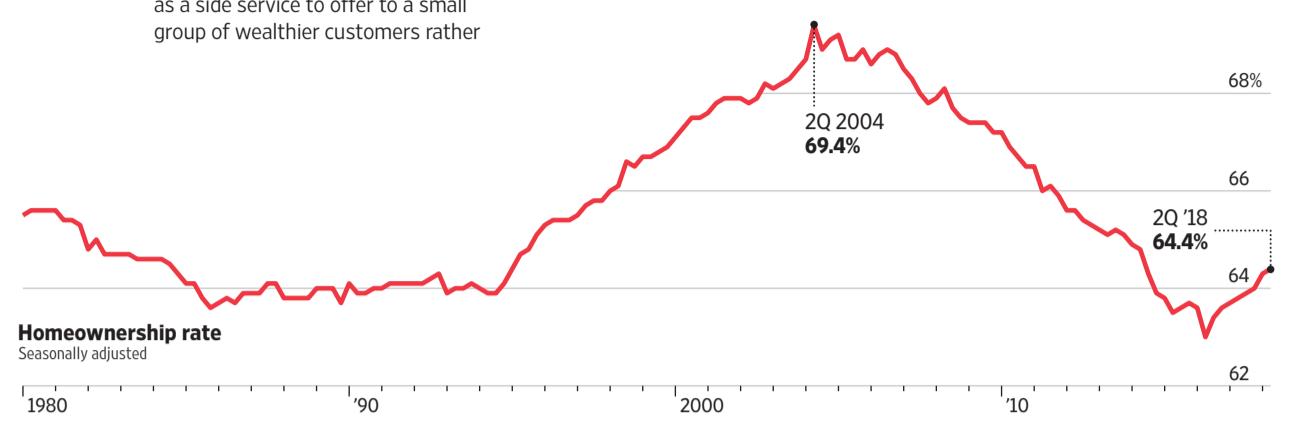
It was easy—too easy—to buy a house in the years leading up to the housing crisis. Not today.

Lenders have tightened their standards, and many banks now view mortgages as a side service to offer to a small group of wealthier customers rather

than a big-volume revenue generator.

What's more, developers have pulled back from building after getting stuck with a glut of half-built or unsold homes in the crisis. That is pushing up

home prices, which have climbed almost 75% since hitting a low in 2012. Home sales are slowing as a result, as many renters have given up on the idea of being able to buy a home.

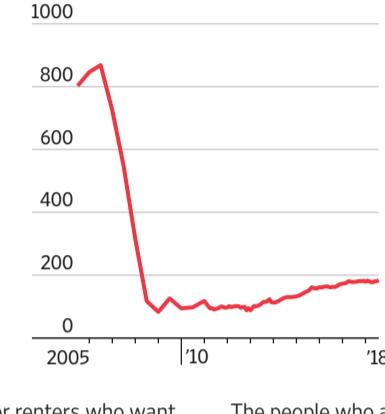


Even those who can find a house can't always get a mortgage.

Mortgage rates are going up, which changes what buyers can afford.

The mortgage market has shrunk, and refinancings are expected to keep declining as interest rates rise.

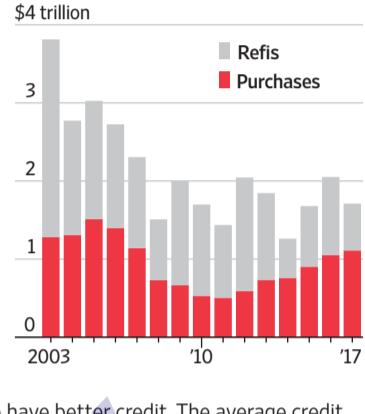
**Mortgage credit availability index**



**Average rate on 30-year mortgage**

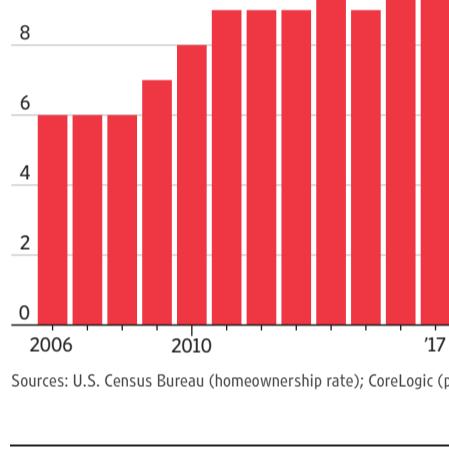


**Mortgage originations**



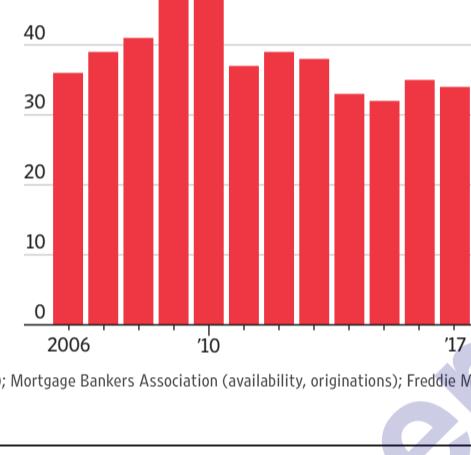
People who already own homes aren't moving because it's hard to find another home.

**Median seller tenure in home**



That's creating a bottleneck for renters who want to buy their first home. A smaller portion of homes are being sold to first-time buyers.

**First-time home buyers**



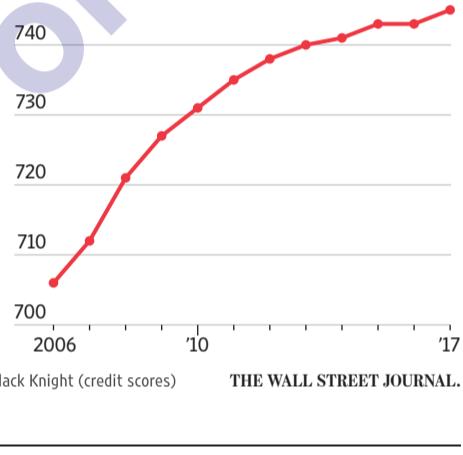
The people who are buying homes are older.

**Median age of a home buyer**



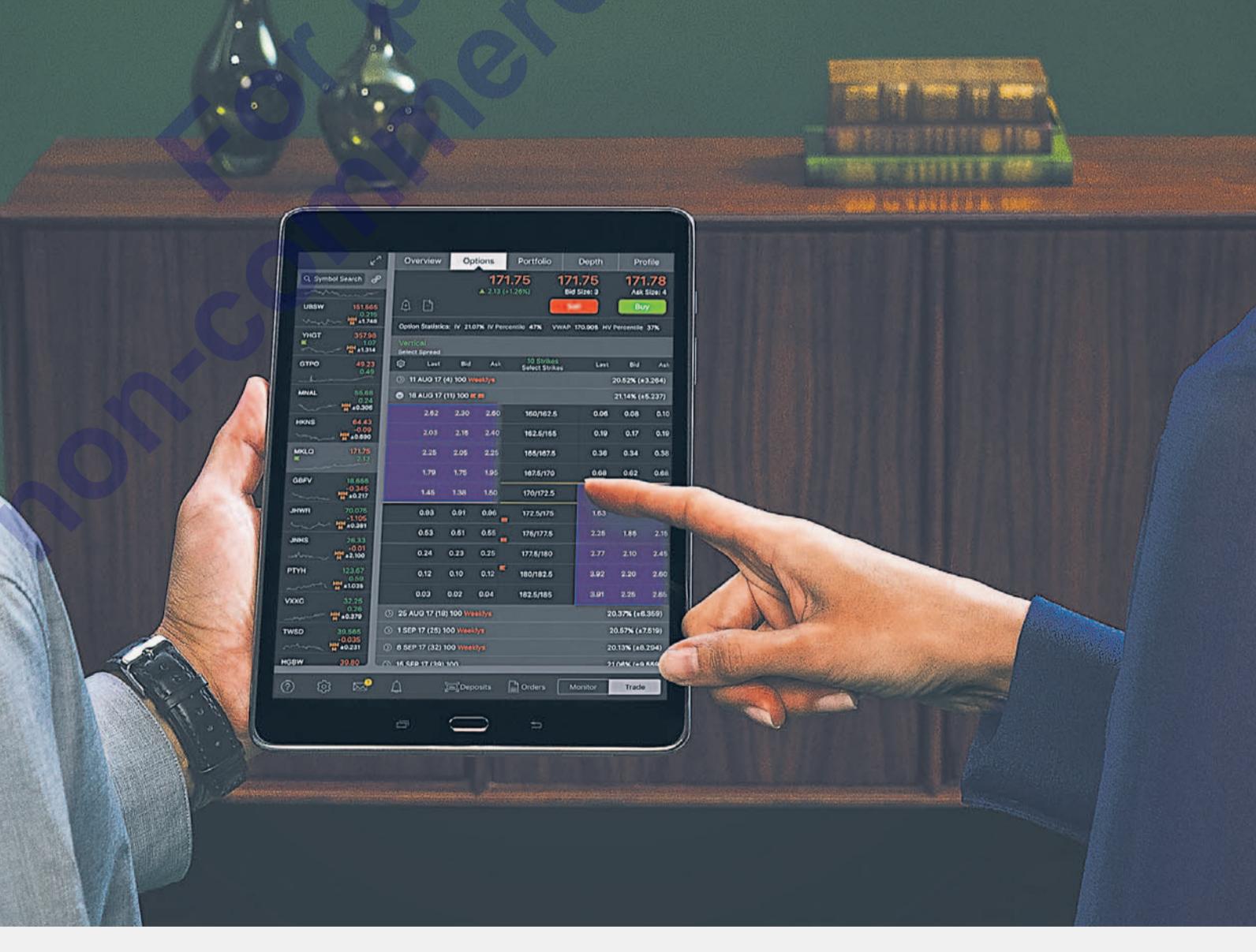
They also have better credit. The average credit score last year for home buyers, 745, is well within prime territory.

**Average credit score on purchase loans**



Sources: U.S. Census Bureau (homeownership rate); CoreLogic (prices); Mortgage Bankers Association (availability, originations); Freddie Mac (interest rates); National Association of Realtors (tenure, first-time, age); Black Knight (credit scores)

THE WALL STREET JOURNAL.



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## THE CRISIS | A DECADE LATER



The atmosphere at Freedom's office in Mount Laurel, N.J., above, is both casual and competitive. 'We want it to be fun when people come to work,' says Chief Executive Stan Middleman, above right.

## HOUSING

## The New Mortgage Kings

By CHRISTINA REXRODE  
AND ANNAMARIA ANDRIOTIS

One afternoon this spring, a dozen or so employees lined up in front of Freedom Mortgage's office in Mount Laurel, N.J., to get their picture taken. Clutching helium balloons shaped like dollar signs, they were being honored for the number of mortgages they had sold.

Freedom is nowhere near the size of behemoths like Citigroup Inc. or Bank of America Corp.; yet last year it originated more mortgages than either of them, some \$51.1 billion, according to industry research group Inside Mortgage Finance. It is now the 11th-largest mortgage lender in the U.S., up from No. 78 in 2012.

Its rise points to a bigger shift in the home-lending business to specialized mortgage lenders that fall outside the banking sector. Such nonbanks, critically wounded in the housing crisis, have re-emerged to become the market's dominant players, with 52% of U.S. mortgage originations, up from 9% in 2009.

Six of the 10 biggest U.S. mortgage lenders today are nonbanks, according to the research group.

They symbolize both the healthy reinvention of a mortgage market brought to its knees a decade ago—and how the growth in that market almost exclusively has been in its less-regulated corner.

Since the crisis, banks have pulled away from mass-market mortgages. Today, nonbanks often represent the only route for first-time buyers and moderate-income families to get a mortgage.

Postcrisis regulations curb bank and nonbank lenders alike from making the "liar loans" that wiped out many lenders and forced a wave of foreclosures during the crisis. What worries some industry participants is that little has changed about nonbank lenders' structure.

Their capital levels aren't as heavily regulated as banks, and they don't have deposits or other substantive business lines. Instead they usually take short-term loans from banks to fund their lending. If the housing market sours, banks could cut off their funding—which doomed some nonbanks in the last crisis. In that scenario, first-time buyers or borrowers with little savings would be the first to get locked out of the mortgage market.

"As long as the good times roll on, it's fine," said Ed Pinto, co-director of the Center on Housing Markets and Finance at the American Enterprise Institute. "But all I can say is, we're in a boom, and you cannot keep going up like this forever."

Already, cracks are starting to show. Despite good economic news, home sales are slowing because of sky-high prices, and refinancings are drying up as interest rates rise. Many of the biggest nonbanks today didn't exist a decade ago, which makes some industry participants wonder how well they would navigate a new crisis.

Freedom was just a small lender in the last crisis. When it became hard to borrow money, Freedom Chief Executive Stan Middleman embraced government-backed loans on the theory they would offer more stability.

As Quicken Loans Inc., the biggest and best-known nonbank, grew with the help of flashy technology and advertising campaigns, Freedom stayed under the radar, buying smaller lenders and scooping up other companies' huge portfolios of loans, often made to relatively risky borrowers.

Mr. Middleman is fond of saying that one man's trash is another man's treasure. "I always believed that, if somebody is applying for a loan, we should try to make it for them," said Mr. Middleman, in shirt sleeves and with his company-ID on a lanyard around his neck, in an interview at his office.

In the first six months of this year, Freedom was the No. 5 lender of Federal Housing Administration mortgages and the No. 6 lender of Department of Veterans Affairs loans, according to Inside Mortgage Finance.

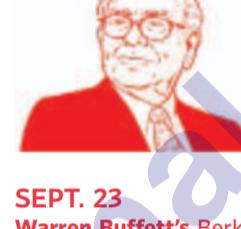
FHA loans have traditionally been made to first-time homeowners with weaker credit histories, and they tend to have higher delinquency rates. VA loans, for military veterans, can offer perks such as no down payments.

To encourage lenders to make these loans, the government guarantees through its mortgage corporation Ginnie Mae that investors who buy securities made of these loans will be repaid.

But if a borrower stops paying, there is usually a lag until the government guarantee is paid. In the meantime, the mortgage company servicing the loan has to pay in-

## SEPT. 21

**The Fed converts Morgan Stanley and Goldman Sachs into traditional bank holding companies, bringing them under the supervision of bank regulators.**



## SEPT. 23

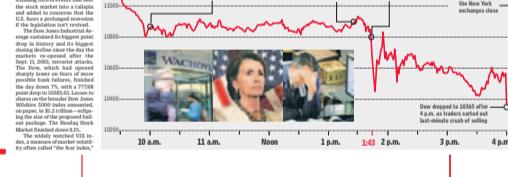
**Warren Buffett's Berkshire Hathaway invests \$5 billion in Goldman Sachs, getting preferred shares that pay a 10% dividend. The move is seen as a vote of confidence in the banking system by the famed investor.**

## SEPT. 29

**The U.S. House votes down the Bush administration's \$700 billion rescue package. The Dow industrials plunge 777.68 points, or 7%, to 10365.45, its largest-ever point decline at the time. Meanwhile, Japan's MUFG seals a deal to acquire a 21% stake in Morgan Stanley for \$9 billion.**

## THE WALL STREET JOURNAL.

### Bailout Plan Rejected, Markets Plunge, Forcing New Scramble to Solve Crisis



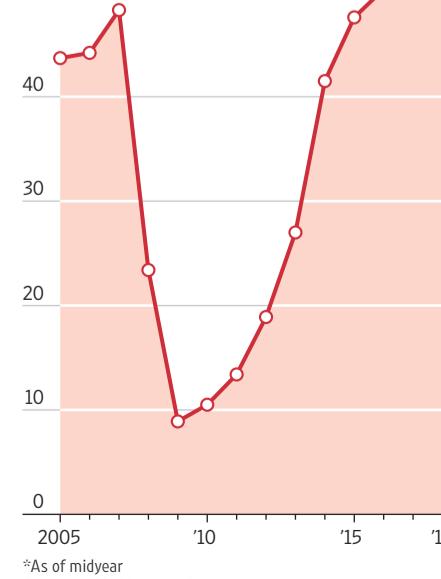
## OCT. 3

**After the House reverses itself and votes to pass the legislation, President Bush signs into law a \$700 billion plan to rescue the U.S. financial system.**

## Comeback

Mortgage lenders outside the banking sector have re-emerged since the financial crisis.

## Nonbank share of mortgage originations



## Top mortgage lenders, by originations

First half of 2018

Wells Fargo	\$91.5 billion
JPMorgan Chase	43.7
Quicken Loans	41.5
PennyMac	30.3
Bank of America	21.1
U.S. Bank	21.0
Caliber	20.9
United Wholesale	19.4
AmeriHome	17.6
loanDepot	17.5
Freedom Mortgage	17.4

THE WALL STREET JOURNAL

# \$1.71 trillion

The total mortgage originations, by dollar volume, in 2017, down from a peak of \$3.81 trillion in 2003.

Source: Mortgage Bankers Association

vestors each month as it waits for government reimbursement. In that scenario, some nonbanks could quickly run out of cash.

As for Freedom, Mr. Middleman said its capital levels are strong: "We're better capitalized than a lot of banks."

Last year, nearly three-quarters of Freedom's loans were FHA or VA, according to ComplianceTech's LendingPatterns.com. Across the industry, about one-quarter of loans were FHA or VA.

Mr. Middleman, 64 years old, started Freedom Mortgage in 1990, in a shared office behind a Department of Motor Vehicles branch in Cherry Hill, N.J. While some other large nonbank lenders are backed by private-equity money, Mr. Middleman and related trusts own Freedom, estimated to be worth between \$1 billion and \$1.5 billion, according to people familiar with it.

The atmosphere at the company's headquarters is at once casual and high pressure. Workers decorate their desks with stuffed animals representing their team names and call themselves "American dream makers." Posters praise those who make the most sales.

Some former workers said they found the culture offputting. Turnover is high, and loan officers in branches said they competed against Freedom's own call-center employees for the same customers.

Mr. Middleman touted Freedom's work culture: "We want it to be fun when people come to work." He said competition, even among co-workers, "sounds like the American way."

Ginnie Mae in June curbed the ability of Freedom and two other lenders to securitize certain VA mortgages. The agency had raised concerns that Freedom was repeatedly refinancing the loans, which can result in veterans paying unnecessary fees and higher interest rates.

Mr. Middleman said Freedom makes loans only if they benefit borrowers and that refinancings are driven by consumer demand.

Chris Hovouras, who lives in Wilmington, N.C., is grateful that Freedom issued his mortgage loan three years ago, even though he had just missed a student-loan payment. "They helped me out of a jam," he said. He has declined offers in frequent calls from Freedom associates of a refinance, because his broker said he'd pay the same amount in the end after adding in fees.

"They weren't rude," Mr. Hovouras said. "But it was like somebody wanted to check a box that they had gotten somebody to refinance."

During Freedom's rapid growth, state regulators have reprimanded the company for administrative slip-ups such as allegedly failing to file quarterly reports on time. A number of customers for whom Freedom handles property-tax payment have complained to the Consumer Financial Protection Bureau that Freedom has sometimes failed to pay their property taxes on time.

Mr. Middleman acknowledged that paperwork can sometimes fall through the cracks, especially when loans are transferred between lenders. "I never thought that we were perfect, but I know we can get better every day," he said.

While consumer advocates have criticized Freedom, some also say the company plays an important role in offering loans to minorities and moderate-income borrowers.

"They work directly with the clients to make sure that what they're offering matches the clients' needs," said Andrea Haughton, director of homeownership at the nonprofit Community Housing Innovations, "while a lot of mortgage lenders just offer a product."

Freedom could be due for another reinvention. Mr. Middleman said he believes an improving economy will diversify its pool of borrowers; the lender's proportion of FHA and VA loans has shrunk this year.

He recently tapped a son, Mike, to hone Freedom's strategy to connect with millennials, but demurs on questions about his own future at the company.

"I'm young," he says, "and going to live forever."

—Lisa Schwartz contributed to this article.

THE INTELLIGENT INVESTOR | JASON ZWEIG

## He Lost 99%, And His Faith In the Market

 On Sept. 1, Barry Popik received a check for \$35,98. That legal settlement is all that's left of the \$25,000 he invested in Lehman Brothers preferred stock in February 2008. But money is not all that Mr. Popik, and countless other investors like him, lost. Their faith in the fairness of financial markets is also broken.

Mr. Popik, who lives in Orange County, N.Y., about 60 miles north of New York City, is a respected lexicographer who compiles an online dictionary that documents origins of such terms as "hot dog" and "the Big Apple."

Lehman issued \$1.65 billion of the preferred shares on Feb. 12, 2008, at \$25 apiece, with an annual dividend rate of 7.95%, payable in quarterly installments. Mr. Popik had told his broker that above all he wanted to keep his money safe.

Mr. Popik had already inherited stock in what became Lehman Brothers, but his broker, then at Smith Barney, urged him to put even more into Lehman—for safety's sake.

That sounded plausible at the time. Only two weeks earlier, Lehman had reported record revenues of almost \$60 billion and net profits of more than \$4 billion for its 2007 fiscal year.



'No one is on your side,' says Barry Popik, who invested in Lehman Brothers in early 2008.

"You think you're investing in a solid company and protecting your family," Mr. Popik recalls thinking. "In some ways, this is partly my father's and my mother's money, and even my grandfathers' and grandmothers' money, and it will be my children's and grandchildren's money. I just want it to be safe."

Mr. Popik earned a total of about \$990 of dividend income in May and August 2008. Then Lehman declared bankruptcy on Sept. 14, 2008; the shares never paid another dividend and lost nearly 100% of their value almost immediately.

Mr. Popik had bought them in his Individual Retirement Account—where, under IRS rules, he can't even write off the losses against his income.

Years after signing on to a class-action lawsuit brought by pension funds and other investors seeking to recover losses on Lehman securities, Mr. Popik got a check for his share of the proceeds. That \$36, he says, covers only a fraction of the commission he paid to buy the shares in the first place.

"I wanted to leave financial decisions to my financial adviser," he says. "You go to a professional for professional advice."

Bitter that Lehman's management kept millions and was never prosecuted over the firm's failure, he adds: "The system works for the banks, not for the people."

Mr. Popik is hardly a financial fool. He has both an economics and a law degree. Nor is he some sort of socialist whining about the evils of capitalism; he once ran for Manhattan borough president on the Republican ticket and, although he is now a registered independent, describes himself as a libertarian.

In letting a broker shape his expectations of safety based on how Lehman had performed recently, Mr. Popik was all too typical.

That's because people overreact to salient information and expect outcomes to be more consistent with it than they really are, says Andrei Shleifer, an economics professor at Harvard University and co-author of a new book on the 2008 collapse, "A Crisis of Beliefs: Investor Psychology and Financial Fragility."

"Suppose I tell you a person is Irish," Prof. Shleifer says. "What are the chances they have red hair?"

You might have said 30% or more, but only 10% do, he says. Similarly, if asked what percentage of Florida residents are over the age of 65, you might guess at least a third or even half. In fact, it's 20%.

These intuitive extrapolations govern how investors think about the financial world, too.

"The extent to which people's expectations of future stock-market returns track the past 12 months of returns is astonishing," says Prof. Shleifer. "If you have a period of financial stability and rising prices, people think that's representative of future continued stability, so they underestimate risk and overestimate returns."

No wonder, then, that Lehman felt safe to Mr. Popik in February 2008—and no wonder his losses shocked him so severely.

As I've written before, you can sum up the financial crisis in one sentence: Good things happened to bad people, and bad things happened to good people. Executives who contributed to the crisis retain enormous wealth, while many of those who trusted them have suffered life-altering losses. That result violates a basic desire shared by all investors: to believe that the rules of the game are fair.

Today, Mr. Popik owns a handful of dividend-paying stocks and doesn't trust that any of them are truly safe. "How do I feel?" he asks. "No one is on your side. Nobody cares about you."

Maybe such levels of distrust are what have kept this long, lumbering bull market from turning into a speculative blow-off.

## THE CRISIS | A DECADE LATER



**OCT. 8** The world's central banks launch a coordinated attack against the widening crisis, lowering short-term rates in unison by a half-percentage point. The Dow loses 189 points.

**OCT. 10** The Dow swings 1,019 points in the index's most volatile session to date. It ends down 128 points on the day, concluding the worst week in the index's 112-year history.

**OCT. 21** The Fed says it will lend as much as \$540 billion to the money-market mutual-fund industry.

**OCT. 29** The Fed cuts its benchmark rate by a half-point to 1%, the lowest level since 2004.

**NOV. 17** Citigroup announces 25,000 job cuts. Combined with earlier cuts, the reduction will shrink the number of employees by 20% since CEO Vikram Pandit took over less than a year prior.

**NOV. 23** The government guarantees more than \$300 billion in troubled assets weighing on Citigroup's books and injects an additional \$20 billion in capital into the company.

**DEC. 5** The Labor Department says the U.S. lost half a million jobs in November, the largest monthly drop in 34 years. That pushes the unemployment rate to 6.7%, a 15-year high.

**DEC. 16** In an unprecedented move, the Fed cuts rates to near zero and pledges to use "all available tools" to lift the U.S. out of its recession.

**DEC. 31** The Dow industrials end the year down 33.8%, the largest percentage drop since 1931.



HEARD ON THE STREET

## What Will Set Off The Next Crisis?

The person who predicts the next financial crisis, and there will be at least one, should get credit for luck rather than skill. A decade of extraordinarily low interest rates has created multiple distortions in the global economy. Any of those can unwind painfully but predicting what factors would trigger a global downturn is near impossible. Five columnists from Heard on the Street give it a try.

### Interest Rates Jump

The biggest distortion in global markets is also the most important. Rock-bottom interest rates, driven by central banks to allow economies to heal, have encouraged risk-taking. Barring a downturn, interest rates will rise in most of the world, and rising interest rates always expose cracks in the financial system.

That was clear in February when a slight uptick in U.S. inflation expectations sent rates higher and ultimately caused the implosion of a multibillion-dollar fund that bet against market volatility.

Higher rates have typically pushed down stocks and commodities. In a crisis scenario, that would be just the beginning. The losses could be magnified by leverage and lead to higher defaults on public and private corporate debt, which could trigger capital flight and currency depreciations in emerging markets. The result would be an economic slowdown that could make each of these problems worse.

Interest rates globally have never been this low for this long. A sustained increase puts the global financial system in uncharted territory.

—Aaron Back



### Italy Dumps the Euro

The recovery of the eurozone from the 2012 bond crisis has been predicated on Italy, Spain and Portugal pledging to meet the European Union's budget rules, and Germany overlooking the fact they haven't. As long as countries stick with the project, markets have rightly ignored debts and deficits.

But Italy may be wavering. Italian bond yields spiked in May after two parties with anti-euro leanings tried to form a new government. The crisis could escalate again once politicians return from holidays. Some 59% of Italians want to keep the common currency, official surveys show—the slimmest majority in the eurozone.

If Italy left the euro, Italian banks would face runs on their deposits and would be crushed—sovereign debt accounts for 9% of their assets. This would paralyze lending and the economy. The shock waves would ripple abroad: Foreigners own 36% of Italian government debt. Markets would lose faith in Spain and Portugal's debt and eurozone banks outside of Italy, which own \$140 billion of Italian debt. This would weigh on the eurozone, one of the world's three main economic engines.

—Jon Sindreu



### Bad-Loan Boom

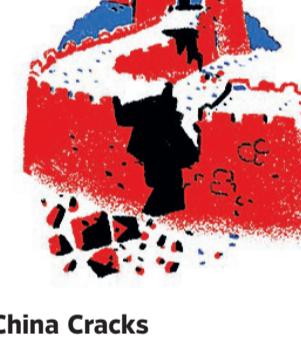
The flip side to low interest rates has been a chase for yield that has driven investors to embrace riskier bonds. The result has been a boom in corporate borrowing and a race to the bottom both for high-quality and junk-rated companies. This drop in credit quality means that when the economy slows, losses are likely to be worse than in previous downturns.

Companies rated BBB, the lowest investment-grade rating, now account for almost half of all U.S. investment-grade corporate bonds by value, the highest share in more than 15 years. Among high-yield borrowers in bond and loan markets, new issuance from companies rated at the lowest B grade also make up a record share of new volume.

That raises the risk of significant losses for credit investors—from pension funds and insurers to mutual funds, ETFs and banks.

The downturn could be made worse because banks are less able to trade debt than in the past, leaving some investors unable to sell their holdings.

—Paul J. Davies



### China Cracks

China and the U.S. are the two other big global economies. When external demand weakens, China pumps up investment at home, as it did in 2009. Its growth has been powered in part by one of the fastest buildups of debt in history by a major country. That would worsen any financial crisis at home.

China has so far weathered the dual threats of trade war and a rising dollar well. The most likely causes for a China-triggered global crisis would be a real-estate crash or rolling defaults by local government-owned fundraising vehicles, severely damaging bank balance sheets, tanking investment and driving big capital outflows.

A broad weakening of China's economic might would drive down prices for commodities and the value of many emerging-market currencies, prompting widespread dollar-bond defaults which could damage Western lenders. Chinese capital fleeing the country would sharply drive up the dollar. Slower emerging market growth would hit U.S. and European exporters.

—Nathaniel Taplin

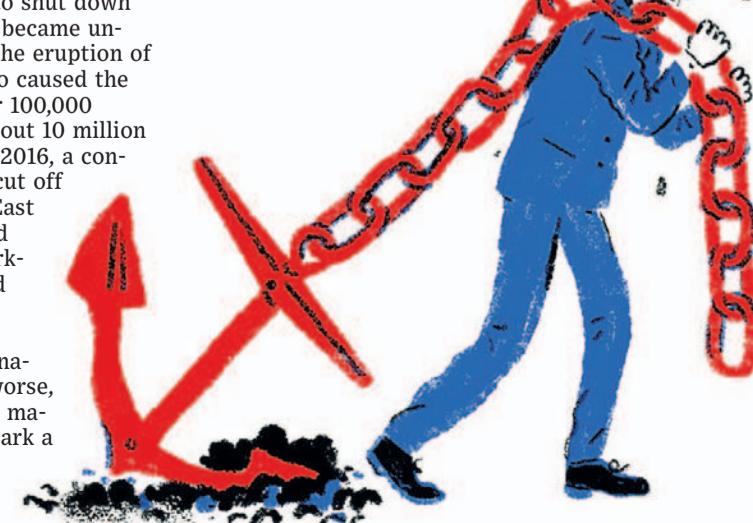
### Supply-Chain Disruptions

Catastrophe can strike at any moment—and quickly reverberate. Decades of globalization and technological progress have made it easy for the fallout of natural or man-made disasters to become global.

Consider a handful of isolated events with outsized impact. In 2011, flooding in Thailand slowed the global supply chain for personal computers as makers of hard drives were shut down. Last year, a computer virus crippled the fleet of AP Moeller-Maersk, the world's largest container shipping firm. The 2011 earthquake and tsunami in Japan caused auto plants world-wide to shut down as key components became unavailable. In 2010, the eruption of an Icelandic volcano caused the cancellation of over 100,000 flights, affecting about 10 million passengers. And in 2016, a construction accident cut off a third of the U.S. East Coast's gasoline and jet-fuel supply, sparking price spikes and shortages.

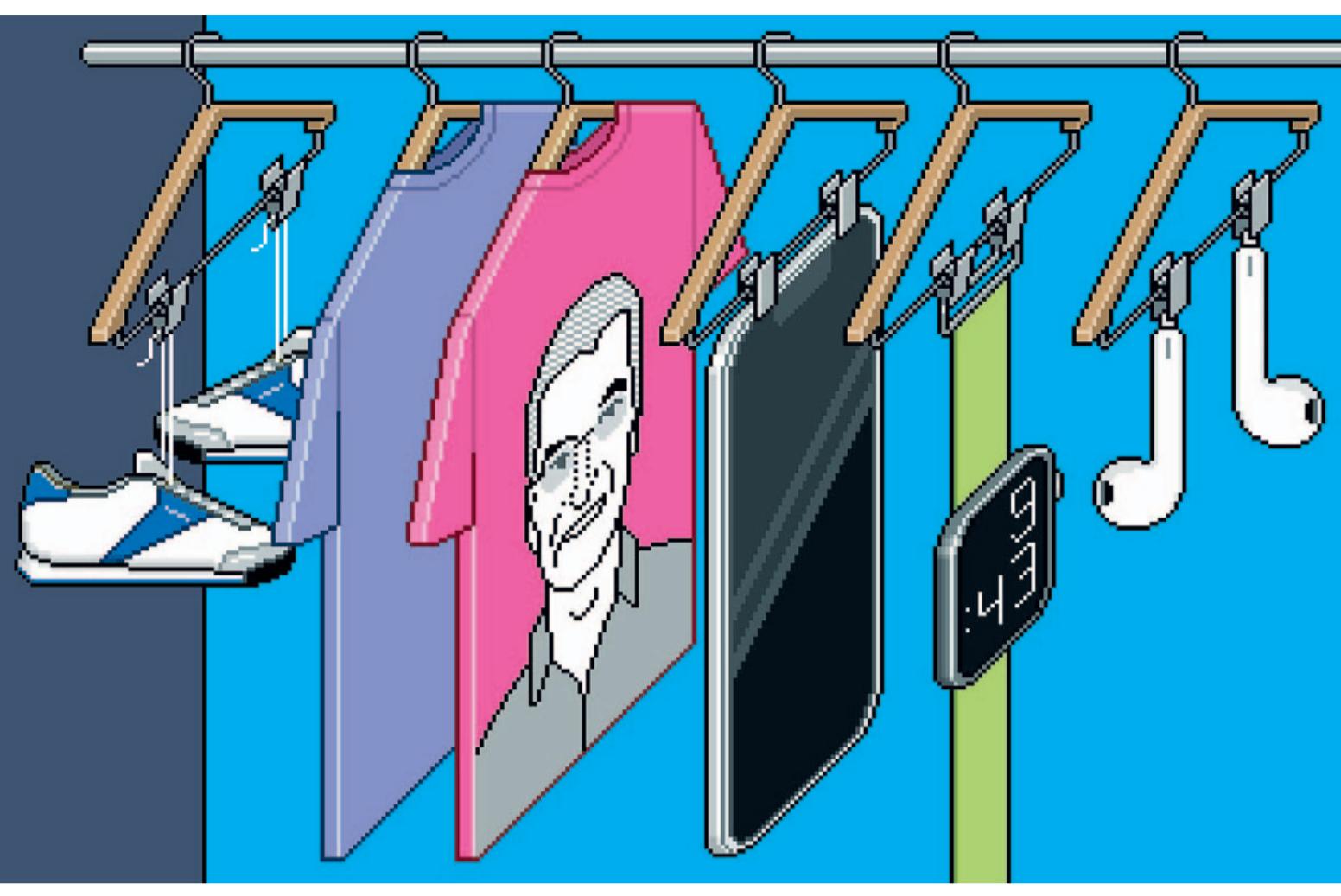
Unpredictable weather and rogue nations could do far worse, enough to bankrupt major companies or spark a recession.

—Spencer Jakab



PETER OUAMANSKI (4)

## TECHNOLOGY



only AR glasses can do, but not themselves replacements for iPhones.

**It's the Ecosystem, Stupid**

There are potentially other directions Apple could go in wearables, especially with health sensors. In 2017, Apple acquired sleep-tracking hardware maker Beddit. The company is in talks with the Food and Drug Administration about future health-tracking software. And Apple has patented a system for tracking heart rate through earbuds. All of these incremental advances could expand Apple's market share and reach. And it's that revenue—in services and semiannual hardware upgrades—that matters most for Apple's future.

**The first AR headsets Apple eventually releases will probably be impressive but limited.**

Sales of Apple-made wearables may never eclipse those of the iPhone, yet wearables could still be the most important driver of Apple's overall business. The key is the portion of the company's revenue that comes from services—a piece of the pie that's been growing even faster than wearables sales.

In 2017, "services" was already a \$30 billion business at Apple, and in the company's most recent quarter, it accounted for nearly \$10 billion. Because Apple's services include subscriptions and sales from iCloud, the App Store, Apple Pay and Apple Music, this slice of revenue doesn't fluctuate as dramatically as hardware sales.

All of Apple's wearables are not only compatible with Apple's services, but also seem designed to enhance those revenue streams. Consider the fact that a cellular-connected Apple Watch Series 3 can stream only Apple Music, or that Siri is the only smart assistant you can summon directly from Apple's AirPods.

"When you get right down to it, is it about Apple's hardware? Yes, but I'd argue it's really about having the [Apple] experience on any device you choose to carry, wear or put on," says Ramon Llamas, an analyst at IDC.

Anytime there is a change to how we use computers, there's potential for an upset to existing hierarchies. As the first U.S.-listed trillion-dollar company, Apple might seem to be well positioned to dominate the era of wearables. But if wearable computing becomes more about access to the cloud, there's another trillion-dollar company that's had more success in cloud computing, as well as in selling those now nearly ubiquitous talking speakers. (Yes, I'm talking about Amazon.com Inc.)

Here's how Apple maintains its edge and becomes the dominant wearables company: It makes the most capable and one of the most popular smartwatches in the world, but ensures that it's not as useful without other Apple gadgets and services. Next, it repeats that logic for every class of wearable it eventually makes, be it headphones, glasses, health monitors or others. The result is a self-reinforcing halo effect, in which buying one Apple device pulls you into a whole world of Apple that is easier to remain in—and keep buying—than to ever leave.

KEYWORDS | CHRISTOPHER MIMS

# In Apple's Third Act, The iPhone Plays a Supporting Role

What will be the tech giant's next big thing? Look for an expanding ecosystem of wearable computers.



We are entering the third age of Apple. A PC company first, and now very much the trillion-dollar iPhone company, Apple Inc. is evidently in search of its next big thing. Speculation about what that might be runs rampant every time a new Apple skunkworks project is revealed, be it a self-driving car, a health-care push or a pair of augmented-reality goggles.

While the services that come paired with iPhones are themselves a substantial and growing part of Apple's revenue, they will continue to need hardware to lock in customers. I'm placing my bet on a small but already thriving component of Apple's portfolio: wearables.

In the company's last earnings call, Apple Chief Executive Tim Cook said the company's Apple Watch and AirPods headphones generated \$10 billion in revenue across the past four quarters. True, Apple made nearly \$30 billion in iPhone revenue in its most recent quarter alone, but wearables sales are growing at a time when smartphone and PC sales are stagnating. Tech research firm IDC named Apple the wearables market leader, with a 17% global share.

Next week, Apple is expected to announce a new Apple Watch and

AirPods along with a passel of new iPhones. There probably isn't anything revolutionary here, but the updates will no doubt power Apple's relentless push toward its wearable aspirations. The new Apple Watch will likely be a more capable health monitor and phone replacement, while the new AirPods will be a bridge to Siri and other apps.

What is apparent is that Apple is building out an ecosystem of wearable computers that its customers will buy some subset of, depending on their needs. Still on the horizon are augmented-reality wearables—perhaps glasses or goggles—and other sensors on our bodies or in our environments that provide additional ways to monitor health.

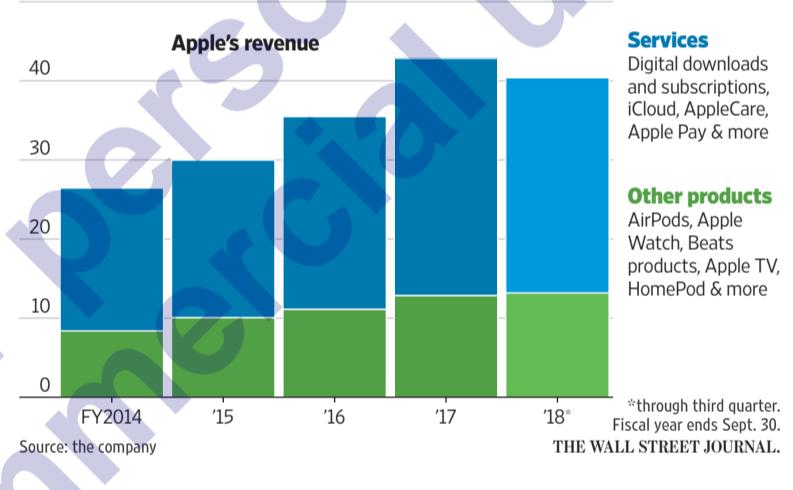
Every device could get its own Apple-designed chip and wireless connectivity, giving it the potential to become its own platform. And the ever-improving iPhone becomes less a "phone" and more of a local hub for the "body area network."

#### Apple-Flavored AR

This becomes particularly relevant with augmented reality. The potential of AR is a topic Mr. Cook has brought up again and again, and described in terms that border on hyperbolic even for a CEO known for being upbeat. In November, he told analysts he believed AR "is going to change the

#### Big Little Business

Apple is building its services and wearables segments, as growth in revenue from its much larger moneymakers slows.



way we use technology forever."

Yet current attempts at AR seem mostly like demonstrations of how profoundly difficult it is to pull off. In what might be called true AR, objects are superimposed over our world so that they look real. Currently, Apple's ARKit can add digital objects only to what you see through an iPhone. Even the current leaders in the field of AR optics, Microsoft Corp. and Magic Leap Inc., have so far delivered only bulky, awkward headsets.

This is likely why Apple pur-

chased Akonia Holographics, a startup that makes lenses for AR glasses. It's also likely why Apple watchers don't expect any AR goggles at Wednesday's iPhone hoedown.

If Apple's past playbook is any indication, the first AR headsets the company does eventually release will probably be impressive but limited—most useful in conjunction with the iPhone.

That is to say, they'd work like Apple Watches: great at giving you glanceable information, stupendous at one or two things that

## Look, Ma, One Hand: Typing Gets a Makeover



The Tap device allows users to type messages by drumming their fingers without a keyboard. 'I', 'O' and 'U', for instance, are entered by one tap of the middle finger, ring finger and pinky.

The Qwerty keyboard is a survivor. It's been used on everything from typewriters to personal computers to today's touchscreens. It may not survive the next big tech upheaval.

Nascent technologies that lack a convenient way to input text, such as smartwatches and virtual reality, are gaining traction. And this is opening a window of opportunity to reinvent the way people type.

Tap Systems Inc. is one company that's taking a shot at Qwerty. The startup—co-founded by spouses Dovid Schick and Sabrina Kemeny—sells a wearable, one-handed keyboard-and-mouse controller that lets users type letters, numbers and other characters by drumming different combinations of their fingers.

"When we came upon the concept of tapping we immediately knew we were onto something," Mr. Schick says. "Tapping, once you start doing it, has both the accuracy, complexity and speed that this kind of system needs."

The Bluetooth-enabled device is sold for \$179 and looks a bit like pliable brass knuckles. Once on a user's hand, the Tap registers his or her finger movements and translates combinations of tapped digits into letters using a proprietary system called the TapAlphabet.

The TapAlphabet pairs the most commonly used letters with the least dexterous movements. Each vowel is entered with the down-stroke of a single finger—for instance, one tap of an index finger types an "E."

Users can learn the TapAlphabet with the

help of TapGenius, an app-based game the co-founders designed with input from gaming experts and researchers at Stanford University's Memory Laboratory.

While Mr. Schick and Dr. Kemeny say the TapAlphabet is easy to memorize, the need to learn a new alphabet "layout" represents a major hurdle to widespread adoption.

"The reality is that people have learned one approach and they don't

want to change it very much," says Dr. Alan Hedge, a professor of ergonomics at Cornell University and expert in keyboard history. "You would have to do something remarkable to show that one hand is better than two hands."

Customers span from gamers to gadget aficionados, says Mr. Schick, though the device has gained the most traction with blind and visually disabled users, who otherwise lack a tactile keyboard to use with their mobile devices. Tap worked closely during the development phase with the blind community to understand its needs and requirements.

"This had offered them the ability for the first time to enter text on their mobile devices as quickly and easily as someone who has sight," Mr. Schick says.

—Laine Higgins

**THE FUTURE OF EVERYTHING**

## HUMAN CAPITAL

CAPTAIN CLASS | SAM WALKER

# The Art of Winning Everywhere

Sue Bird's long string of wins, and broken noses, haven't been about scoring



ELAINE THOMPSON/AP; CHRISTIAN PETERSEN/GETTY IMAGES

**The Seattle Storm's Sue Bird is the most successful active captain in professional sports—anywhere on Earth.**

held that view.

Over time, she realized that to be effective, superstars have to be a little selfish. As high-scoring predators at the top of the food chain, they need everyone else's cooperation to remain fed. Her skills, and her mind-set, were more suited to giving than taking.

At UConn, and later for Seattle and the U.S. national team, Ms.

Bird adapted her game to the players around her. She'd average about 14 points a game at most, and sometimes far fewer. She replaced the instinct to score with a dedication to managing the flow of the game by distributing the ball. Last year, she set the career WNBA record for assists.

Before this season, bookmakers gave Seattle 25-to-1 odds of win-

ning the WNBA championship. Ms. Bird knew that at her age, she wouldn't play as many minutes or score as many points—so she doubled down on selflessness, setting a career mark for assists with 7.1 a game. Her teammates did the rest.

To be fair, Ms. Bird has often had loads of talent around her to handle the scoring. Every once in a while, however, when her team-

mates freeze up, she reminds everyone of the shot-making ability she prefers to suppress.

On Tuesday, for instance, in a deciding Game 5 against the Phoenix Mercury, she poured in 22 points rather than her usual 10, including four clutch 3-pointers in the fourth quarter. She did this, of course, with a broken nose covered by a prosthetic face mask that distorted her vision.

One of the crosses Ms. Bird has to bear is the persistent threat of getting thumped in the face. Serving her team effectively requires running the floor like a scalded house cat and charging through traffic with the nerves of a lion.

"I'm not a one-on-one player who's going to just go out and get theirs," she says. "I was never the fastest or the tallest so I had to use my brain. When I call a play, there's a reason: I'm trying to put people in a position to be successful. Everywhere I've played, I've been able to do that."

Making teammates better takes more than pretty passes, of course. It also requires understanding them as people. "Everyone's different," Ms. Bird says. "You have to listen. You have to step outside yourself."

In her debut WNBA season, Ms. Bird discovered that Seattle's star, Lauren Jackson, hated her. "I was the new kid on the block stealing her shine," she says. "She wasn't a fan."

Off the court, Ms. Bird tried to take emotion out of it. On the court, she used her selfless passing to build trust and respect while she figured out how to get in Ms. Jackson's ear. Over time they became friends, which deepened their basketball telepathy. In two years, they went from losers to champions.

"Part of it is the Batman-Robin thing," she says. "When you have Batman on your team, you want to put that person in the best frame of mind to be successful. I don't mind being the Robin to that." Besides, she adds: "If we had five of me on the court, we would be a shitty team."

Even in 2017, when Ms. Bird broke the WNBA's assist record, she resisted the natural urge to indulge in a moment that was all about her. When the officials stopped the game to allow her team to present her with the game ball, she gave it to the teammate who'd scored on the play.

The million-dollar question about Ms. Bird's leadership is how she derives the personal satisfaction to keep going. Bill Russell, history's greatest male basketball captain—whose leadership style was nearly identical to hers—once put it this way: "My ego demands—for myself—the success of my team."

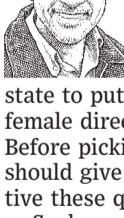
While that statement applies to Ms. Bird, too, she's discovered another personal perk to leading teams the way she does.

"When I put my team first, all the good things happen," she says. "I function well as a basketball player when my team is functioning well—that's when my game shines. I try to be as smart and selfless as I can, and in the end I get a lot more in return."

ON BUSINESS | JOHN D. STOLL

## To Shatter the Glass Ceiling, Don't Force It

Research shows quotas on female directors largely fail to improve pay, broader representation



California Gov. Jerry Brown has until the end of September to sign legislation that would require public companies based in the state to put a certain number of female directors on their boards. Before picking up the pen, he should give weight to how ineffective these quotas can be.

Such quotas have been snaking their way through Europe's boardrooms for more than a decade. Researchers say they can help boost morale among aspiring female business leaders and potentially boost profits.

But mandates don't effectively address two frustrating issues women face in corporate America: a stubborn pay gap and a thick glass ceiling.

For instance, in Norway—the egalitarian culture credited as the pioneer of such quotas—women CEOs are nearly nonexistent even though roughly 40% of directors are female. The Nordic nation's pay gap is slimmer than the U.S.'s, but data from the Organization for Economic Cooperation and Development indicate Norway lags behind about 25% of the countries it tracks.

The debate over quotas is not

inconsequential. California's giant technology companies have enormous sway in our daily lives and in the stock market, but they are often criticized for being slow on advancing the careers of women and lacking foresight when it comes to how their products will affect society. Diversity in the boardroom could help Silicon Valley clean up its act.

One of the theories held by state Sen. Hannah-Beth Jackson, the bill's co-sponsor, is that women on boards are more apt to look out for the women in their companies.

"Women tend to have a different social circle than the men who have been running things at the higher echelons," she said in an interview. "By expanding the circles, we learn about the tremendous talent we would never know about."

The research, however, shows that good intentions don't result in meaningful change.

Marianne Bertrand, a professor of economics at the University of Chicago's Booth School of Business, co-wrote an analysis of Norway's quotas in 2014 about a decade after they took effect. A key conclusion: "We find no robust evidence to support the view that the mandated greater share of women on the board improved

outcomes for women employed in [these companies]."

What has changed is that there are more countries that have adopted quotas, providing further evidence that quotas are little more than a Band-Aid. In France, one of the bigger economies to adopt Norway-like reforms, 50% of directors at the largest companies are women, but 14% of senior executive officers are women.

Betsy Atkins, a board member at France's Schneider Electric SE, Sweden's Volvo Cars and Las Vegas-based Wynn Resorts Ltd., said that when it comes to quotas in Europe "it certainly has not panned out."

Ms. Atkins says she is encouraged by recent progress in the U.S. that has come without the overhang of government mandates. Female board representation has grown, particularly amid the #metoo movement, even if it remains disproportionately low in California. And officials last year reported the first narrowing of the gender pay gap in the U.S. since the recession, with the female-to-male earnings measure improving to 80.5% in 2016 from 79.6% in 2015.

Cindy Schipani, a professor of business law at the University of Michigan's Ross School of Business, said she applauds quotas that add women to the mix, but said "tokenism worries me." In order for higher female representation to make a difference, "you have to be cognizant of how you organize the boardroom."

Board selection has historically been a "networking game," Ms. Schipani said. "I would like to see board governance get better in and of itself, regardless of gender."

Scott Wagner, CEO of GoDaddy Inc., said he welcomes board scrutiny when it comes to meeting diversity targets. While the bulk of directors and executive officers at

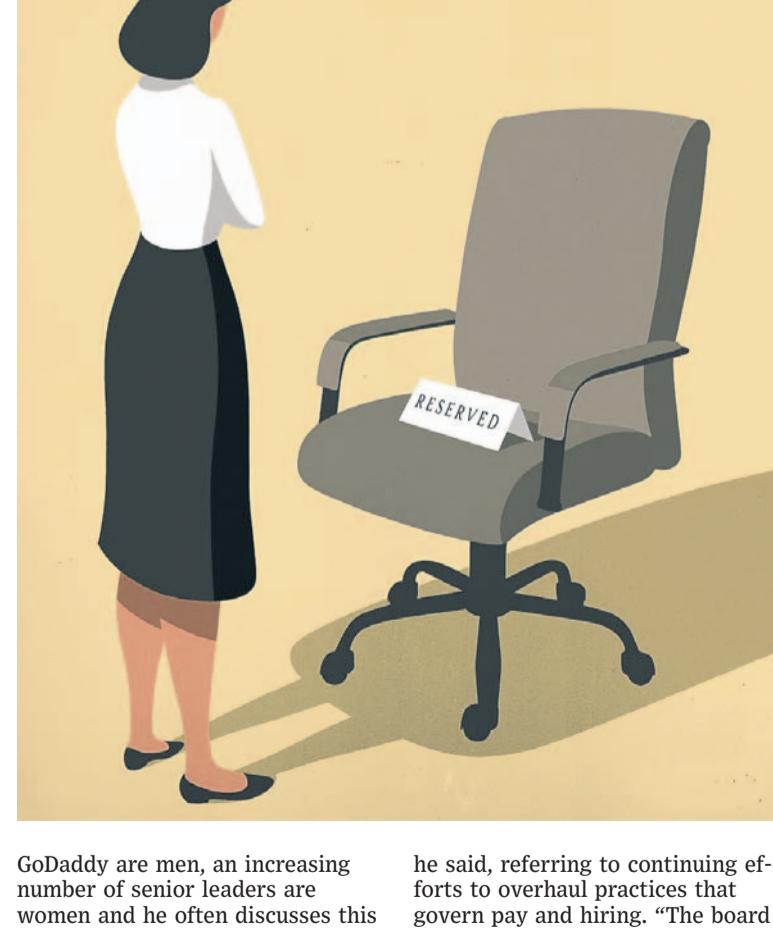
GoDaddy are men, an increasing number of senior leaders are women and he often discusses this with the board.

Mr. Wagner, running a company once known for producing racy commercials, also makes public data about pay equality and gender representation. As of 2017, GoDaddy said it increased women at the company to 26% from 24% the year prior, and said it is paying men and women in like roles at "near parity across the company."

"This is legitimately hard work,"

he said, referring to continuing efforts to overhaul practices that govern pay and hiring. "The board can play a role in success, but they are not the answer in any way shape or form." He said laying responsibility at the board's feet is an empty gesture unless management is willing to be transparent.

"We started with just the facts," Mr. Wagner said, referring to the company's reliance on hard data as the basis for diversity initiatives. "The truth will set you free in all aspects of life."

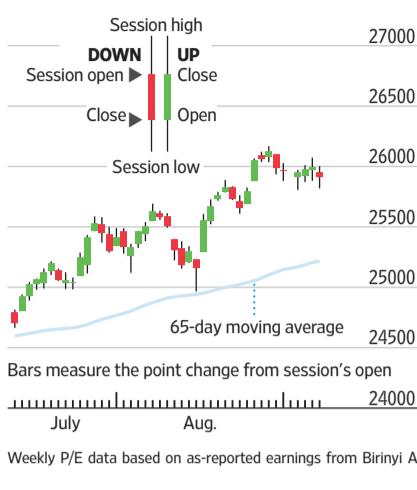


JON KRAUSE

## MARKETS DIGEST

## Dow Jones Industrial Average

**25916.54**  
▼ 79.33  
or 0.31%  
All-time high  
26616.71, 01/26/18



Bars measure the point change from session's open

July Aug.

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

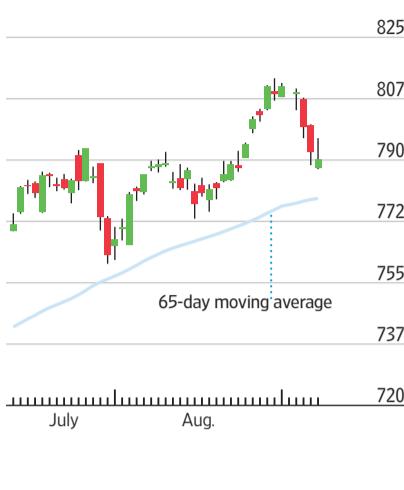
## S&amp;P 500 Index

**2871.68**  
▼ 6.37  
or 0.22%  
All-time high  
2914.04, 08/29/18



## Nasdaq Composite Index

**7902.54**  
▼ 20.18  
or 0.25%  
All-time high:  
8109.69, 08/29/18



## Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Stock Index	Currency, vs U.S. dollar	Commodity, traded in U.S.	ETF
S&P 500	Lean Hogs		10.36%
S&P 500 Utilities	\$0.99		
S&P 500 Consumer Staples	\$0.99		
Corn	0.93		
FTSE MIB	0.88		
S&P 500 Industrials	0.62		
WSJ Dollar Index	0.39		
Dow Jones Transportation Average	0.39		
S&P 500 Telecom Svcs	0.07		
Japan yen	0.05		

-0.04	VangdTotalIntBd
-0.04	Swiss Franc
-0.12	Soybeans
-0.15	S&P 500 Financials Sector
-0.19	Dow Jones Industrial Average
-0.19	Chinese Yuan
-0.25	iSh 1-3 Treasury
-0.31	S&P 500 Health Care
-0.34	Sao Paulo Bovespa
-0.44	Euro area euro
-0.45	UK pound
-0.47	iShJPMEmgBd
-0.53	VangdTotalBd
-0.56	Comex Gold
-0.56	S&P 500 Materials
-0.61	Indonesian Rupiah
-0.63	iShNatlMuniBd
-0.66	S&P BSE Sensex
-0.68	iSh 7-10 Treasury
-0.68	iShiBoxx\$InvGrdCp
-0.76	Norwegian Krone
-0.76	iShiBoxx\$HYCp
-0.78	iSh TIPS Bond
-0.84	Shanghai Composite
-0.85	S&P MidCap 400
-0.93	Canada dollar
-1.03	S&P 500
-1.06	S&P/TSX Comp
-1.11	Nymex ULSD
-1.13	South Korean Won
-1.16	IPC All-Share
-1.21	Australian dollar
-1.22	S&P 500 Consumer Discr
-1.23	S&P 500 Real Estate
-1.23	Mexico peso
-1.35	Nymex Rbob Gasoline
-1.53	Indian Rupee
-1.54	iSh 20+ Treasury
-1.57	S&P SmallCap 600
-1.58	Russell 2000
-1.63	S&P GSCI GFI
-1.72	Comex Copper
-1.78	Kospi Composite
-2.08	FTSE 100
-2.22	Stoxx Europe 600
-2.31	S&P 500 Energy
-2.42	IBEX 35
-2.44	Nikkei 225
-2.55	Nasdaq Composite
-2.57	Comex Silver
-2.60	Euro Stoxx
-2.78	S&P/ASX 200
-2.86	CAC-40
-2.93	S&P 500 Information Tech
-2.93	Nasdaq 100
-2.94	Nymex Crude
-3.27	DAX
-3.28	Hang Seng
-3.47	Russian Ruble
-3.67	South African Rand
-4.80	Nymex Natural Gas
-6.22	Wheat

\*Primary market NYSE, NYSE American, NYSE Arca only.  
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Sources: SIX Financial Information; Dow Jones Market Data

NYSE NYSE Amer.

Total volume\* 705,407,460 9,677,689

Adv. volume\* 280,362,462 3,924,493

Decl. volume\* 417,350,199 5,415,068

Issues traded 3,058 311

Advances 960 116

Declines 1,984 169

Unchanged 114 26

New highs 81 2

New lows 134 12

Closing tick 150 19

Closing Arms† 0.70 0.98

Block trades\* 5,896 122

Nasdaq NYSE Arca

Total volume\* 2,122,726,048 236,511,543

Adv. volume\* 946,433,336 79,819,879

Decl. volume\* 1,148,411,691 151,310,668

Issues traded 3,141 1,326

Advances 1,318 281

Declines 1,638 1,023

Unchanged 185 22

New highs 108 10

New lows 84 87

Closing tick 107 33

Closing Arms† 0.98 0.61

Block trades\* 8,929 1,323

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Advances 1,318 281

Declines 1,638 1,023

Unchanged

## MARKET DATA

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract						Open
	Open	High	Hi/lo	Low	Settle	Chg	interest
Copper-High (CMX)-25,000 lbs;\$ per lb.	2,620.20	2,631.00	2,581.00	2,6035 -0.0150	3,549		
Sept 2,620.20 2,631.00 2,581.00 2,6035 -0.0150 3,549	Open	High	Hi/lo	Low	Settle	Chg	interest
Copper-High (CMX)-100 troy oz;\$ per troy oz.	2,6355 2,6525 2,5935	2,6225 -0.0140	150,762				
Sept 1198.30 1198.30 1193.10 1193.60 -4.30 89	Open	High	Hi/lo	Low	Settle	Chg	interest
Oct 1200.30 1203.50 1193.50 1195.10 -3.90 43,736	Open	High	Hi/lo	Low	Settle	Chg	interest
Dec 1205.60 1209.00 1198.70 1200.40 -3.90 360,219	Open	High	Hi/lo	Low	Settle	Chg	interest
Feb'19 1211.10 1213.90 1204.90 1206.10 -3.90 38,326	Open	High	Hi/lo	Low	Settle	Chg	interest
June 1222.80 1224.20 1217.60 1217.60 -3.80 9,523	Open	High	Hi/lo	Low	Settle	Chg	interest
Dec 1240.60 1241.50 1235.80 1235.50 -3.60 4,262	Open	High	Hi/lo	Low	Settle	Chg	interest
Palladium (NYM)-50 troy oz;\$ per troy oz.	962.00 976.40	957.40 968.80	6.70 16,771				
March'19 954.20 963.90 954.20 962.00 6.40 576	Open	High	Hi/lo	Low	Settle	Chg	interest
Platinum (NYM)-50 troy oz;\$ per troy oz.	791.80 794.80	775.10 780.40	-10.50 73,155				
Jan'19 795.80 797.20 778.20 783.30 -10.70 16,633	Open	High	Hi/lo	Low	Settle	Chg	interest
Silver (CMX)-50 troy oz;\$ per troy oz.	14.095 14.140	14.040 14.067	-0.008 1,110				
Sept 14.190 14.290 14.105 14.170 -0.011 185,603	Open	High	Hi/lo	Low	Settle	Chg	interest
Crude Oil, Light Sweet (NYM)-1,000 bbls;\$ per bbl.	67.89 68.08	66.86 67.75	-0.02 378,062				
Oct 67.65 67.85	66.67 67.55	0.03 242,811					
Dec 67.44 67.64	66.51 67.39	0.09 287,323					
Jan'19 67.20 67.40	66.32 67.19	0.12 159,816					
June 65.94 66.21	65.32 66.04	0.17 166,586					
Dec 64.40 64.62	63.82 64.44	0.16 232,852					
NY Harbor ULSD (NYM)-42,000 gal;\$ per gal.	2.2119 2.2229	2.1907 2.2182	.0091 130,027				
Nov 2.2151 2.2248 2.1943 2.2202 .0079 80,678	Open	High	Hi/lo	Low	Settle	Chg	interest
Gasoline-NY RBOB (NYM)-42,000 gal;\$ per gal.	1.9574 1.9780	1.9349 1.9700	.0190 134,719				
Oct 1.9439 1.9572	1.9199 1.9501	.0126 116,805					
Natural Gas (NYM)-10,000 MMBtu;\$ per MMBtu.	2.775 2.785	2.759 2.776	.004 222,014				
Oct 2.793 2.802	2.778 2.790	-.001 219,448					
Dec 2.887 2.895	2.872 2.878	-.007 143,237					
Jan'19 2.977 2.985	2.961 2.965	-.009 192,031					
March 2.847 2.855	2.833 2.841	-.004 200,561					
April 2.588 2.593	2.575 2.582	-.003 159,680					

## Agriculture Futures

Cents/bu							
Corn (CBT)-5,000 bu; cents per bu.							
Sept 352.75 355.75	351.00 354.25	.75 2,197					
Dec 366.25 368.50	363.50 367.00	.75 992,190					
Oats (CBT)-5,000 bu; cents per bu.							
Sept 246.00 246.00	246.00 234.50	.25 6					
Dec 247.50 249.50	246.25 247.25	.25 3,591					
Soybeans (CBT)-5,000 bu; cents per bu.							
Sept 826.50 833.25	826.50 832.00	.525 501					
Nov 839.00 847.00	835.25 844.00	4.75 439,456					
Soybean Meal (CBT)-100 tons;\$ per ton.							
Sept 311.60 315.60	311.60 314.20	3.20 1,308					
Dec 314.10 319.00	312.80 317.00	3.00 221,750					
Soybean Oil (CBT)-60,000 lbs; cents per lb.							
Sept 28.10 28.10	27.86 27.94	-.22 885					
Dec 28.53 28.55	28.12 28.27	-.26 255,252					
Rough Rice (CBT)-2,000 cwt;\$ per cwt.							
Nov 1088.00 1096.00	1080.00 1095.00	7.00 6,557					

## Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Friday, September 7, 2018		Closing		Chg		YTD	
ETF	Symbol	Price	(%)	Price	(%)	Price	(%)
AlerianMLPETF	AMLP	10.87	...	0.7			
CnsmrDiscSelSector	XLY	115.50	-0.01	17.1			
CnstableSelSector	XLP	54.37	-0.20	-4.4			
EnSelectSectorSPDR	XLE	72.80	-0.01	0.7			
FinSelSectorSPDR	XLF	28.33	-0.11	1.5			
FT DJ Internet	FDN	140.87	0.57	28.2			
HealthCareSelSector	XLV	92.55	0.15	11.9			
IndSelSectorSPDR	XLI	77.59	-0.31	2.5			
InvsQQQ	QQQ	181.11	-0.38	16.3			
Invs&P500EW	RSP	106.48	-0.36	5.4			
iSh3-7YTreasuryBd	IEI	119.52	-0.31	-2.2			
iShCoreMSCIEAFE	IEFA	61.83	-0.87	-6.4			
iShCoreMSCImgMk	IMEG	50.31	-0.51	-11.6			
iShCoreMSCItotth	IXUS	58.42	-0.61	-7.4			
iShCoreS&P500	IVV	289.60	-0.24	7.7			
iShCoreS&P M	IH	202.76	-0.21	6.8			
iShCoreS&P SC	IUR	88.97	-0.22	15.8			
iShS&PTotUSStMkt	ITOT	66.15	-0.21	8.2			
iShCoreUSaggBd	AGG	105.81	-0.36	-3.2			
iShSelectDividend	DYV	101.29	-0.42	2.8			
iShEdgeMSCIMinAFE	EFAV	70.87	-0.30	-2.9			

## Borrowing Benchmarks | WSJ.com/bonds

## Money Rates

September 7, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

## Inflation

July Index Chg From (%) July '17

level June '18

Latest 0.50 0.50 0.50

Week ago 0.75 0.75 0.25

High 1.50 1.50 1.50

Low 1.50 1.50 1.50

## Secondary market

## Fannie Mae

30-year mortgage yields

30 days 4,201 4,175 4,344 3,253

60 days 4,224 4,198 4,371 3,281

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 14, 2018. Other prime rates aren't directly comparable; lending practices vary widely by location. Complete Money Rates table appears Monday through Friday.

Sources: Bureau of Labor Statistics; SIX Financial Information

## International rates

# 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 ISX. 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.

**Footnotes:**  
 i-New 52-week high.  
 j-New 52-week low.  
 dd-Indicates loss in the most recent four quarters.  
 FD-First day of trading.  
 Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

**h-**Does not meet continued listing standards.  
**i-**Late filing.  
**q-**Temporary exemption from Nasdaq requirements.  
**t-**NYSE bankruptcy.

**v-**Trading halted on primary market.  
**w-**In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

**y-**Trading halted on secondary market.

**z-**Bankrupt or in bankruptcy.

**AA-**Bankrupt or in bankruptcy.

**BB-**Bankrupt or in bankruptcy.

**CC-**Bankrupt or in bankruptcy.

**DD-**Bankrupt or in bankruptcy.

**EE-**Bankrupt or in bankruptcy.

**FF-**Bankrupt or in bankruptcy.

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## MARKETS NEWS

# Treasury Bond Prices Fall As Wages Rise

By DANIEL KRUGER

U.S. government bond prices fell Friday after a Labor Department report showed that wages rose more than expected in August.

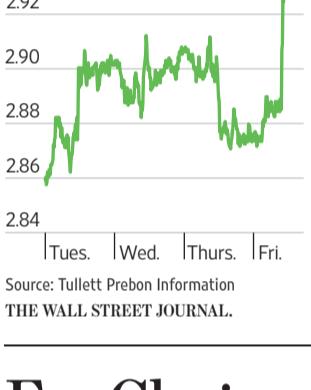
The yield on the benchmark 10-year Treasury note rose to 2.944%, the highest since Aug. 8, from 2.877% Thursday.

**CREDIT MARKETS** The yield on the two-year Treasury note, which typically tracks expectations for Federal Reserve interest-rate policy, rose to 2.706%, the highest since July 2008, from 2.641% Thursday. Yields increase as bond prices fall.

Yields rose after the Labor Department said Friday that average hourly earnings rose 2.9% from a year earlier in August, while the economy added 201,000 jobs. Economists in a Wall Street Journal survey had predicted a gain of 192,000.

## On the Rise

Yield on the 10-year Treasury note



Source: Tullett Prebon Information  
THE WALL STREET JOURNAL.

The unemployment rate held steady at 3.9%.

Investors have been looking for signs that the tight labor market is causing wages to rise, which could accelerate inflation. That could encourage the Fed to continue raising interest rates, even as investors have been reluctant to push 10-year yields much above 3%.

"The strength in earnings was something people had been expecting to see for quite some time," said Dan Mulholland, a senior trader at Credit Agricole. The data was sufficiently impressive that it could cool speculation that the Fed might scale back its forecast of three rate increases in 2019 when it meets in September, he said.

Yields are also being pressured higher by a wave of corporate-bond supply expected to come to market this month, and by the increased sizes of Treasury bond auctions, investors said. The government is scheduled to auction three-, 10- and 30-year securities in the coming week.

The rise in yields could be moderated by continued turmoil in emerging markets and by sluggish growth in other developed economies, said Andrew Brenner, head of global fixed income at NatAlliance Securities. While growth in the U.S. remains robust, "the question is how much longer the U.S. can remain an island unaffected by what's going on globally," he said.

Yields dipped briefly after President Trump said Friday that tariffs on another \$267 billion in Chinese goods are ready to go.



An oil tanker in Iran. Some investors think uncertainty surrounding U.S. sanctions against that country could boost the market later this year.

## Stronger U.S. Currency Pressures Crude

By CHRISTOPHER ALESSI  
AND AMRITH RAMKUMAR

U.S. oil prices inched lower for a third consecutive session on Friday, hurt by a stronger dollar as traders awaited future supply signals.

Light, sweet crude for October delivery fell 2 cents, or less than 0.1%, to \$67.75 a barrel on the New York Mercantile Exchange to cap off its worst week since mid-July. Brent crude, the global benchmark, edged up 33 cents, or 0.4%, to \$76.83 a barrel.

Prices have stabilized well below multiyear highs hit earlier this year as the supply disruptions that buoyed oil have eased and worries about

trade tensions lowering demand have intensified.

Trade threats and weakness in emerging markets have also boosted the dollar, making oil and other dollar-denominated commodities more expensive for overseas buyers.

On Friday, the WSJ Dollar Index, which tracks the dollar against a basket of 16 other currencies, rose 0.3%, also getting a boost from the latest U.S. jobs report.

A Thursday government report showing a combined five million-barrel increase in gasoline and distillate stockpiles and 3.6 million-barrel rise in processed petroleum products for the week ended Aug. 31 also hurt energy prices, with some analysts interpreting the figures as a sign that the

lower-demand fall season is near.

Prices have fallen lately, even though the Energy Information Administration's report showed a larger-than-expected decline in crude-oil stockpiles.

"The stock build in refined products appears to have been a bigger driver in price" than the crude-inventory decline, according to Warren Patterson, commodities strategist at ING Bank. "In fact, U.S. gasoline inventories stand at least at a five-year high," he said.

Oil-market observers are looking ahead to future inventory reports for the latest figures on domestic supply and demand.

Some investors still think uncertainty surrounding U.S.

sanctions against Iran could lift oil heading into the latter part of the year, as supply disruptions and steady demand despite trade threats have kept prices up more than 12% this year.

Analysts are still debating whether higher production from Saudi Arabia and other large producers could fill a possible supply gap and are awaiting monthly market reports from the Organization of the Petroleum Exporting Countries and the International Energy Agency due out next week.

Among refined products on Friday, gasoline futures added 1.9 cents, or 1%, to \$1.97 a gallon, while diesel futures rose 0.9 cent, or 0.4%, to \$2.2182 a gallon.

## Ex-Chairman of Teva Is Accused of Fraud

By DAVE MICHAELS

neric drugmaker by sales. Mr. Frost didn't immediately return a message seeking comment.

The schemes ran from 2013 to 2018, the SEC said in a lawsuit filed in Manhattan federal court. Mr. Honig has been a large shareholder in Riot Blockchain Inc., a former biotech company that changed its name to indicate a focus on the technology underpinning cryptocurrencies. After the name change, Riot's share price surged over 200%, to a high of \$46, over a period of several months. It has since fallen to just under \$5.

Mr. Honig has scooped up shares in dozens of firms that sometimes morph into hot areas—vaping, solar energy, stem cells—and see a stock-price pop. Some have fizzled, raising the ire of other investors.

An attorney for Mr. Honig didn't respond to a request seeking comment.

## Dollar Up on Jobs Report, Renewed Worries on Trade

By IRA IOSEBASHVILI

month, and wages rose 2.9% from a year earlier.

The better-than-expected data bolstered the case for the Federal Reserve to continue raising interest rates at its expected pace.

Expectations of higher rates tend to make the dollar more attractive to yield-seeking investors.

Later in the day, the U.S. currency extended gains after President Trump said tariffs on an additional \$267 billion in goods imported from China could be implemented on short notice.

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1	00252FBGFS	AMIT 2005-1 M9	RMBS	\$2,000,000.00	\$2,000,000.00
2	03072SWY77	AMSI 2004-R11 M9	RMBS	\$3,000,000.00	\$313,073.68
3	04010AD0D0	ARSI 2003-W7 M6	RMBS	\$4,000,000.00	\$128,649.00
4	07387MVN77	BSABS 2004-HE10 M5	RMBS	\$3,835,000.00	\$64,901.20
5	07387PBP88	BSABS 2004-HE11 M4	RMBS	\$4,000,000.00	\$1,232,155.67
6	07387PPV4	BSABS 2004-HE11 M3	RMBS	\$4,000,000.00	\$1,148,449.50
7	07387PS957	BSABS 2005-HE3 M5	RMBS	\$3,000,000.00	\$915,154.44
8	102604LQ00	CBT 2004-HE10 M5			

## EXCHANGE

## HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Tough Days for China's Tech Giants

Baidu, Alibaba and Tencent lose investment luster amid government pressure and tougher competition

By JACKY WONG

The harsh reality of doing business in China has caught up to the country's tech giants, upending one of the most profitable investments in global markets.

Baidu, Alibaba and Tencent—China's largest tech companies—have long seemed unstoppable, respectively dominating online search, e-commerce and videogames in the world's most populous nation.

This year, the so-called BATs no longer seem so unassailable—and nor do their shares. That matters to U.S. investors, who have feasted on gains that matched those generated by their U.S. equivalents, the FAANGs. This year, though, shares of Facebook, Apple, Amazon, Netflix and Google's parent Alphabet are up

Their growth, unless Beijing steps back and competitors stumble, is clearly slowing down.

by 28%. The BATs, whose biggest shareholders include Vanguard Group and BlackRock, are down 12%.

The BATs' first big problem is Beijing. The tech giants' sheer size and pervasive presence in daily life in China mean they are increasingly falling under the gaze of a government that demands control of the economy.

For Tencent, which makes over 90% of its revenue in China, more government scrutiny has become a reality. Beijing has been holding up approvals for new games and sales of in-game items like virtual weapons—Tencent makes around half of its annual revenue from the latter. The freeze caused the company's first year-over-year profit decline since the last quarter in 2005.

This doesn't seem like a hiccup.

Beijing last week said it will continue limiting videogame releases and set restrictions on young people's playing time, while state media has been repeatedly lambasting game companies for creating social problems. Nasdaq-listed Baidu, too, has been reprimanded for hosting content that threatens China's "social order."

Regulators are also trying to limit the growth of fintech companies like Alibaba's affiliate Ant Financial and Tencent's WeChat Pay. Their dominance of online payments is siphoning deposits away from state-owned banks into financial products sold on their platforms, just when Beijing is trying to rein in lightly regulated investments.

The second big concern for the BATs is growing competition at home. The rise of new rivals in the all-important fight for Chinese users' attention may not lead to a collapse in revenue or market share. But the trend has weakened the perception of the BATs as de facto monopolies.

Take Bytedance, which operates news aggregator Jinri Toutiao and short-video site Douyin. The company is hoping to raise \$3 billion of private funding that would value it at \$75 billion. Its apps now command 10% of Chinese mobile users' time, gaining at the expense of Tencent-related apps whose share has dropped to 48% from 54% over the past year, according to data research company Questmobile.

Fending off rivals is proving costly. Alibaba, which has long reigned supreme in Chinese e-commerce, is now facing competition from companies like Pinduoduo, which has been growing quickly by offering discounts to groups of consumers via social media. Alibaba has responded by investing billions into areas like bricks-and-mortar stores and online delivery to support its decelerating core business.



Young players in Tianjin, China, practice Arena of Valor, the popular mobile game developed by Tencent.

## BATs Spreading Their Wings

## Monthly active users

Facebook	2.2 billion users
WeChat	1.1
Instagram	1.0
QQ	0.8
Weibo	0.4
Twitter	0.3
Line	0.2

## Market value

in trillions



Note: 1 trillion yuan = \$146 billion. Alibaba fiscal years end March 30. Market value data through Sept. 5.

Sources: the companies (users); Alibaba (goods); Newzoo (games); FactSet (market value)

But that spending has yet to generate much return.

Can the BATs beat back the tide? One option is to expand overseas. Tencent has already been exporting its long-held strategy of buying up smaller rivals, and has just entered an alliance with Japan's Square Enix, the maker of hits like "Tomb Raider." Alibaba has targeted e-commerce in Southeast Asia by acquiring local rival Lazada.

Still, Tencent generated only 3%

of its revenue outside China last year. Alibaba's international e-commerce accounted for just 8% of total sales last quarter.

Squeezing more out of customers at home looks a better bet. Tencent could make more from social network WeChat, with its one billion-plus monthly active users. Last quarter, the company earned just \$2 per user from advertising, well below Facebook's \$25 per user in North America. Even after adjusting for the

difference in individual wealth between China and the U.S., that leaves a lot of upside for Tencent.

This year's sell-off has only brought Alibaba and Tencent back to just below 30 times forward earnings, in line with their three-year average, while Baidu trades around 20 times. Yet expected growth, unless Beijing steps back and new competitors stumble, is clearly slower. The BATs' best days may be behind them.

## Now May Be the Time To Ask for a Raise

The jobs report suggests some employers can only get workers by paying them more

By JUSTIN LAHART

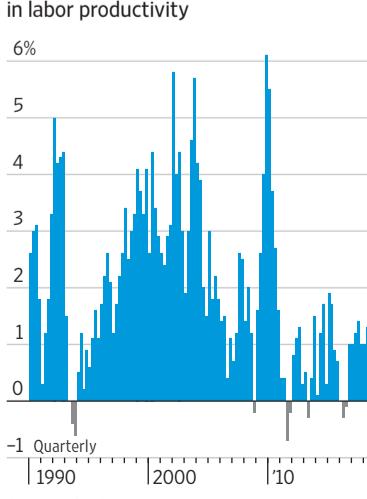
Workers almost always ask for raises. It looks like they are starting to get them.

August was another strong month for employment. The Labor Department on Friday reported the economy added 201,000 jobs, while the unemployment rate held steady at a low 3.9%. But the biggest news was an unexpected jump in average hourly earnings that pushed wages up 2.9% from a year earlier. That compared with a 2.7% gain in July, and marked the strongest growth since 2009.

The report suggests the economy has hit an inflection point, where employers simply won't be able to hire and retain workers without paying them more. And this may only be the beginning of a significant increase in wages that could simultaneously weigh on corporate profit margins and

## Efficient Frontier

Change from a year earlier in labor productivity



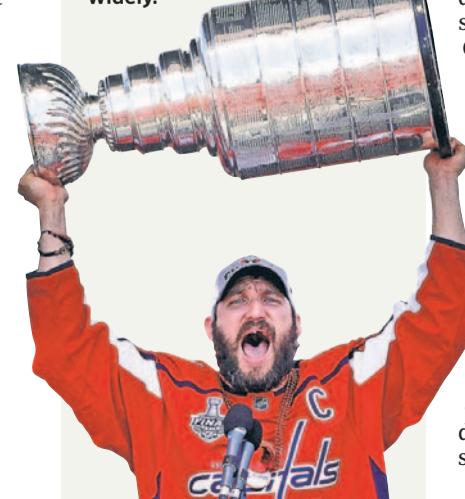
## OVERHEARD

The Stanley Cup is well traveled, having been hauled to the tops of mountains, more than 20 countries and to many more bars. Now it is going to Hong Kong, along with the Calgary Flames and the Boston Bruins. Those teams will play two pre-season games in a place where hockey is an oddity.

The cup will appear in a Hong Kong shopping mall that is home to one of the semi-tropical city's few ice rinks. The keepers of the cup may expect a big crowd. There are roughly 300,000 Canadians in Hong Kong, the third-biggest concentration of citizens in the world after Canada itself and the U.S. But many are Hong Kong residents who took Canadian citizenship as a potential escape route from mainland China, which has controlled the former British colony since 1997.

Regardless of who shows up, the Taikoo Shing shopping mall's frigid air conditioning will make the cup feel right at home.

The Stanley Cup has traveled widely.



Tesla's shares fell Friday after news its chief accounting officer resigned.

## What Scared Tesla's Accounting Chief?

Shareholders may also want to look for the exit

By CHARLEY GRANT

Tesla, celebrated for its ultra-fast electric cars, is becoming known for executive departures that are just as speedy.

The company announced Friday morning that Chief Accounting Officer Dave Morton had stepped down after less than one month on the job. Mr. Morton said in a company statement that "he has no disagreements with Tesla's leadership or its financial reporting." Chief people officer Gaby Tolodano also left the company.

Friday's decline in Tesla's stock is evidence investors don't quite believe that statement (though CEO Elon Musk's apparent toking during an interview didn't help).

Mr. Morton's predecessor resigned in March after 18 months. Finance chief Jason Wheeler left after slightly more than one year on the job. Three resignations of finance executives don't make for an exodus, but investors should ask what scared them off.

Erratic behavior from Mr. Musk is one obvious reason. On Mr. Morton's second day on the job, Mr.

Musk tweeted about a deal to take Tesla private, which quickly spurred a Securities and Exchange Commission investigation.

If that didn't scare off Mr. Morton, was there something in Tesla's numbers that made him flee? Mr. Musk's promises of fast production growth for the Model 3

A tumultuous month should make investors look carefully at the company's finances.

are also under SEC investigation. Information about consumer deposits for the car has been haphazard and incomplete.

Tesla does other things to flatten its financial performance. Production and deliveries of cars have surged at the end of a quarter, and Bernstein analysts asked in June whether Tesla's cars looked more profitable because the company was booking expenses elsewhere.

Shareholders may want to follow Mr. Morton out the door.



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# REVIEW

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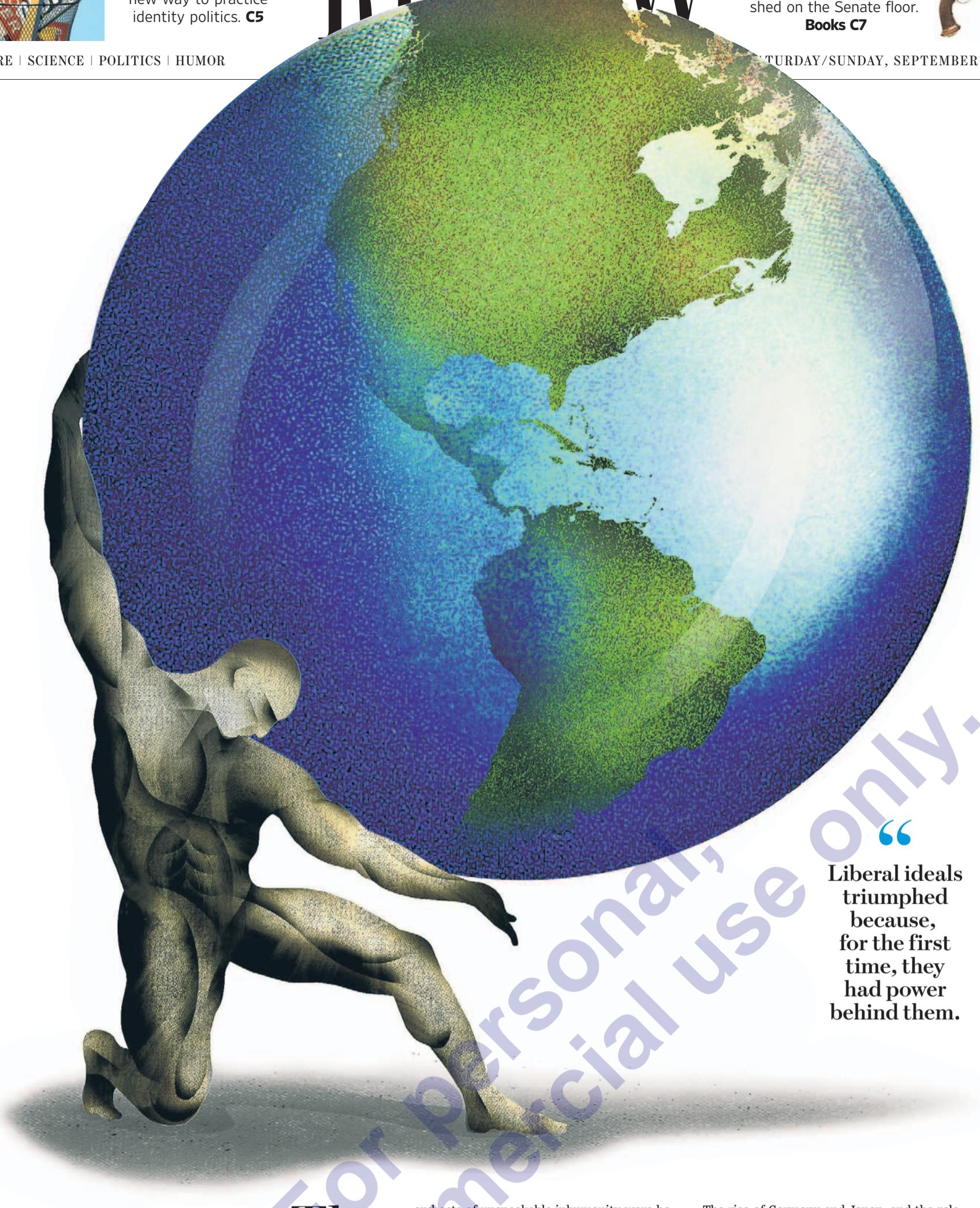
## Two-Fisted Legislators

Think today's Congress is crazy? Blood was once shed on the Senate floor.

**Books C7**



SATURDAY/SUNDAY, SEPTEMBER 8 - 9, 2018 | C1



Liberal ideals triumphed because, for the first time, they had power behind them.

# The Cost of American Retreat

The world order that the U.S. built after World War II required sacrifice and commitment, but it brought unprecedented benefits. What happens if it disappears?

By ROBERT KAGAN

**T**he liberal world order established by the United States a little over seven decades ago is collapsing. This should not be surprising. It was always a historical anomaly. The long period of prosperity, widespread democracy and peace among the great powers was a dramatic departure from the historical norm. It certainly was not where the world had been heading before 1945.

Less than 80 years ago, liberalism outside North America was on its death bed. Dictatorships were thriving, the great powers were fighting their second global conflagration,

and acts of unspeakable inhumanity were being committed in the very heart of Western Judeo-Christian civilization and in the ancient civilizations of the East. The very idea of progress seemed absurd.

The dramatic change of course after 1945 was not due to some sudden triumph of our better angels or embrace of Enlightenment principles that had been around for centuries, nor was it the natural unfolding of Universal History in the direction of liberalism. Liberal ideals triumphed because, for the first time, they had power behind them. A new player arose on the international scene: the United States. It possessed a unique and advantageous geography, a large, productive population, unprecedented economic and military power, a national ideology based on liberal principles, and a willingness, after the war, to use its power to establish and sustain a global order roughly consistent with those principles.

That order—with its mutually reinforcing security, economic and political components—has created a geographical and geopolitical space in which liberalism has taken root, spread and evolved. But it was always artificial and tenuous, challenged from within and without by natural forces—the always potent antiliberal aspects of human nature and the competitive and anarchic tendencies of geopolitics. Like a garden, it can last only so long as it is tended and protected. Today, the U.S. seems bent on relinquishing its duties in pushing back the jungle.

Among the many complaints heard now against the liberal order is that it was imposed by an often oppressive, selfish, hypocritical and incompetent American hegemony. And there is truth in that—the liberal order was erected and defended by humans. But what, in the real world, was the better alternative?

The world the United States confronted after World War II had been on a steady course toward destruction since the 19th century.

The rise of Germany and Japan, and the relative decline of Great Britain, had produced a seemingly endless cycle of war in Europe (1870, 1914, 1939) and in East Asia (1894, 1904, 1914, and 1931-1945). The global economy had broken down into protectionist enclaves and become an arena for geopolitical competition. Fascism and communism had been on the rise since the 1920s. Even after



the defeat of Germany and Japan, populations were devastated and inclined to radical or authoritarian solutions.

No one contemplating the direction of history in those years put their money on the triumph of either peace or liberalism. And had the United States simply gone home after World War II, as it did after World War I, the

*Please turn to the next page*

President Harry Truman (left) with Secretary of State Dean Acheson in 1950.

This essay is adapted from Mr. Kagan's new book, "The Jungle Grows Back: America and Our Imperiled World," which will be published by Knopf on Sept. 18. He is a senior fellow at the Brookings Institution in Washington, D.C.

## Inside

### TABLE TALK

Beware the 'dieter's paradox': Studies show that a side salad can make people believe their hamburger has fewer calories. **C3**



## Swedish Surprise

A populist insurgency has upended politics in the world's most famously progressive country. **C4**

### WEEKEND CONFIDENTIAL

The Parisian chic of photographer, model and social-media sensation Jeanne Damas. **C6**



### LATIN AMERICA

History as Mystery

A museum fire exposes Brazil's indifference to its past. **C3**



## REVIEW

# Will U.S. Withdrawal Bring Chaos?

*Continued from the prior page*

old patterns would likely have persisted.

Regretting their abstention in the interwar years, Americans decided that they could no longer sit "in the parlor with a loaded shotgun, waiting," as Secretary of State Dean Acheson put it in 1950. Protecting what he called the "American experiment of life" required creating "an environment of freedom" in the world and deterring aggressors before they gained control of distant continents. The only guarantee of peace was "the continued moral, military and economic power of the United States." America would have to be "the locomotive at the head of mankind."

The architects of the new order were not utopian idealists. They believed in the inherent sinfulness of humans, the competitiveness of nations and the tendency of all orders to collapse. They had stared into the abyss and seen the depths to which humankind could fall. They knew the world they created would be flawed and costly to defend, but they believed an imperfect liberal order was better than none at all.

We tend to view the decades after 1945 through the lens of the Cold War,

**Chinese President Xi Jinping (left) toasts Russian President Vladimir Putin in Moscow in 2017.**



and Soviet communism certainly preoccupied Americans. Yet the response to the Soviet threat, which included the deployment of U.S. forces permanently in both Europe and East Asia and the creation of the global alliance structure, produced a geopolitical revolution. Within the confines of that system, normal geopolitical competition all but ceased. Nations within the order, in Western Europe and East Asia, didn't compete with each other for military superiority, form strategic alliances against one another or claim spheres of influence. Since no balance of power was necessary to preserve the peace among them, as it always had been in the past, they could shift substantial resources and energy from military to economic and social purposes.

Today, some call this "free-riding," but that misunderstands the revolutionary transformation that proved essential to global peace and prosperity. Historically, Japanese and German economic success had translated into military power and a challenge to the geopolitical hierarchy. But after 1945, their economic miracles simply added to the strength of the liberal world order against potential challengers, most notably the Soviet Union.

The liberal world order was not really "rules-

**German Chancellor Angela Merkel, flanked by other world leaders and top advisers, faces President Trump at the G7 summit in June 2018.**

complicated by disasters like the Vietnam War, and American policies were often misguided, selfish, oppressive and resented. Nor in the end did Russia and China, the two great powers outside the order, ever choose to join it except as trading partners.

Yet American hegemony was never so intolerable as to drive other members out. On the contrary, nations banged on the door to come in. Participants in the order, then and now, have shared the implicit understanding that however flawed the American-led liberal world order might be, the realistic alternatives would almost certainly be far worse.

Today many Americans seem to have lost sight of that eminently realistic judgment, and this has happened, unfortunately, just at the moment when the world is slipping back into old patterns. Autocracy,

not so long ago dismissed as an anachronism, has shown a strength and resilience that Franklin Roosevelt's generation would have recognized, while the democracies suffer from paralysis and self-doubt, as they did in the 1930s.

Advanced communications and computing technologies, once thought to be forces for cooperation and freedom, have been turned into weapons of illiberalism. The globalized economy, instead of producing convergence, remains an arena for great-power competition. Nationalism and tribalism are re-emerging. Territorial aggression and obsessions with borders have returned.

In short, the forces of history and powerful elements of human nature are bringing us back to where we were before the U.S. took responsibility for global peace and the preservation of liberalism.

And Americans today are responding much as they did then. Some still believe in the inevitable march of progress, putting their faith in social and economic revolution. Others bid the liberal order good riddance. On college campuses it is synonymous with imperialism and white capitalist exploitation. In the White House and on the American and European right, it is seen as an international elite conspiracy working against the interests of ordinary people.

And across the political spectrum, there is broad agreement that American foreign policy since the end of the Cold War has been a series of disasters. This is said to include not just the Iraq and Afghan wars but also a range of longstanding strategies and attitudes: supporting democracy overseas, expanding NATO and regarding the U.S., hubristically, as the world's "indispensable nation."

None of this began with Donald Trump. His "America First" is a pithier version of Barack Obama's call to focus on "nation-building at home," and the policies of the two administrations have more in common than either would like to admit. A new "realism" is in vogue, best articulated by thinkers such as Barry Posen and John Mearsheimer. It calls for paring back commitments in Europe and Asia, pulling out of the Middle East and adopting a policy of strategic "restraint." It is time to accept the world "as it is," not as we might wish it to be.

It all sounds so sensible. The problem is that, after decades of living within the protective bubble of the liberal world order, we have forgotten what the world "as it is" looks like. To believe that the quarter-century after the Cold War has been a disaster is to forget what disaster means in world affairs.

Which other quarter-century would we prefer? The first quarter of the 20th century included World War I and the birth of communism and fascism. The second saw the triumph of Hitler and Stalin, the Ukrainian famine, the Holocaust, World War II and the invention and use of nuclear weapons. Even the quarter-century beginning in 1950 included the Korean War, the Vietnam War, three Arab-Israeli Wars and the Cuban Missile Crisis.

Perhaps our biggest failure is our unwillingness to imagine that things could look again as they did in the

first half of the 20th century, with a few besieged democracies hanging on in a world dominated by dictatorships. Aggression was the norm then, not the exception, and every weapon invented by scientists was eventually put to use.

It should be hard to have a 1930s mentality today, since we know what happened next. But we comfort ourselves that those past horrors cannot be repeated. We see no Hitlers or Stalins on the horizon, forgetting that our forebears did not see them either. Those ambitious tyrants rose to power at a time when they faced few constraints: No nation or group of nations was willing or able to sustain an international order of any kind, much less one that might resist them.

Today we know that Vladimir Putin has grand ambitions but not yet the capacity to realize them. He reveres Stalin, but he is not Stalin. What would a less constrained Putin do? A Russia that restored its Soviet and imperial borders would be a far different player on the international scene than the Russia now confined east of Ukraine and the Baltic nations.

Today a more powerful China, with a new premier-for-life, is moving away from the cautious foreign policies of the Deng era. We cannot yet know what an even more powerful and less constrained China will want or do as it expands its regional and global influence, especially if it does so by military means.

We should also recall that the European peace established since the Cold War is less than three decades old. Prior to World War II, wars in Europe were brought on by a combination of growing nationalism, collapsing democracies and global instability, all of which are visible today. Those who oppose the American promotion of democracy abroad generally have non-Western nations in mind, but let's not have too much faith in the West. Few of Europe's democracies date back before World War II. It was in the West that fascism and communism arose, and it is in the West that democracy is at risk once again.

The emerging consensus today is that the U.S. has been doing too much. But what if we have been doing too little? We wanted to believe that the course of history was taking us away from the war, tyranny and destruction of the first half of the 20th century, but it may be taking us back toward them, absent some prodigious effort on our part to prevent such regression. Those who call themselves realists today suggest that we can do less in the world and get more out of it. It is a lovely fiction. Our real choice is between maintaining the liberal world order, with all its moral and material costs, or letting it collapse and preparing for the catastrophes that are likely to follow.

Nothing is determined, not the triumph of liberalism or its defeat. As we have seen these past 70 years, tremendous human progress and human betterment are possible even in a dangerous world. To know that the jungle will always be there is not to despair of keeping it at bay, as we have done more or less successfully for decades. But make no mistake: The liberal order is as precarious as it is precious. It needs constant tending lest the jungle grow back and engulf us all.



## A Latin Phrase for 'Fickle Crowd' Has Morphed

**THE SENATE** Judiciary Committee hearing on the nomination of Brett Kavanaugh to the Supreme Court got off to a dramatic start on Tuesday morning, with Democratic committee members immediately moving

to adjourn and protesters shouting from the back of the hearing room. In his opening remarks, Sen. John Cornyn

(R., Texas) said, "This is the first confirmation hearing for a Supreme Court justice I've seen basically according to mob rule."

That same phrase was used last month after a Confederate statue dubbed Silent Sam was toppled by demonstrators at

the University of North Carolina at Chapel Hill. "This is mob rule," said State Rep. Tim Moore, North Carolina's Republican House Speaker. "There's no room for that in a civilized society."

Writing in USA Today, columnist Steven Petrow objected to the characterization of the protests over Judge Kavanaugh and Confederate monuments as "mob rule," stating that these were in fact acts of civil disobedience. "The very choice of the word 'mob' to describe protesters is reflective of the attempt to discredit and devalue them," Mr. Petrow wrote.

Historically, "mob" is a shortened form of "mobile," in turn shortened from the Latin expression "mobile vulgus,"

**A 1789 mob:** 'The March of the Women on Versailles'

meaning "the fickle crowd." Though the word refers to the capricious nature of the masses, the

basic sense of "mob" has not changed much from its popularization in English in the late 17th century.

"Mobile vulgus" was imported from Latin around 1600, with the noun "vulgus" denoting "the common people" and the adjective "mobile" meaning "changing." (English had already taken the French version of "mobile" to mean "movable," still used today. In Latin it was pronounced "MO-bee-lay," familiar to opera fans from the aria in Giuseppe Verdi's "Rigo-

letto," "La donna è mobile," or "Woman is fickle.")

When the Latinism was boiled down into the single syllable "mob," it was part of a trend for making playful clipings of longer expressions. "Physiognomy" became "phiz," "reputation" became "rep," "positive" became "pos," and "incognito" became "incog."

Jonathan Swift decried this trend, and "mob" in particular. "I have done my utmost for some years past, to stop the Progress of Mob," Swift wrote in 1710, "but have been plainly born down by Numbers, and betrayed by those who promised to assist me."

Swift and others who objected to the word could do nothing to stop its spread. It became a popular put-down for the mass of public opinion, or for groups viewed as disorderly or criminal. In the early 20th century, the criminal kind of "mob" would become applied in the U.S. to the organized crime syndicate otherwise known as "the Mafia."

The words to which "mob" typically gets attached highlight its rowdy connotations. The Oxford English Dictionary

dates "mob rule" to 1837, followed by "mob violence" (1842), "mob warfare" (1886) and "mob scene" (1890).

Some more positive uses of "mob" have emerged in the digital era. In 2002, Howard Rheingold titled a book "Smart Mobs," a term he coined for large groups that can mobilize quickly for social action by means of electronic communication like text-messaging. The following year, the term "flash mob" first caught on for a group of people who assemble at some predetermined location to perform a prearranged action (often a bizarre one) before quickly dispersing.

By and large, however, "mob" has retained its pejorative associations. When former White House senior adviser Steve Bannon was disinvited from The New Yorker's annual festival earlier this week, he accused the magazine's editor David Remnick of being "gutless when confronted by the howling online mob." It's doubtful, though, that Mr. Bannon would refer to his own supporters as a "mob"—the word only seems to apply to public opinions seen as unfavorable in the eye of the beholder.

**WORD ON THE STREET**

BEN ZIMMER

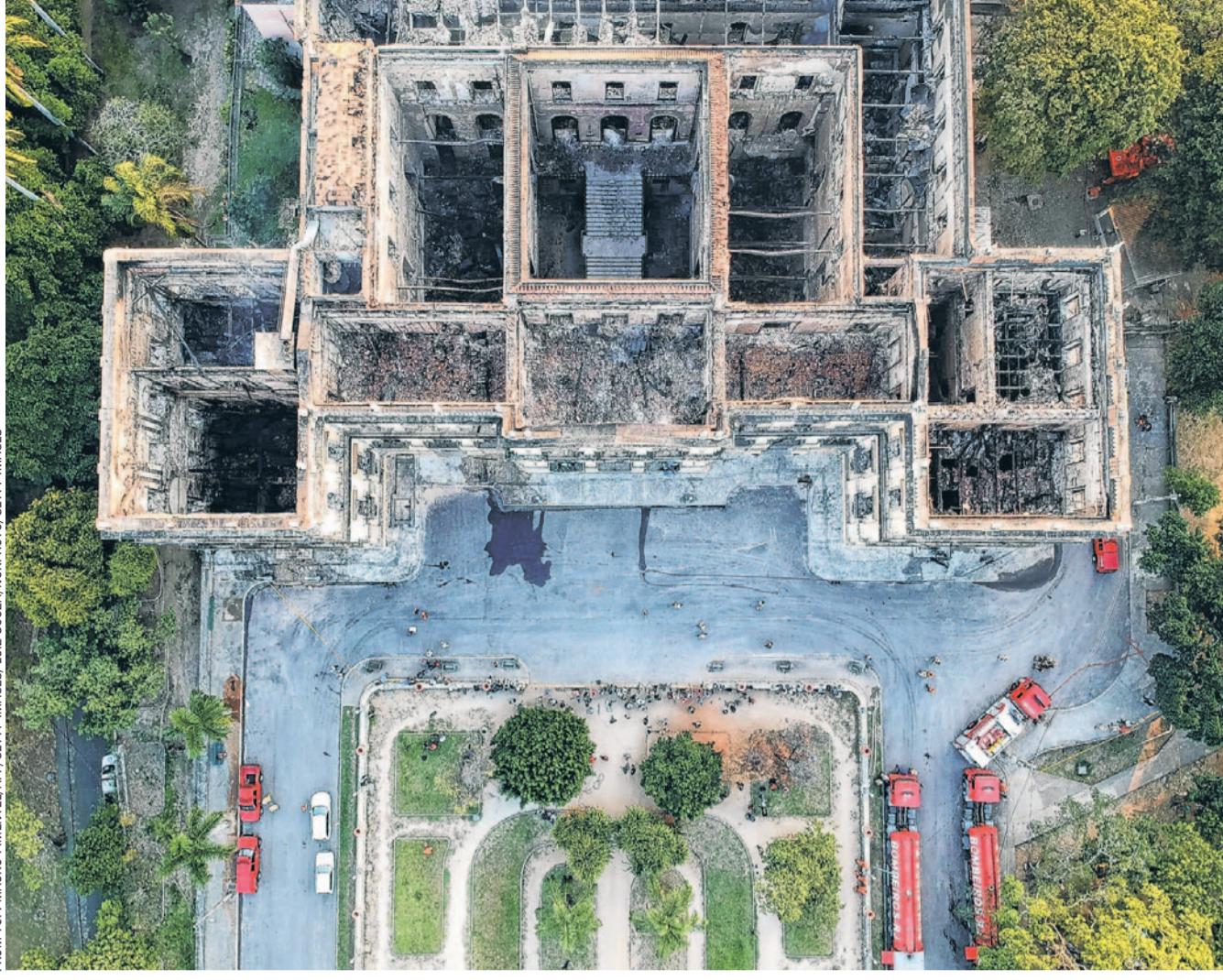
# Mob

(R., Texas) said, "This is the first confirmation hearing for a Supreme Court justice I've seen basically according to mob rule."

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CHRISTOPHE FINE ART/JUL/GETTY IMAGES

## REVIEW



# Brazil Mourns the Loss of an Ignored Museum

When Rio's repository of history went up in flames, it was the first time many Brazilians had heard of it. A self-described 'country of the future' has long neglected its past.

BY JOHN LYONS AND PAULO TREVISANI

**T**he fire that consumed the National Museum in Rio de Janeiro last Sunday unleashed an outpouring of sorrow over the destruction of Latin America's biggest collection of historical specimens, from dinosaur fossils to the artifacts of now-vanished Amazon tribes. It also exposed an uncomfortable fact: Many Brazilians had no idea the museum even existed until they saw it roaring in flames on national television. That includes Brazilian sophisticates who would think nothing of flying to Paris to visit the Louvre.

This may sound strange considering that President Michel Temer called the loss "a sad day for all Brazilians," while writers from around the globe spent the week describing the 200-year-old institution as "cherished" and "renowned."

But the truth is that, until the fire, the museum, housed in a decaying 1800s palace, was a largely ignored institution, far from the tourist track in Brazil's most famous city. Each month, it received about a 30th of the visitor traffic of New York's American Museum of Natural History, mainly from tours by local grammar schools. Its exhibit rooms had a vacant and sometimes musty feel. Now its loss stands as a painful reminder that, as a nation, Brazil has never placed much value on its past.

"I hope future generations will forgive us," said Washington Fajardo, a prominent architect and head of Rio's Municipal Council for Cultural Patrimony, in a text message published in the *O Globo* newspaper that circulated widely in social media. "We are a nation without memory, wandering through the cosmos without knowing who we were, what we could be, or even aspire to be. Now it is these ashes that must inspire young people to guide our nation."

As some observers have argued, understanding the past is a precondition for rectifying it. Brazil has often blotted out its national memories and looked resolutely to the future instead. Its leaders have long asserted that Brazil is on the verge of blooming as a great nation and only then will its history truly begin. In 1960, the country moved its capital from Rio de Janeiro to a futuristic new city, Brasília, built from scratch to match a utopian vision of the future.

"Brazil is the country of the future...and always will be," has become an oft-repeated trope following multiple cycles of great optimism followed by economic crashes, military coups and efforts to start over again. Brazil has had seven constitutions, plus rewrites, since the National Museum opened in the early 1800s.

Brazil's preference for the future is even reflected in its museums. During the country's recent economic boom, Rio de Janeiro spent around \$60 million to build a "Museum of Tomorrow" cantilevered over its waterfront. The museum opened in 2015 and advertises an "environment meant to explore the Tomorrows we aim for." Interactive displays show what transportation, cities and the environment might look like someday.

Meanwhile, across town, the National Museum dedicated to Brazil's past was left to rot. The museum received only \$15,000 in funding this year. Newspaper headlines chronicle a lack of funding dating back to the 1950s. Recent visitors noted peeling paint and exposed wiring and warned of impending disasters. The building lacked a fire suppression system.

"The museum was not well known, and I am talking about even among elites," said Vinicius Mota, the managing editor of the leading *Folha de S. Paulo* newspaper. After the fire, *Folha* ran a poignant piece by a Rio de Janeiro architect who lamented having only visited the museum once, as a nine-year-old on a school outing. "The society doesn't take care of its history, it's disdained," added Mr. Mota.

A 2016 report on the condition of the museum cited infestations of bats and other animals and noted that leaks in multiple locations

required buckets and plastic tarps. Last year a termite problem got so out of hand that the museum director was forced to close a dinosaur exhibit. This June he pointedly moved his own office into the decrepit former living quarters of the country's 19th-century monarchs, who used the building as their palace, in an effort to call attention to the museum's decay and deterioration.

Nor was the neglect confined to the National Museum. In São Paulo, a 2010 fire at the Instituto Butantan destroyed one of the world's largest collections of snakes, scorpions and other specimens. The city's premier history institution, the Museum of Ipiranga, has been closed for renovations for five years.

Brazil's preference for the future can give it a pleasant optimism but has also held it back. Sadakne Baroudi, an American historian living in Rio de Janeiro, discovered that almost everyone she met had no idea that the city was once among the world's largest slave ports and is full of former slave markets and mass graves. The national museum building itself was built by a slave trader who handed it to the Portuguese royals who fled Napoleon.

Ms. Baroudi started to give tours of the city to shed light on that gruesome past. "So it was a shocking surprise to me the first time Brazilians took my tour and sat down crying and raging and saying, 'Why didn't I know this?'" she said.

Things may be changing, said Laurentino Gomes, a former journalist who has become one of Brazil's best-selling authors by writing



**Top:** The National Museum the day after its massive fire. **Above:** The \$60 million Museum of Tomorrow built on Rio's waterfront.

ing popular histories. His trilogy on 19th-century Brazil has sold 2.5 million copies. To write the books, Mr. Gomes spent long stretches at the National Museum, but to his dismay, the rooms where the country's monarchs governed and where independence from Portugal was signed were not even marked, let alone preserved, as though the history had been erased.

In Brazil's past, he notes, monarchs and later dictators forced a self-serving version of history on a largely illiterate public, which eventually tuned it all out as propaganda. Poor educational standards have also meant that schoolchildren

don't learn what they should of history. But now, Mr. Gomes believes, the economic collapse, corruption scandals and street violence of recent years have prompted Brazilians to search their history for meaning.

"We've been taught that Brazil was a sleeping giant, home of a peaceful, well-behaved, cordial, honest people, but day in and day out we've been bombarded with news that goes against those myths," he said. "All that makes us wonder who we are, and history can help find the answer."

Unfortunately, it is now too late to do that at the National Museum. "I'd have liked to visit, but now it's impossible," said Roberto Montrezol, 33, who works at a São Paulo hospital. The first time in his life that he heard about the National Museum was when it appeared on the Sunday news in flames.

—Paul Kiernan contributed to this article

## TABLE TALK

BEE WILSON

## No, a Salad Doesn't Make That Burger Healthier



**WHO EATS FRESH strawberries with their morning bowl of cereal?** Almost no one, in my experience. For one thing, the strawberries would make the cornflakes pink and soggy. There's also the fact that a person eating cereal for breakfast is usually in a rush at the kitchen counter and doesn't have the time to source fresh berries, wash them and arrange them artfully in the bowl. A quickly sliced banana, maybe. Strawberries—unlikely.

Yet the photo on the front of cereal boxes often includes big, succulent strawberries as a "serving suggestion." Why is this? Dr. Giles Yeo, a geneticist at the University of Cambridge who researches obesity, argues that the healthful berries on the cornflakes box are there to convey the illusion that the cereal contains fewer calories. When we pick that cereal from the supermarket shelf, the strawberries make us feel that we are choosing something fresh and slimming, rather than a carton of refined carbs and sugar.

Strawberries on a cereal box are an example of something called the "negative calorie illusion," as Dr. Yeo outlines in his book "Gene Eating: The Science of Obesity and the Truth About Diets," which will be published in the U.K. in December. When we see a healthy food paired with a less healthy one, we will judge the overall meal to have fewer calories than if we see the unhealthy food by itself. The negative calorie illusion explains a lot about the crazy ways we kid ourselves about food. Back in my dieting days, I truly believed that I could wash away the calories of the day if I drank enough Diet Coke.

The concept of the negative calorie illusion comes from Alexander Chernev of the Kellogg School of Management at Northwestern University, who did a series of experiments involving hamburgers and published the results in the



Journal of Consumer Psychology in 2010. Dr. Chernev found that if you ask people to estimate the calories in a hamburger, they will usually estimate more calories for a hamburger by itself than for a hamburger with a few sticks of celery or a carrot salad on the side. Many of the participants imagined that a burger by itself was around 600 calories, whereas they reckoned that a burger plus celery was more like 500 calories. It's as if we believe that the presence of the healthy food actually cancels out the calories in the unhealthy food. Dr. Chernev called this the "dieter's paradox."

In the years since, other psychologists have modified some of Dr. Chernev's findings. It seems that the negative calorie illusion only works when there is a perceived contrast between vice and virtue in the two foods. When we see a healthy entree with an added side salad, we know perfectly well that the salad will add calories. It's only when the entree is a supposedly unhealthy one that we believe that a piece of fruit or some raw vegetables will bring the total calorie count down.

Once I became aware of this phenomenon, I started to see it everywhere. As Dr. Yeo points out, the negative calorie illusion explains most of the serving suggestions in the supermarket, whether it's the fresh cilantro leaf on a carton of instant ramen noodles or the broccoli on a bottle of squeezable cheese. It also got me thinking about the kids' meals sold at the gym where I go. These usually consist of something like fish sticks or pizza with a hefty portion of fries and a microscopic side of vegetables: one tiny floret of broccoli and two carrot sticks. The vegetables are clearly there to make busy parents feel better about feeding their kids junk for dinner. It's like the salad garnish with a steak dinner, which disguises the fact that you are eating a week's worth of red meat in one go.

The negative calorie illusion only works because we are so hung up on the idea of "good" and "bad" foods. It's true that most of us eat nothing like enough fruits and vegetables, but we won't fix the problem with a tiny garnish here and there. We can't bear to admit to ourselves the terrible truth that yes, we do sometimes like eating french fries, so we add a few green beans to the plate, like a fig leaf to our gastronomic modesty. The real challenge is learning to think of greens as something so delicious you eat them for their own sake, rather than a kind of penance you chomp through before you get to the good stuff.

RUTH GWILY

## EVERYDAY PHYSICS

HELEN CZERSKI

## How Microbubbles Make a Latte

 Walking into a good coffee shop is often like stepping into another world, heralded by the distinctive aroma and the clinking of cups. There's a low murmur from the humans summoned by the shiny espresso machines, which hiss like dragons as they spit out liquid black gold. I don't drink much coffee, but I'm fascinated by the ritual associated with it.

And since I'm a physicist who specializes in bubbles, what really attracts me is the foam: the white milk foam and the brown foam on an espresso (called crema). It's the art of latte-making that brings them together. The swirling patterns in the cup hint at the science behind it all, providing a window into the world of microbubbles.

Although coffee has been brewed for centuries, crema is a relatively modern phenomenon because it relies on the modern espresso machine. Water at 200 degrees Fahrenheit is forced through freshly ground coffee beans at around nine atmospheres of pressure, and it comes out with much more than the crucial coffee smells and flavors. Roasting coffee beans produces carbon dioxide, and this is trapped in the beans until they're ground. As the high pressure water squeezes past the freshly ground coffee, the carbon dioxide dissolves into it.

Once the fresh espresso drips into the cup, however, the pressure drops back to one atmosphere and that gas comes bubbling out of solution (just like releasing the cap on a soda bottle). Beans that are roasted longer have more gas to release and so produce more bubbles, thickening the lovely brown crema on the top of a fresh espresso.

Steamed milk may be added to create a latte or cappuccino, but the milk foam has a very different origin. The nozzle injects steam—water so hot that it's a gas—into milk. As the jet of steam drills down into the liquid milk, it drags air with it, and this is where the bubbles come from. At the same time, the steam heats both the liquid milk and the foam.

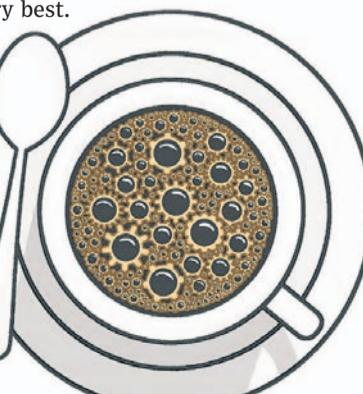
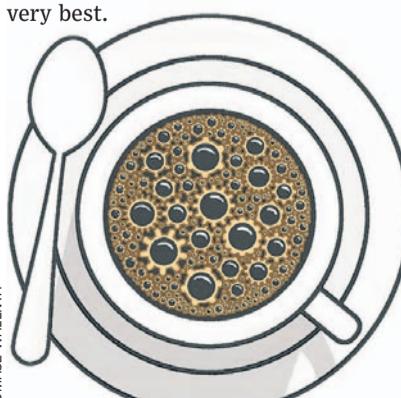
The key part of the process is what happens as the tiny bubbles form. Milk contains both fat globules and tiny capsules of protein, and both play a role in the type of foam produced. The most critical role is played by the protein capsules, which break apart and coat the bubbles, forming a tiny cage around each one that keeps it stable so the foam will last.

But at the same time, the milk is being heated. For skim milk, with almost no fat, the warmer the milk, the stronger and longer-lasting the foam is. But for whole milk, it's a different story. Those fat globules hide a secret: the fat in them is mostly solid at low temperatures but becomes more liquid as it warms up. At room temperature, the partially solid fats break up the foam, so tepid milk forms very poor foam. But if you keep heating until the fat is all liquid, the bubbles become even more stable than when they were chilled. That's what's happening as the steam wand casts its magic spell: heating and aerating the milk to produce the most stable foam.

The amazing thing about these foams is their strength. If you pour a teaspoon of sugar onto either a milk foam or a good crema, it will sit on top for several seconds. If you tipped that sugar on top of either the liquid or the gas alone, it would fall straight through. Those tiny molecular cages around each bubble make the mixture of gas and liquid so strong that it can do something neither component can do by itself.

The character of the foam depends on the exact balance of air, liquid, bubble size and how well drained the foam is. The job of the barista is to tune the physics to create perfect foams and then to choreograph the result to produce perfect art.

So a latte isn't just a beautiful aesthetic creation; it's also an elegant scientific construction. Next time you sip one, spend a moment admiring the foam: This is liquid architecture at its very best.



TOMASZ WALENTA

## REVIEW



FROM TOP: FREDRIK SANDBERG/AFP/GTY IMAGES; ALAMY

BY SHERI BERMAN

For the rest of the world, Sunday's general election in famously prosperous, progressive Sweden carries one clear lesson: No country is immune from today's populist upheaval. The Sweden Democrats, an anti-immigration party with roots in the country's neo-Nazi movement, is polling just behind the long-dominant Social Democrats and neck-and-neck with the Moderate Party, the largest party on the traditional right.

But that's not all there is to learn from this surprising reversal, especially for democracies facing similar insurgencies. The Swedish case suggests that populism on the right is a response less to economic or social change than to the failure of mainstream parties and governments to offer a clear vision of how to maintain a vital national identity in the face of such transformations.

Historically, the Swedish left has been notable for its nationalist pride. In the years between the World Wars, the Social Democrats stole the nationalist concept of Sweden as the "people's home" (*folkhemmet*) from the country's political right. The party's leader, Per Albin Hansson, claimed that "there is no more patriotic party than the Social Democrats, since nothing could be more patriotic than turning our country into a place where all feel at home," a country defined by "equality and cooperation." Unlike the rest of Europe, by the early 1930s nationalist appeals came to be associated with the left rather than the right in Sweden. The Social Democrats went on to dominate Swedish politics for the better part of a century.

That legacy is now up for grabs. The Sweden Democrats say that the Swedish political establishment has forgotten what the "people's home" means and claim that their own party is now its true defender. The big question is whether the country's other parties can reclaim this concept so central to Swedish identity and adapt it to new circumstances.

Many economic problems plaguing other countries are absent in Sweden. Economic growth is high, unemployment is low and the country is consistently ranked among the most competitive and innovative in the world. Inequality has risen, but it remains comparatively low and, unlike in the U.S., incomes for all groups have grown in Sweden.

There also has been no anti-globalization backlash—almost two-thirds of Swedes view it as a force for good, as opposed to just 40% in the U.S., according to an October 2016 poll by YouGov.

Social change has become a major concern, however. Polls consistently show that Swedes see immigration as the most important issue facing their country. A generation ago, Sweden was extremely homogenous, but today the foreign-born proportion of the population is 18.5%, higher than in the U.S., and this growth has happened very quickly. In 2015 alone, some 160,000 asylum seekers were admitted to Sweden, whose total population is just under 10 million. The arrival of large numbers of Muslims fleeing the turmoil of the Middle East has brought cultural and religious diversity unprecedented in the country's history.

Still, despite this dramatic influx, Sweden

# A Populist Surprise In Sweden

As a right-wing insurgency upends the country's politics, traditional parties face a challenge shared by other Western democracies: offering a new vision of national identity



Top: A Sweden Democrats rally, in support of 'Law and Order.' Above: Per Albin Hansson, leader of the Social Democrats, in 1940.

remains perhaps the most welcoming, least xenophobic country in Europe. A 2017 Pew survey asked Europeans in 15 countries whether someone had to be born there to "truly" belong; whether they would be willing to accept Muslims or Jews as neighbors or family members; whether immigrants were generally honest and hardworking; whether their own national culture was "inherently superior"; and whether Muslims generally supported violence and extremism. On all these measures, Swedes surpassed other Europeans in their openness to outsiders.

In Sweden, anxieties about immigration have been caused less by ingrained prejudices than by pragmatic concerns. Recent polls show that over three-fourths of Swedes believe that the integration of newcomers has gone poorly, and some two-thirds worry that immigration may undermine the "Swedish model."

In responding to such worries, the Sweden Democrats have followed the familiar populist script: They have accused immigrants of taking resources from native-born Swedes, refusing to work, engaging in crime and terrorism and rejecting Swedish "values." They have highlighted and exaggerated the very real problems that afflict many of Sweden's new immigrant enclaves.

What has been surprising in Sweden is the

failure of the Social Democrats and other mainstream parties to offer a convincing alternative to this dystopian narrative. Only in the last several months have the Social Democrats begun to address voters' anxieties about these issues, and they have carried out the debate on the populists' home turf, focusing on crime, law and order, limiting immigration, family reunification and so on.

Erik Åsbrink, a former finance minister under the Social Democrats, has criticized this approach, saying that it has allowed the populists to proclaim "we are the original, they are just a bland copy that you can't trust." It has also generated infighting, leaving the Social Democrats to appear both unprincipled and confused. Amid this disarray, the party has dropped in the polls as the Sweden Democrats have risen.

All of Sweden's mainstream parties have shunned the populists, which means that a minority government is likely to emerge from this week's election. But the country's traditional parties will continue to suffer losses if they ignore the problems behind the rise of the Sweden Democrats. David Ahlin, the head of one of Sweden's largest polling firms, notes that the country's populist voters "are particularly likely to feel that those in power neither understand nor care about their needs and concerns."

The Sweden Democrats, like populists elsewhere, peddle a politics of fear. They constantly assert that other parties are leading the country toward disaster. And supporters of the Sweden Democrats, like their counterparts elsewhere, tend to be extremely pessimistic about their country's prospects.

The only answer to such dark visions is a politics of hope—which must include concrete solutions to contemporary problems as well as a broader view of how social and economic change can strengthen Sweden as the "people's home." As Jonas Sjöstedt, leader of Sweden's small Left party, told the Financial Times, "For us, this election is about the character

of Swedish society. This is about what kind of country we should be." He has reminded voters of the traditional Swedish values of toleration, openness and solidarity and has expressed confidence in the country's ability to assimilate immigrants into its way of life. His party has risen significantly in the polls.

Given the scale of demographic change the country has absorbed, Sweden's resilience is remarkable. Moreover, there has been real progress in just a few years in dealing with problems such as immigrants' participation in the labor force and their educational progress.

As conceived in the early 20th century by the country's Social Democrats, the "people's home" was meant to deal with precisely the type of challenge facing Sweden today: creating a society where all, regardless of background, are given the resources to achieve their potential. A modern updating must include a positive vision of how to encourage the country's newest arrivals to embrace the rights and obligations that have made Sweden a model to so much of the world—and an alternative to the angry populism of the right.

Dr. Berman is a professor of political science at Barnard College. Her latest book, *Democracy and Dictatorship in Europe: From the Ancien Régime to the Present Day*, will be published by Oxford University Press in February.

## REVIEW

# The Destructive Politics of Pseudo-Boycotts

From Nike to In-N-Out Burger, companies are being targeted for political reasons. But what is really at stake?



PHOTO ILLUSTRATION BY JOHN KUCZALA

BY ADAM KIRSCH

We seem to be living through a great age of boycotts—on social media, at any rate. Just this week, Nike's choice of Colin Kaepernick as a spokesman led conservative critics of the quarterback's political activism to declare angrily that they would never buy Nike products again. Some even destroyed the gear they already owned, ripping up socks or setting sneakers on fire and then posting the photos. The hashtag #BoycottNike went viral in a day.

This came hard on the heels of a smaller boycott on the left, when a number of celebrities tweeted that they would not participate in the New Yorker Festival so long as the former Trump strategist Steve Bannon was there—even though, according to the magazine's editor David Remnick, the intention was to subject Mr. Bannon to a confrontational interview. In less than a day, Mr. Bannon was disinvited.

But these were just the latest in a long series of boycotts that have been announced—and then just as quickly forgotten—since the election of Donald Trump. Last week, the chair of California's Democratic Party called for a boycott of In-N-Out Burger, because the company had donated to Republicans. In March, Dick's Sporting Goods was targeted for boycott after

it announced it would stop selling assault rifles in the wake of the Parkland school shooting. Indeed, the Trump era began with a different shoe boycott: Shortly after the 2016 election, liberals declared they would stop buying New Balance sneakers because a company executive praised Mr. Trump's trade policy.

It's no wonder that the rhetoric of boycotts appeals to Americans in an era of bitter political division. After all, boycotts helped to create the United States. In the 1760s, American colonists registered their opposition to British taxes by adopting non-importation agreements—boycotts of British goods—that resulted in the quick repeal of the Stamp Act and other tariffs. The civil-rights movement was launched by the most famous boycott in American history—the boycott of the bus system in Montgomery, Alabama, that followed the arrest of Rosa Parks in 1955.

But you don't have to look very far to see the differences between those historic boycotts and the pseudo-boycotts of today. Real boy-

cotts have been announced and quickly forgotten.

cotts emerge when political opponents no longer believe that they can convince one another through argument, so they take steps to harm one another economically. In this sense, boycotts represent a splintering of community that can ultimately lead to violence, as it did in colonial America.

Because boycotts are serious things, they have historically been undertaken in great earnest, and the proof of that earnestness has been the willingness of the boycotters to make sacrifices. In this way, boycotts resemble acts of civil disobedience.

The African-Americans of Montgomery who refused to ride segregated buses knew their lives would be much more difficult as they made their way by foot. The volunteer drivers who helped them also made sacrifices: "To assist the walkers, all of us had driven before, in between and after working at our own jobs," recalled one participant, Jo Ann Gibson Robinson. "Exhausted, we were going to sleep at the dinner table with a spoon of food halfway between the plate and the mouth."

The comparison to today's images of people setting fire to \$200 Nikes is striking. Such images often provoke ridicule, since destroying goods you've already bought doesn't harm Nike in the slightest. But this focus on the image—always to be shared on social media—rather than on the actual effect is key to today's efforts. A true boycott, designed to change an opponent's behavior, must be organized, sustained and thoughtful—qualities that are seldom evident on Twitter. What we have instead are outbursts of indignation that, like so many political impulses in the internet age, are exhausted by their mere expression.

But this doesn't mean that pseudo-boycotts are meaningless or harmless. American politics is increasingly a matter of asserting an identity rather than organizing collective action. And pseudo-boycotts are perfect for identity politics—for declarations about the kind of person I am. They involve cultural markers as much as political ones. After all, conservatives and liberals don't just vote for different candidates; they listen to different music, drive different cars and eat different foods. By turning politics into another consumer choice, pseudo-boycotts offer an easy and familiar way of announcing where we belong.

The most troubling thing about pseudo-boycotts, however, is that they express a dream of purity. They involve a ritual casting out of the enemy: Colin Kaepernick or Steve Bannon do not belong in my community, in my America. Better to pretend they do not exist than to confront their reality.

The problem, of course, is that—as Lincoln pointed out in his First Inaugural, at another moment when Americans were wishing each other out of existence—"Physically speaking, we cannot separate. We cannot remove our respective sections from each other nor build an impassable wall between them." That is even less possible today, when the "sections" are not geographically distinct but mingled everywhere. It is because they offer an illusion, rather than a solution, that pseudo-boycotts are so tempting—and so destructive.

## HISTORICALLY SPEAKING

AMANDA FOREMAN



## Poison as Statecraft

Among the pallbearers at Senator John McCain's funeral in Washington last weekend was the Russian dissident Vladimir Kara-Murza. Mr. Kara-Murza is a survivor of two poisoning attempts, in 2015 and 2017, which he believes were intended as retaliation for his activism against the Putin regime.

Indeed, Russia is known or suspected to be responsible for several notorious recent poisoning cases, including the attempted murder this past March of Sergei Skripal, a former Russian spy living in Britain, and his daughter Yulia with the nerve agent Novichok. They survived the attack, but several months later a British woman died of Novichok exposure a few miles from where the Skripals lived.

Poison has long been a favorite tool of brutal statecraft: It both terrorizes and kills, and it can be administered without detection. The Arthashastra, an ancient Indian political treatise that out-Machiavels Machiavelli, contains hundreds of recipes for toxins, as well as advice on when and how to use them to eliminate an enemy.

Most royal and imperial courts of the classical world were also awash with poison. Though it is impossible to prove so many centuries later, the long list of putative victims includes Alexander the Great (poisoned wine), Emperor Augustus (poisoned figs) and Emperor Claudius (poisoned mushrooms), as well as dozens of royal heirs, relatives, rivals and politicians. King Mithridates of Pontus, an ancient Hellenistic empire, was so paranoid—heaving survived a poison attempt by his own mother—that he took daily micro-doses of every known toxin in order to build up his immunity.

Poisoning reached its next peak during the Italian Renaissance. Every ruling family, from the Medici to the Viscontis, either fell victim to poison or employed it as a political weapon. The Borgias were even reputed to have their own secret recipe, a variation of arsenic called "cantarella." Although a large number of their rivals conveniently dropped dead, the Borgias were small fry compared with the republic of Venice. The records of the Venetian Council of Ten reveal that a secret poison program went on for decades. Remarkably, two victims are known to have survived their assassination attempts: Count Francesco Sforza in 1450 and the Ottoman Sultan Mehmed II in 1477.

In the 20th century, the first country known to have established a targeted poisoning program was Russia under the Bolsheviks. According to Boris Volodarsky, a former Russian agent, Lenin ordered the creation of a poison laboratory called the "Special Room" in 1921. By the Cold War, the one-room lab had evolved into an international factory system staffed by hundreds, possibly thousands of scientists. Their specialty was untraceable poisons delivered by ingenious weapons—such as a cigarette packet made in 1954 that could fire bullets filled with potassium cyanide.

In 1978, the prizewinning Bulgarian writer Georgi Markov, then working for the BBC in London, was killed by an umbrella tip that shot a pellet containing the poison ricin into his leg. After the international outcry, the Soviet Union toned down its poisoning efforts but didn't end them. And Putin's Russia has continued to use similar techniques. In 2006, according to an official British inquiry, Russian secret agents murdered the ex-spy Alexander Litvinenko by slipping polonium into his drink during a meeting at a London hotel. It was the beginning of a new wave of poisonings whose end is not yet in sight.

## EXHIBIT

## Haute Horticulture



**After making a career** as an event florist in London's fashion scene, Zimbabwean botanist Robbie Honey left the world of haute couture to focus fully on flowers. In 2012, having become a floristry teacher, he started deconstructing flowers, arranging the parts with a ruler and tweezers, and then photographing the results with his iPhone. He showcases those shots in a new book, "The Accidental Botanist" (Clearview Books, \$30).

Over the past six years, Mr. Honey traveled to about a dozen countries, photographing 90 flowers from places as far-flung as the Malaysian rain forest and the African veldt. He found a cornflower (left), used in Earl and Lady Grey tea blends, in London, and a Chinese hibiscus (above), a short-lived, edible flower, on the side of a road in Martinique. In the end, his journey to procure petals in their natural habitats changed his artistic ambitions. "My once polished and concise style is much wilder," he says. "I find I arrange with a new sense of abandon." —Alexandra Wolfe

REVIEW



W

# **I**ntroduction

# Jeanne Damas

## French chic in the Instagram age

ear  
Yor

That's by choice. I prefer to do it chill," says the 26-year-old Paris-based photographer, model, fashion designer and Instagram fashion sensation. She also happens to be catnip for the street-style photographers who crowd outside fashion show venues. "I choose shows I prefer, a few parties. That's it."

Ms. Damas's quintessential French nonchalance is celebrated in a new book featuring her photographs, "In Paris: 20 Women on Life in

the City of Light," released in the U.S. on Sept. 4 after being published in France last year. Ms. Damas highlights 20 real-life Parisian women in an attempt to uncover the secret to French feminine style. "The

sents the ultimate in French girl chic. She burst onto the scene around 2011, after modeling for lin-

gerie designer Yasmine Eslami, the mother-in-law of a high-school friend. She joined Instagram a year later; her social-media savvy, charisma and good looks quickly made her Internet famous. She caught the attention of designers, fashion notables and fashion followers, leading to more modeling gigs and front-row seats at high-profile fashion shows.

In 2015, she starred in a global marketing campaign for luxury shoe brand Roger Vivier. She took

up photography and dabbled in acting. All the while she amassed a huge following on Instagram,

French style comes from a kind of effortless sensibility. 'It's not just about the looks,' she says.

The book is sprinkled with quirky, authoritative guidelines on Paris living. Tips for “Doing it like a Parisienne” include “eating half a baguette on the

way home while it's still warm because that's one stereotype that's true," "thinking that arriving fifteen minutes late is being on time" and "hiring a Velib bicycle on avenue Trudaine in the ninth arrondissement and dropping it off at Palais de Tokyo in the sixteenth. A thirty-two minute ride." Ms. Damas loves to ride bikes throughout the city.

that encapsulates Paris, it must be the seductive act of applying red lipstick. Red lips with a natural, almost nude face,” as the book puts it.

Ms. Damas is known for her signature red pouty lips. “My Parisienne friends, blonde or brunette, have all the time lipstick, but no makeup. The only

thing we use every day is lipstick. A lot of girls want to know about beauty in Paris. We wanted to say something about that."



And there is no reason pop stars need to limit themselves to sheets, comforters and pillows.

low cases. Actors certainly haven't. Back in the sixties, television fixture Jimmy Dean became much more famous by selling country sausages. Paul Newman's line of upscale foods are still a staple in the American supermarket. Blazing a trail for musicians, Linda McQuaig's *Food Fight* (1991) and *Fine Young Cannibals* (1992) have potential. Pearl Jam, anybody?

Hawking middle-American consumer products is also a good way to soften your image. Back when he was slugging it out with Muhammad Ali in the epic "Rumble in the Jungle," George Foreman was

started pushing his Legal Mean Fat-Reducing Grill Machines, Foreman transformed himself into a cuddly, avuncular teddy bear. Mike Tyson should be so lucky.

tor City Madman, do the same thing for his image with a line of classy rotisserie grills? Yeah, sure, Megadeth could bring out a line of funeral urns or modestly priced designer hearses. But there's no reason that pop stars have to cling to the image they developed as youngsters. Is it all that hard to imagine a day when the Smashing Pumpkins run a diaper service, Poison puts out a line of designer *madeline* cookies and Slayer sells upmarket cupcakes? B-12 vita-

mins from the B-52s sounds like a can't miss proposition.

Of course, the real money is in linking classic Baby Boomer performers with products that resonate. Iron Butterfly Lawn Services. Mamas and Papas Kindercare. Wilson Pickett Fences. And upscale windows



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# When Congress Came to Blows

The 'emotional logic of disunion' meant more to the South than slavery, states' rights or material self-interest

## The Field of Blood

By Joanne B. Freeman  
FSG, 450 pages, \$28

BY H.W. BRANDS

**W**HY DO people vote against their own self-interest? The phenomenon infuriated Republican editor William Allen White, who in the 1890s denounced his Populist neighbors in a blistering essay called "What's the Matter With Kansas?" It dismayed liberal Thomas Frank, who borrowed White's title for a book that puzzled over why Kansas had turned so Republican by the early 21st century. It has flummoxed present-day Democrats, who keep waiting for working-class voters to discover they've been conned by Donald Trump.

Much of the answer lies in how the question is framed. It presumes that material self-interest is the only kind that really matters. The Populists were driving successful entrepreneurs out of Kansas with their socialist laws, White complained. The Republicans were cutting the social safety net from beneath ordinary Americans, Mr. Frank argued. Mr. Trump's tax reform favors the rich, the Democrats assert, and his trade war will destroy jobs in the very industries he promised to restore. All this was or might well be true, but still people voted the way they did.

Joanne B. Freeman helps explain why, in a fascinating book on a seemingly different subject. Ms. Freeman is the author of "Affairs of Honor," about dueling and related matters in the early American republic; "The Field of Blood" pushes the frontier of violence a few decades further into the 19th century. And it demonstrates the historic truth of an observation by black activist H. Rap Brown in the 1960s: "Violence is a part of America's culture; it is as American as cherry pie." The duelists, bullies and brawlers of Ms. Freeman's tale aren't figures from the margins of society; they occupy its very center: the Congress of the United States. The author's research uncovered at least 80 incidents of violence between members of Congress in the three decades before the Civil War.

Identifying these took no little digging, for congressional violence occupied an ethical limbo. Individual members, especially from the South, insisted on maintaining reputations for brooking no insults. But at a time when the larger American culture was trying to contain violence—by passing anti-dueling laws, for instance—blood on the floor of the Capitol made Congress as an institution look bad. Thus the official



**RAISING CANE** Congressman Preston Brooks attacks Charles Sumner on the floor of the Senate chamber, May 22, 1856.

journal of the legislature elided or euphemized most tussles. Many newspapers (in those days often party organs) contributed to the cover-up.

But Ms. Freeman found an informant: Benjamin French was a clerk in the House of Representatives, a frustrated politico and a gossipy diarist. From the 1830s until after the Civil War, French filled in what the House journal and the Washington newspapers filtered out. Besides adding detail, French and his diary provide continuity to Ms. Freeman's story. Her cast of characters is colorful but at times unwieldy, and French helps anchor things and move them along.

The period described in the book was the golden age of the Senate, when giants Henry Clay, John Calhoun and Daniel Webster waged rhetorical battle over the meaning of democracy, liberty and the Constitution. Ms. Freeman's preference though, is for parliamentarians who battled with real weapons. Her favorite—"the hands-down winner of the Frequent Weapon Wielder

award," as she puts it—is John Dawson, a Louisiana Democrat who didn't feel dressed without a Bowie knife and pistol, both of which he employed to emphasize political points.

From the safe distance of the present, the hijinks Ms. Freeman reports can seem good fun. And often they were treated that way in the contemporary press, when they were treated at all. The author includes cartoons lampooning the pretensions of duelists and the ludicrousness of congressmen wrestling in the aisles of their chambers.

Yet to those involved, the fighting was serious business. Reputations for courage and honor had to be acquired and defended; in the infancy of American democracy, voters rewarded men who stood up for themselves—and, by extension, for their constituents. This was especially true in sections of the country where violence or its threat was part of daily life. As Ms. Freeman points out, white rule in the South continually depended on violence, actual or potential, against

slaves. In the West, violence drove Indian tribes off their land and made it available to settlers. Andrew Jackson, an offstage figure in Ms. Freeman's tale, was a hard-scrabble Carolina kid who first made his reputation in Tennessee as an Indian fighter. He became a national hero by defeating the British at New Orleans in 1815. When he ran for president in the 1820s, many Easterners were appalled to learn he had killed a man in a duel. Westerners and Southerners took the opposite view, praising Jackson for avenging an insult to his wife.

At one point, Ms. Freeman details an 1838 duel between William Graves of Kentucky and Jonathan Cilley of Maine. Until the 1830s, slavery had been one bone of contention between North and South, but not the only or always most important one. South Carolina as late as 1833 threatened to leave the Union over taxes—to wit, the federal tariff. But slavery gradually pushed other issues aside, and the debate over slavery acquired moral overtones often absent earlier. Northern abolitionists denounced slavery as evil, and slaveholders as sinners. Southerners responded with an ideology of slavery as a benevolent institution and condemned abolitionists for trying to start a war.

This weaponization of morality provided context for the duel between Graves and Cilley. As in all such matters, personalities played a large role. Cilley was unusually pugnacious for a New Englander; Graves, in the words of a Northern congressman, was a "Kentucky rowdier." Cilley didn't like the swagger of Southerners and their hair-trigger habit of threatening violence if they didn't get their way; he decided to call their bluff, starting with Graves. Words were exchanged and a challenge issued. It was accepted, and the dueling ground was chosen and prepared.

The two men squared off. Or rather each turned sideways, to present a narrower target. Unusually they chose rifles, rather than pistols. They stood 80 paces apart. The duelists' seconds, hoping to keep their principals from actually getting killed, took extra-long paces to increase the distance between the antagonists.

The signal was given. Both men fired. Both missed.

The seconds huddled, trying to negotiate an end to the affair. But after 20 minutes the negotiations failed.

Again the signal was given. Again both men fired. Again both missed.

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**DINO MIGHT** The skull of a *Tarbosaurus bataar*.

baatar who was an assistant to the then-president of Mongolia. It reached Oyungerel Tsedevdamba as she was getting ready for work Friday morning. "You're talking to me about dinosaurs?" the president asked her, incredulously. But Ms. Tsedevdamba was soon on the phone arranging for a Texas lawyer named Robert Painter to obtain a court injunction to block the sale of the *T. bataar* on Mongolia's behalf.

The man who brought *Tarbosaurus bataar* to auction—and the main subject of Ms. Williams's book—was a Florida fossil dealer, then in his late 30s, named Eric Prokopi. Ms. Williams first encountered him while researching a *New Yorker* profile in 2013 and has dug deep in the years since.

Prokopi started out as a child collecting fossil shark's teeth on the beach and soon advanced into a full-

blown adolescent obsession with paleontology. In college, he volunteered at the Florida Museum of Natural History. But he soon fell out with the scientists there after collecting at a quarry that had banned fossil hunting, and it seemed to set the pattern for everything that followed. Fossils were "just basically rocks," Prokopi rationalized. "It's not like antiquities, where it's somebody's heritage and culture and all that."

Prokopi began to make a living less like the "dinosaur artist" of the book's title and more like a shrewd huckster dealing in shark's teeth, sunken cypress logs recovered from river bottoms, renovated houses and ultimately—because that's where the money was—big dinosaurs. Fossils from Mongolia and China, both illegal, became his specialty. In 2007, he sold a *T. bataar* skull at an auction where

two rival bidders drove the final price up to \$276,000. The winner, Ms. Williams reports, was the Hollywood actor Nicolas Cage, and the underbidder was Leonardo DiCaprio, who soon placed an order with Prokopi for his own *T. bataar*.

Prokopi no doubt wanted to believe his rationalization about fossils being "just basically rocks." But a more accurate way to phrase his approach to the business might have been, "Everybody else was doing it, too." Ms. Williams quotes a headline from the leading science journal *Nature* blasting another journal for featuring a new dinosaur from Mongolia sold by a commercial dealer: "Paper Sparks Fossil Fury: Paleontologists Criticize Publication of Specimen With Questionable Origin." She doesn't point out, however, that such papers describing new species also routinely appear in *Nature* itself, as well as in *Science* and other journals, written by legitimate scientists but based on specimens that have almost certainly been collected illegally by poachers in China. (One key difference: Those specimens at least end up in museums and are available to other researchers.) The combination of limited funding for academic fieldwork, spectacular new discoveries, complicated foreign laws and widespread political corruption continues to set up a thorny trap even for the most scrupulous scientists.

Prokopi wasn't one of them, however. Among other damning details, Ms. Williams depicts Prokopi spray-

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## Old Bones Are Big Business

### The Dinosaur Artist

By Paige Williams

Hachette, 410 pages, \$28

BY RICHARD CONNIFF

**O**N A THURSDAY afternoon in May 2012, a paleontologist named Bolortsetseg Minjin was having lunch near the American Museum of Natural History in New York when she heard a news broadcast about a spectacular dinosaur being put up for auction. It was a specimen of *Tarbosaurus bataar*, a 70-million-year-old close kin and look-alike of *Tyrannosaurus rex*.

Heritage Auctions, which bills itself as "the world's largest collectibles auctioneer," had it splashed across the centerfold of its sale catalog. In midstride, with the mouth on the 4-foot-long skull gaping to show its spiky teeth, and its counterbalancing tail stretched out behind, Lot 49135 stood 8 feet tall and 24 feet long. The auction would take place that Sunday afternoon, just three days off, at a converted ware-

house a short subway ride south of the museum. The estimate was that it would sell for \$950,000 to \$1.5 million. There was only one hitch: *T. bataar* specimens come from the fossil mother lode of the Gobi Desert, and the sale of fossils from Mongolia is illegal.

Ms. Minjin, though living in the U.S. and married to an American, was also a product of Mongolia, raised in the capital city of Ulaanbaatar, the child of a paleontologist at the Mongolian University of Science and Technology. "For years, she had been trying to raise awareness in her country and beyond of the importance of Gobi fossils," Paige Williams writes in "The Dinosaur Artist." It bothered her that "Mongolian paleontologists ceded too much authority to foreign scientists who had built their careers on Gobi fossils and given too little in return." Even worse, the surging international demand for fossils as decorative objects had encouraged local fossil poachers and an international network of buyers to treat the Gobi as their treasure chest.

Unlike legitimate commercial fossil hunters, who often collaborate with museum paleontologists, poachers almost invariably destroy valuable scientific evidence about the context of the specimens they find. They like to say that most fossils would otherwise erode away to nothing as they weather out of remote and inaccessible hillsides. But that hardly justifies the damage they do. Ms. Minjin fired off an email to a friend in Ulaan-

bataar who was an assistant to the then-president of Mongolia. It reached Oyungerel Tsedevdamba as she was getting ready for work Friday morning. "You're talking to me about dinosaurs?" the president asked her, incredulously. But Ms. Tsedevdamba was soon on the phone arranging for a Texas lawyer named Robert Painter to obtain a court injunction to block the sale of the *T. bataar* on Mongolia's behalf.

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## BOOKS

'There is only one thing worse than fighting with allies, and that is fighting without them.' —WINSTON CHURCHILL

## FIVE BEST BOOKS ON BRITAIN'S EUROPEAN ALLIES

## Lynne Olson

The author, most recently, of 'Last Hope Island'

## Churchill and de Gaulle

By François Kersaudy (1981)

**1** In the summer of 1940, Winston Churchill desperately needed allies to help Britain survive a looming German onslaught. The prime minister welcomed the leaders and armed forces of six European nations—all occupied by Hitler—who supplied Britain with crucial resources to continue the fight. Of the Europeans, Churchill's most consequential and tempestuous relationship was with a man who initially offered only himself: Charles de Gaulle, the sole French official to resist his government's capitulation to Germany. Churchill's recognition of de Gaulle was, as François Kersaudy observes, "an act of faith in a solitary man and an abstraction called Free France"—an extraordinary gesture for which the glacially rude and arrogant general showed little gratitude. Mr. Kersaudy's book brilliantly brings to life the two titans' operatic disputes; at one point, Churchill ordered de Gaulle to be banished from Britain, "in chains if necessary." Yet neither leader lost sight of their mutual passion—to save France and restore her to an important postwar role. After his country's liberation, de Gaulle swallowed his pride enough to admit that "we would have not have seen today" without "our old and gallant ally England" and its prime minister.

## In Allied London

By Edward Raczynski (1962)

**2** In his wartime journal, Edward Raczynski, the Polish ambassador to Britain, expressed envy of Charles de Gaulle's ability to irritate Winston Churchill—and later Franklin Roosevelt—without consequence because they "could not afford to abandon either him or France." The same, as Raczynski gloomily noted, was not true for Poland, which, despite its enormous contributions to the Allied victory, was treated by Churchill and FDR "as something secondary, not as a vital interest of their own." The Poles were lauded for their pilots' crucial exploits in the Battle of Britain, their cryptographers' initial breaking of the Enigma code, and the massive amount of military intelligence provided by hundreds of their spies throughout Europe. Raczynski's journal makes for melancholy reading as Churchill's initial full-throated support for Poland—"We will conquer together or we shall die together," he told Polish leaders—gave way to the exigencies of realpolitik. After joining the Allies in 1941, the Soviets demanded postwar control of Poland; to keep them in the fight, Roosevelt and a guilt-ridden Churchill handed the country over. According to a disillusioned Raczynski, the

goal of the Western Allies at war's end seemed to be "to vilify us and hustle us off the stage, like [actors] at the end of a bad play."

## Saturday at M.I.9

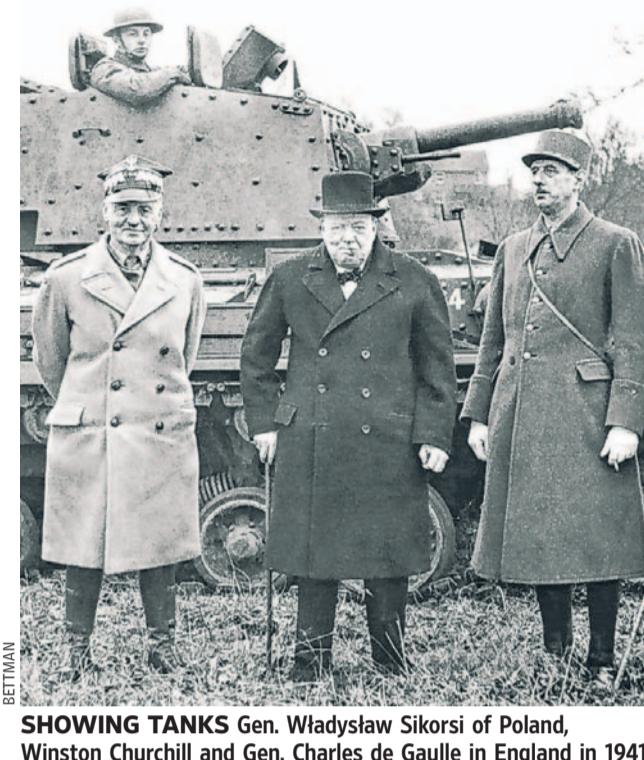
By Airey Neave (1969)

**3** During the winter of 1942, a 25-year-old British junior officer named Airey Neave escaped from Colditz prison in Germany and was smuggled back to England by French resistance members. There Neave joined MI9, a small clandestine British government agency that provided support for escape networks like the one that had saved him. His book is a love letter to the thousands of resisters across Europe who daily risked their lives to rescue Allied servicemen, many of whom were air crew, and escort them hundreds of miles to safety in neutral Spain. Neave was dazzled by the coolness and courage of these escape-line members, most of them young women, who knew that if they were caught—an all-too-common event—they would face torture, a Nazi concentration camp and execution. Of their work, he declared, "nothing could have expressed more powerfully the spirit of resistance to Hitler."

## Noah's Ark

By Marie-Madeleine Fourcade (1968)

**4** In July 1941, Marie-Madeleine Fourcade—a beautiful young Frenchwoman born to privilege—became *patronne* of the largest and most important Allied espionage organization in occupied France. The Alliance network transmitted German military secrets, including information about troop movements; submarine sailing schedules; fortifications and coastal gun emplacements; and the Reich's new terror weapons, the V-1 flying bomb and the V-2 rocket. Fourcade's memoir is an intensely human story that describes in minute detail the close-knit sense of community among her 3,000 agents, as well as the continuous fear and terror they faced; almost 500 were executed by the Gestapo. "Each time I crossed out the name of a friend, I experienced the feeling of having wielded the executioner's axe," Fourcade wrote. "I was dying of grief." Nonetheless, her spies



**SHOWING TANKS** Gen. Władysław Sikorski of Poland, Winston Churchill and Gen. Charles de Gaulle in England in 1941.

provided key information to Allied forces until the end of the war. "Our old and crippled network had remained in the vanguard of the liberation of France from the first day to the last," its leader, the only woman to head a major French resistance organization, observed with justifiable pride.

## I Was a Stranger

By John W. Hackett (1977)

**5** After the disastrous Battle of Arnhem in 1944, Brig. John Hackett, a badly wounded British paratrooper commander, was rescued by Dutch resistance members and hidden in the home of three middle-aged sisters in a town teeming with German forces. In this beautifully written, deeply moving book, Hackett describes in vivid detail how he became part of the sisters' extended family, and how he thus learned firsthand what it meant to live in an enemy-occupied country. He witnessed, daily, the bravery of the sisters, who were fiercely determined to keep him safe. They had bestowed on him, he wrote, "a rare and beautiful thing . . . a structure of kindness and courage, of steadfast devotion and a quiet selflessness." On his 34th birthday, his hostesses surprised the hard-charging brigadier with a huge apple cake adorned with a small Union Jack. It had been made from prewar flour that the sisters had been saving for a special occasion. Afterward, Hackett broke down and cried. I challenge anyone to read this astonishing book and not be similarly moved to tears.

## When Blood Was Spilled In the Senate

*Continued from page C7*

Once more the seconds negotiated. Once more they failed.

On the third round Graves's bullet hit Cilley. It severed an artery, and Cilley died within minutes.

As it happened, Cilley's death was the only fatality in a duel between congressional representatives. But other acts of violence were almost lethal. The one that gained the most attention occurred in 1856. Charles Sumner, a vehement abolitionist from Massachusetts, delivered a speech in the Senate that excoriated the South for its efforts to spread slavery into the Western territories. Sumner identified Andrew Butler of South Carolina as a leader of this effort, and he insulted Butler in the most personal terms.

Preston Brooks, kin to Butler and a South Carolina member of the House, decided to defend the honor of family, state and region by attacking Sumner. He strode into the Senate carrying a heavy cane; finding Sumner at his desk, he began beating him about the head and shoulders. Sumner tried to rise from his desk but got tangled in it, giving Brooks additional time to bludgeon him. Before he ceased, Brooks had nearly killed Sumner.

Ms. Freeman's book goes far toward explaining why there was a Civil War. She doesn't put it so directly, but her evidence makes clear that by the time the war came, its causes transcended slavery. They also transcended states' rights. And they resisted efforts at compromise based on the economic differences between North and South. By 1860 a critical mass of Southerners conceived of themselves as a people apart. (A subcritical mass of Northerners, mostly abolitionists, felt the same way, arguing the free North should cut itself loose from the slave South.) A Southern identity, based on notions of aggrieved honor, made secession all but inevitable.

Secession was not in the economic self-interest of most of those who fought for the Confederacy. The great majority of the rank and file didn't own slaves and never reasonably hoped to. Marxists, if any still exist, might chalk this up to "false consciousness." But those soldiers' consciousness—as displayed, for example, in letters to loved ones—was very real to them, and it centered on a feeling that their homeland was under attack. This feeling—what Ms. Freeman calls the "emotional logic of disunion"—was more important to them than slavery, states' rights or any rational calculation of material self-interest.

There is nothing unusual about emotions mattering more than material interest. We praise their precedence in affairs of the heart. We expect that soldiers will put love of country ahead of love of life. We shouldn't be surprised when we observe emotions having a decisive effect in politics, past or present.

Yet we might be sobered. Ms. Freeman's book is a good-news, bad-news story. The good news is that America survived a period of greater polarization than we experience today. The bad news is that the means of survival included the most destructive war in our nation's history.

*Mr. Brands teaches at the University of Texas at Austin. His next book, "Heirs of the Founders: The Epic Rivalry of Henry Clay, John Calhoun and Daniel Webster," will be published in November.*

## We Are All Aggrieved Minorities Now



## POLITICS

BARTON SWAIM

The supposed rise of white 'identity politics' has caused some centrists and liberals to question the whole concept.

Francis Fukuyama, in "Identity: The Demand for Dignity and the Politics of Resentment" (FSG, 218 pages, \$26), sees identity politics as part of a global search for dignity that, although noble in many contexts, has weakened societal bonds of trust and loyalty. Mr. Fukuyama believes that Western policymakers have tended to adopt a "simple-minded economic model" of the human soul—a belief that people only require their governments to meet their physical and material needs. Humans, the author argues, also have a deep need to be recognized as possessors of dignity, and thus of an acknowledged identity. Politicians are good at talking about the dignity of

individuals—the constitutions of Germany, Japan, Ireland, Italy and South Africa all use the word—but "scarcely a politician in the Western world if pressed could explain its theoretical basis."

Mr. Fukuyama's attempt to explain the theoretical basis of dignity is a bit of a mess. We're told that the modern quest for dignity may be traced back to Martin Luther, who first expressed "the notion, central to questions of identity, that the inner self is deep and possesses many layers that can be exposed only through private introspection." It was Jean-Jacques Rousseau, however, who stripped Luther's proposition of its theological content, elevated the individual to a status of all-importance and gave birth to the ideals of the French Revolution. "The desire for the state to recognize one's basic dignity has been at the core of democratic movements since the French Revolution," Mr. Fukuyama writes. "This is what drove Americans to protest during the civil rights movement, South Africans to stand up against apartheid, Mohamed Bouazizi [the Tunisian street vendor whose suicide supposedly started the Arab Spring] to immolate himself, and other protesters to risk

their lives in Yangon, Burma, or in the Maidan or Tahrir Square."

Readers may wonder if the connections between Luther and Rousseau go any deeper than the simple notion of introspection, how Rousseau's ideas jumped all the way to Burma and Iran, and how it was that the American civil-rights movement was inspired by the ideals of the French rather than the American Revolution. Mr. Fukuyama's breezy account doesn't stop long enough to ask these sorts of questions.

He does make a persuasive case that modern identity politics arose out of post-Freudian therapeutic worldviews of midcentury America. If an individual's unhealthy behavior was ultimately traceable to some subconscious suppressed anxiety, Mr. Fukuyama's argument goes, the same could be true of a racial or sexual minority. Thus members of smaller and smaller social subdivisions were encouraged to look within for encouragement and blame the larger culture for their problems.

Mr. Fukuyama displays an unaccountable need to sound as if he's above ideology and faulting both sides for their excesses. That's a tough sell on the topic of identity politics, which is overwhelmingly a creation of the left. He criticizes progressivism for its fixation on

group identities, but then insists that there are "plenty of new white nationalist voices [that] would like to drag the country backward to an identity once again based on race, ethnicity, or religion." Oh, come on. White nationalism has no purchase whatsoever in American society, whereas identity-obsessed

progressives dominate America's universities, media and entertainment industry. The Olympian tone can sound a tad disingenuous.

The book's final chapter—"What Is to Be Done?"—attempts to suggest ways policy-makers can encourage citizens' affection for wider shared identities. In addition to some bland platitudes about the creation of "appropriate symbols and narratives" to be "inculcated through a common educational system," Mr. Fukuyama gently suggests that lax border policies in North America and Europe have needlessly provoked social anxieties and eroded national loyalties. More interesting is his proposal of a mandatory-service program to require the young to work for common national goals. That may still fail to bring us together, but historically the only thing certain to accomplish that aim of national unity is large-scale war against an aggressor—and nobody wants that.

Philosopher and New York Times columnist Kwame Anthony Appiah never criticizes identity politics explicitly, but at

its outset his book promises to be a full-on assault. His aim in

**"The Lies That Bind: Rethinking Identity—Creed, Country, Color, Class, Culture"** (Liveright, 256 pages \$27.95) is to undermine the whole idea of what he calls "essentialism." In general," he writes, "there isn't some inner essence that explains why people of a certain social identity are the way they are."

What sounds at first like a direct challenge to our political culture's obsession with identity turns out to be a series of highly literate but dilettantish "explorations"—discursive arguments that racial identities are sometimes based on obsolete science, national identities depend on fictions, religious identities have more to do with practice than with doctrinal belief, and so on. The difference between Mr. Appiah's stated aim and the content of his claims is reflected on the book's title page: Identities are outright "lies" in the title, but in the subtitle they don't require debunking but a mere "rethinking." He doesn't so much argue that racial, class-based and national identities are false or fabricated as point out the ambiguities at their margins. But surely very few people need to be told that human identities lack the certainty of mathematical theorems.

Perhaps, in the end, what we need is not to rethink identity but just to think less about it.

## BOOKS

'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.' —ADAM SMITH

**ADAM SMITH**  
Medallion by James Tassie, 1787.



CULTURE CLUB/GETTY

# Obvious, Simple and Wise

## Adam Smith: Father of Economics

By Jesse Norman

Basic, 408 pages, \$32

BY DEIRDRE McCLOSKEY

**T**HE BRITISH politician and philosopher Jesse Norman has written that rarest of things, a wise book accessible to the general reader. Clever and well-written books abound. But most are unwise. And most wise books are difficult to get beyond page three. Not this one.

If you want to understand Adam Smith's "obvious and simple system of natural liberty" (as Smith himself put it), his "liberal plan of [social] equality, [economic] liberty and [legal] justice," you'll want to devour Mr. Norman's "Adam Smith: Father of Economics," then go on to read Smith's "Wealth of Nations" (1776) and especially his "Theory of Moral Sentiments" (1759). In fact, you'll want to read

Mr. Norman and then Smith if you have any thought at all of getting beyond the clichés of left and right to understand why we need a middle—or maybe something different. Then you can decide whether Mr. Norman is right to recruit Smith for an interventionist conservatism, as he does.

The author, a Conservative member of Parliament for an English constituency on the Welsh border, is to the manner born, educated at Eton, Oxford and University College London in classics and philosophy. In the 1990s he headed up charities aiming to liberalize Eastern Europe and in the 2000s worked in finance until, in 2010, he won his seat in the mother of parliaments. Mr. Norman's canny judgments about the political history of the realm nowadays and in the 18th century might be expected in a politician and a man of varied practical experience. But he combines canniness with strict historical accuracy, philosophical depth and, episodically, economic sense.

Mr. Norman observes, for instance, that "part of Smith's genius is to take his personal experience and to draw out both telling anecdotes and general lessons." Yes: Smith was an empiricist, never too theoretical. Mr. Norman's book is as rich in anecdotes and general lessons as those by his hero. He tells one concerning

A Tory MP's account of his idol is wise about how markets work but wrong about when government should get involved with them.

Samuel Johnson, who declared Smith to be "as dull as a dog." Our author takes it up: "When Smith was rash enough to commend the architecture of Glasgow, . . . Johnson replied sarcastically, 'Pray, sir, have you ever been to Brentford?'" An American waxing similarly sarcastic would say, "Sure. But have you ever been to Gary?"

Mr. Norman stays close to Smith's texts, and among of the pleasures of the book is the collection of pithy turns of phrase. We have all heard repeated, even if we have not grasped its import as firmly as Mr. Norman has, the passage on "the invisible hand." Mr. Norman plays saxophone in the jazz band of Parliament and has noted how improvisation in jazz parallels that of a free market. An invisible hand.

Yet few of us, and fewer in the White House nowadays, have heard, or grasped, Smith's sneer that "nothing . . . can be more absurd than the whole doctrine of the balance of trade." The author wisely annotates Smith: "Trade is not a zero-sum game. . . . Such a view was . . . collectively incoherent. There could never be a trading system of any kind in which every country ran a positive balance."

In the first third of his book ("Life"), Mr. Norman briskly educates us in the best thinking about the Blessed Smith (1721-90), founder of economics and social psychology. Unlike

Mr. Norman, he led a boring life, mostly teaching and lecturing in Glasgow and Edinburgh. He left scant sources for even his intellectual life, ordering that all his papers be burned.

The scarcity of evidence requires the author to interpret Smith's thought by what we know of his times, the political history of Britain and especially the intellectual history of the Scottish Enlightenment, so different from the French one.

In Scotland, Smith and his friend David Hume invented as a political idea spontaneous liberty of opportunity and thus what the non-American world calls "liberalism." In France, meanwhile, Rousseau and Helvétius invented as a political idea forced equality of outcome and thus what the whole world calls "socialism." We're still dealing with these quarreling siblings born of the Enlightenment: liberty and reason, markets and regulation.

The second part of the book ("Thought") broadens out to the

entire history of economics since 1776. It's very good stuff, lucid and literate. But the third part of the book ("Impact"), on the influence of Smith as well as the present manner in which appeals to his authority are made in contemporary debates, is less persuasive. Mr. Norman, a Burkean conservative, wants us to attend more to liberty. But not too much. He makes the case for a version of a Smithian politics and economics, a "compassionate conservatism," to use the title of a book he co-authored while serving as part of the brain trust for David Cameron's prime ministership.

Like many statists of left and right nowadays, the author believes that markets possess numerous "imperfections." As a former City man, he spends a good many pages, for example, attacking the efficient-markets hypothesis in common stocks, which says that you can't do better than the market. Mr. Norman raises theoretical objections to it. But he doesn't inquire into whether it is roughly correct—"roughly correct," after all, is enough to explain why even the brilliant Isaac Newton lost a fortune in the South Sea Bubble.

Again, Mr. Norman speaks appreciatively of the late, great economist Kenneth Arrow and his reasoning on informational asymmetries in the health-care market—the doctor knowing (but not saying) that a generic would be just as good and the patient knowing (but not saying) that he's not going to take the pill anyway. Arrow assumed that a government organization like the Food and Drug Administration is just the ticket to offset such imperfections.

But Arrow had no factual evidence that the government can do better than a private prescriber. Adam Smith, ever the British empiricist, would not have approved of reliance on blackboard theorems. We need quantitative demonstrations, he would say, not objections to a free society based on speculations.

The author claims, in an argument heard everywhere along the usual political spectrum, that Smith was no exponent of laissez-faire—this, despite the scores of hostile remarks in Smith's two books about the arrogance of the "man of system" advising governments to shift economic chess pieces.

The worst passages in Mr. Norman's very good book, that is, come from accepting the axiom that markets are highly imperfect yet easily corrected—and that government, implicitly assumed to be capable of such delicate corrections, should step in. Such a plan runs against Mr. Norman's own conservatism and Smith's evolu-

tional thinking, which would favor spontaneous developments, not "policies" laid on in all directions by alleged experts.

"Far from always being choked back by rules and law, markets vividly illustrate how personal freedom and prosperity can be enlarged by them," Mr. Norman claims. "Far from being intrinsically opposed, states and markets rely and benefit from each other." Tell that to the farmer in Iowa facing retaliation from China and other countries for American tariffs. Tell it to the west-sider in Chicago excluded from employment in a new factory or a new grocery store by governmental restrictions that would have made Smith's blood boil.

**F**rom Malthus in 1798 through Marx in 1867 and Keynes in 1936 to Thomas Piketty in 2013, we have been told over and over again how very imperfect, and anyway doomed, our market economies are. But something is radically wrong with the argument, because since 1800 the wretchedly imperfect market economy has enriched the poor of, say, Japan or Finland by fully 3,000%, a Great Enrichment born out of Smithian liberalism. Railways. Universities. Penicillin. Containerization. The internet. In Yiddish idiom: Some imperfections! Some doom!

George Romney, the automaker and conventional Republican, opposing Barry Goldwater in 1964, declared: "Markets don't just happen. There must be some role for government." Well, yes, of course, government has "some role." But contrary to Romney's assertion, most markets do in fact "just happen," because people find them mutually beneficial. Markets "just happen," to take the extreme case, inside jails and prisoner-of-war camps. Markets just happened among Australian aborigines buying boomerangs from better-skilled bands hundreds of miles distant.

If you are a compassionate conservative of Romney's sort, father and son, you will delight in "Adam Smith: Father of Economics." If you are what Americans call a "liberal," you can get along with it, too, unless you go to full socialism. But if you are a liberal in the classical, non-American sense of being one of the tribe of Smith, Locke, Hume, Paine, Wollstonecraft, Say, Thoreau, Bastiat, Mill, Spencer, Hayek and Friedman—you will find the book engaging, intelligent, educational, often wise. Yet in its main theme, I'm afraid, wrong.

*Ms. McCloskey is the author of "Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World."*

## On the Trail Of Black-Market Dinosaur Bones

*Continued from page C7*

painting a bicycle black to facilitate nighttime raids on a private quarry, breaking into abandoned houses to salvage architectural details, and filing false documents to conceal the origin and value of imported specimens. On the personal side, he and his wife and two kids were living without savings or health insurance, according to Ms. Williams, but in a pricey house and with high-end vehicles and, for Eric Prokopi, an extramarital affair, all supported by a mountain of debt—a way of life that made big scores a matter of survival.

Ms. Williams's writing is often concise and evocative. Of Prokopi, as his world is falling apart, she writes: "His eyes, brown as acorns, were bracketed by deepening crow's-feet. His right eye had developed an inflamed twitch. His dark hair sprouted silver like crabgrass after a dense rain." But at other times, weirdly, she can also sound like a cowboy poet during open-mic night at the Yippee-Ki-Yay Saloon: "In Old West Tampa, there lived a son of New York named Frank Garcia." Or: "With that, Eric stepped into something he in no way foresaw, and hand to God it started with Genghis Khan."

Maybe it's a passing infection from the colorful people she meets in the dinosaur world. But those characters also leave Ms. Williams's narrative feeling padded, even at 278 pages. The pioneering work of fossil hunter Mary Anning (1800-47) has been abundantly celebrated in recent years, for instance, and it's not clear how another potted biography here advances the story. Ms. Williams's 89 pages of endnotes, including a lengthy account of the death of Pliny the Elder in A.D. 79, are also symptomatic of runaway research.

But the story, when she sticks to it, is gripping and cinematic. The Texas lawyer Robert Painter, tied to Mongolia by mining interests and a kind of missionary movement for right-wing American political values, quickly wins his court injunction to block the *T. bataar* sale. When the auction house decides to proceed regardless, he jumps on a plane to New York. That Sunday afternoon, just after the auctioneer introduces Lot 49135, saying, "It can fit in all rooms ten feet high, so it's also a great decorative piece," Mr. Painter rises, holding his BlackBerry up with an angry Texas judge on the other end of the line, and says, "I hate to interrupt this . . ." The bidders, undiscouraged, take the final price to \$1,052,500, "contingent," in the auctioneer's phrase, "upon a satisfactory resolution of a court proceeding."

And the resolution is indeed satisfying. The U.S. attorney for the Southern District of New York promptly issues a warrant for the *T. bataar*, backs up a truck to a Heritage Auctions warehouse and hauls away the dinosaur. Imprudently, Prokopi fights the forfeiture and, according to Ms. Williams, continues trying to sell his other specimens from Mongolia on the side. Facing criminal charges, he hides his passport under the house and leaves his cellphone at home to minimize the danger of being traced. Agents from the Department of Homeland Security find him anyway and haul him off in handcuffs. A plea bargain and an agreement to cooperate with prosecutors ultimately gets him a short term in a medium-security prison, generously timed so that he can spend the summer with his kids.

Ms. Williams leaves lots of tantalizing loose ends. For instance: Why would a man purporting to be "Steven Spielberg's dinosaur advisor" working "closely with the Mongolian government" attempt to broker a deal immediately after the auction, as Ms. Williams puts it, to "resolve the *T. bataar* situation quietly"? After the mysterious death of Prokopi's main supplier in Mongolia, and two of his supplier's associates, is there anything to one observer's speculation that a rich financier there is getting rid of witnesses? And does she buy Prokopi's implication that U.S. federal authorities prosecuted him mainly to encourage "friendly relations" with Mongolia at a time when U.S. companies were hoping to win mining contracts there? She presents no evidence for it.

The case has at least caused other fossil dealers and auction houses, and perhaps Prokopi himself, to get the message about the need to obtain valid permits before trading in any specimen. The selling of fossils from Mongolia and China has gone underground.

The most satisfying part of the story is that at least 20 major fossils from Mongolia have since been confiscated from U.S. buyers (including Nicolas Cage but not Leonardo DiCaprio, who, Prokopi heard, had already traded up for a better specimen). They are now back home in Mongolia. Better still, the two women who kicked off the investigation—the paleontologist Ms. Minjin and her friend Ms. Tsedevdamba, who had become minister of culture, sports and tourism—personally managed the triumphant return of Prokopi's *Tarbosaurus bataar*, in a hugely popular pop-up exhibit in Ulaanbaatar's central square, unleashing a national bout of what Ms. Williams calls "Tarbomania." Lot 49135 is now the star attraction of the city's new (but of course chronically underfunded) Central Museum of Mongolian Dinosaurs.

*Mr. Conniff is the author of, among other books, "The Species Seekers: Heroes, Fools, and the Mad Pursuit of Life on Earth."*

## BOOKS

'O, it is excellent / To have a giant's strength; but it is tyrannous / To use it like a giant.' —ISABELLA, IN 'MEASURE FOR MEASURE'

# The Burden of History

**Tyrant: Shakespeare on Politics**

By Stephen Greenblatt

Norton, 212 pages, \$21.95

By PAUL A. CANTOR

**W**HEN Stephen Greenblatt talks about Shakespeare, the world listens; when he offers his opinions about American politics, he cannot command the same attention. This situation apparently tempted Mr. Greenblatt into folding his views on Donald Trump into a book on Shakespeare, portentously titled "Tyrant." The results are uneven. Mr. Greenblatt provides genuine insight into Shakespeare's views on politics, but by using them to criticize a contemporary politician, he risks distorting the meaning of the plays. He also needlessly elevates Mr. Trump's stature by discussing him in the company of world-historical individuals from Julius Caesar to the kings of England. I am not convinced that the Tower of London and Trump Tower belong in the same universe of discourse.

First the good news.

"Tyrant" documents the centrality of politics in Shakespeare's works, revealing how well he understood and portrayed such basic political concepts as sovereignty, legitimacy, leadership and tyranny. Mr. Greenblatt breaks with the traditional assumption that Shakespeare must have been an uncritical admirer of monarchy. The Shakespeare that this book reveals is not only able to tell a bad king from a good but willing to raise serious doubts about monarchy as a regime.

The strongest part of "Tyrant" is Mr. Greenblatt's opening analysis of the three "Henry VI" plays and "Richard III." These are among the earliest scripts Shakespeare wrote. He did not yet have the command of poetry that he was soon to develop, and he lacked the power of dramatic construction that he came to master. What is remarkable, then, is that in his first set of history plays Shakespeare already displays the interest in and understanding of politics that distinguish his later works. In particular, Mr. Greenblatt shows the ways in which Shakespeare portrays the interplay between a king and the common people of his realm.

Mr. Greenblatt also handles his central subject well, convincingly establishing that a critique of tyranny is basic to Shakespeare's presentation of political life. Particularly in the cases of Richard III

and Macbeth, Shakespeare makes the tyrant dominate the stage but shows how ultimately empty the tyrant's triumph is. In his single-minded pursuit of power, the tyrant destroys everything that makes life worthwhile and ends up unhappy and alone. Moreover, as politically savvy as the tyrant may seem, he doesn't know how to rule effectively; accordingly, his regime doesn't last very long.

Now the bad news—or, if you prefer, the "fake news." Mr. Greenblatt strains, in sometimes embarrassing ways, to create parallels between situations in Shakespeare's plays and contemporary politics. He tells us that Jack Cade, a populist leader of a rebel-

come, gender and other qualifications.

Mr. Greenblatt likewise betrays a shaky command of modern politics when he describes Cade as "the master of voodoo economics." This phrase was first used by George H.W. Bush of Ronald Reagan's economic program and intended to refer to supply-side economics. But Shakespeare's Cade doesn't talk about tax cuts; he promises a primitive form of communism: "All the realm shall be in common." In short, Cade sounds more like Bernie Sanders than Ronald Reagan—or, for that matter, Donald Trump.

If Mr. Greenblatt really hopes to persuade anyone of Mr. Trump's wickedness on the basis of a few parallels with sinister characters in Shakespeare, he needs to get the parallels right. These examples—a n d there are

pact of philosophy on politics in "Julius Caesar." In fact, as a matter of principle, I applaud what Mr. Greenblatt is doing in "Tyrant." He is returning to a traditional, humanistic understanding of Shakespeare—an assumption that his plays embody a timeless wisdom about human nature and the human condition. In other words, Mr. Greenblatt's commitment to combating Mr. Trump seems to have overridden his commitment to the "historicism" he has long championed.

For decades, literary critics, including New Historicists like Mr. Greenblatt, have been rejecting the idea that we can learn anything from Shakespeare about our own time. Rather we must use the superior wisdom of our day to expose the limitations of Shakespeare's thinking. Critics accordingly dwell on Shakespeare's prejudices—the ways in which the inescapable race, class and gender biases of his day distorted his understanding of human beings. As Mr. Greenblatt wrote of Shakespeare and his contemporaries in his book "Renaissance Self-Fashioning" (1981): "If there remained traces of free choice, the choice was among possibilities whose range was strictly delineated by the social and ideological system in force [at the time]."

It is, then, a healthy sign that today's pre-eminent Shakespeare scholar, Stephen Greenblatt, seems to acknowledge that Shakespeare was not trapped in the antiquated ideas and prejudices of his age: "The playwright remained very much part of his place and time, but he was not their mere creature," he writes. At one point, he even observes, of the sycophants and opportunists who attach themselves to power: "The aspiring tyrant never lacks for such people, in Shakespeare and, from what I can tell, in life." This is an amazing admission coming from a contemporary literary critic—Mr. Greenblatt is claiming that Shakespeare's plays are true to life, that, in Hamlet's words, they "hold, as 'twere, the mirror up to nature."

The mainstream of literary criticism, with its poststructuralism and postmodernism, has been denying this possibility for decades. But now that Mr. Greenblatt would like to make a statement about the real world of politics, he has rediscovered the old Aristotelian idea that literature imitates the external world.

If "Tyrant" has allowed Mr. Greenblatt to get his frustration with Donald Trump into print and out of his system, perhaps he can now concentrate on what he does best—interpreting Shakespeare's plays. In doing so, he should be revitalized by his recovered sense that Shakespeare has much to teach about the human condition.

*Mr. Cantor, a professor of English at the University of Virginia, is the author of "Shakespeare's Roman Trilogy: The Twilight of the Ancient World."*



lion against Henry VI, "promises to make England great again." Further discussing Cade, he speaks of "the swamp that he has pledged to drain." In perhaps the oddest of the parallels that Mr. Greenblatt tries to create, he includes, among Macbeth's misdeeds, "sending irrational messages in the middle of the night," as if the Scottish king could count Twitter among the supernatural forces at his disposal.

Some readers may find these touches amusing, but the humor generally falls flat. And the author's agenda leads him into some basic errors of history. Mr. Greenblatt writes of

Jack Cade's eagerness to burn Parliament's records: "In this destruction the common people would lose even the very limited power they possess—the power expressed when they voted in parliamentary elections." He seems to have momentarily forgotten that in both Cade's day and Shakespeare's, there was no universal suffrage in England; the franchise was not "common" but severely limited by property, in-

more—might be dismissed as trivial, but at times Mr. Greenblatt's anti-Trump animus leads to serious misinterpretations of Shakespeare's plays.

In his reading of "Coriolanus," for example, Mr. Greenblatt tries to turn Shakespeare into a democrat, even though the play is suffused with aristocratic disdain for the common people. Bertolt Brecht felt compelled to rewrite the play to make it supportive of the socialist cause. In particular, the Marxist Brecht had to reshape Shakespeare's characterization of the people's representatives, the tribunes, to make the popular party look better. Mr. Greenblatt, too, presents the tribunes as the play's heroes: "It is they who are the city's real saviors." But this contradicts what "Coriolanus" clearly shows: In Shakespeare's play, it is the women of Rome who are celebrated in Act V, Scene 5 as the city's saviors, since only they are able to talk the great general out of destroying Rome. If stopping Coriolanus had been left to the feckless and cowardly tribunes, Rome would have gone up in flames.

Fortunately, after subtracting the anti-Trump subtext of "Tyrant," enough remains to make the book worth reading—for example, an excellent discussion of the im-

peachment of Li Du, aided by his wandering-storyteller friend Hamza, uncovers a conspiracy of civic corruption extending to the upper levels of governance. The challenge then is to expose the plotters without himself becoming their victim. "Tread softly," a wise-eyed character cautions him, "if you are walking toward the past."

Greek mythology is the source of the nom de morte of an avenging serial killer in Zhou Haohui's contemporary police thriller "Death Notice" (Doubleday, 301 pages, \$26.95), translated from the Chinese by Zac Haluza. "The Eumenides" would track down those who had committed serious crimes," a police psychologist explains to a colleague, "and fill their consciences with agony and guilt. In the end, they would make each and every one pay."

the company owner's wife and her apparent lover have been slain; her husband is arrested as the culprit. Li Du's boss is eager to close the file on this matter. His new assistant, though, is unsatisfied with the easy solution—especially after the factory owner "commits suicide" while in custody.

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A modern-day fury is stalking victims—from corrupt officials to wrongly acquitted defendants—in the Sichuan Province capital of Chengdu. "Eumenides" alerts his targets in advance, pushing authorities into frenzied efforts to protect them—to no avail. "He's challenging the police," the psychologist declares. "This is all a game to him."

Pei Tao, a police captain from Langzhou, alerts the Chengdu task force to this deadly game's first inning: an unsolved murder case of 18 years ago "so disturbing . . . it was classified at the highest levels." Now, it seems that the Eumenides of yore—or an accomplice? or a copycat?—has resumed his deadly mission. Pei

Tao has a personal connection to all this, stemming back to that nearly two-decades-old case in which both his girlfriend and best friend died in a homicidal explosion.

Eumenides' malign web will ensnare more members of the Chengdu squad before the fiendishly inventive "Death Notice" ends—with the promise (or threat) of more vengeful volumes to come.

**THIS WEEK****City of Ink**

By Elsa Hart

**Death Notice**

By Zhou Haohui

**THIS WEEK****City of Ink**

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By Zhou Haohui

**THIS WEEK</b**

## BOOKS

'The time has come for us to pause / And think of living as it was / Into the future we must cross / I'd like to go with you.' —JORMA KAUKONEN

# Born To Wander

## Been So Long: My Life and Music

By Jorma Kaukonen

St. Martin's, 354 pages, \$29.99

BY DAVE SHIFLETT

**J**ORMA KAUKONEN isn't quite so famous as some of his musical peers, a group that includes Janis Joplin, Jerry Garcia and Jimi Hendrix. Yet unlike those eminences and many others, Mr. Kaukonen—a Rock & Roll Hall of Fame guitarist best known for his work with Jefferson Airplane—has hung around. Still touring as he approaches 80, he has now written an engaging memoir that will interest even those who wouldn't know Hot Tuna (his current band) from a can of sardines. "Been So Long" is a survivor's tale, well told and sprinkled with a bit of 1960s fairy dust.

Mr. Kaukonen was born under a wandering star, seeing the wider world early on during deployments to the Philippines and Pakistan with his diplomatic-corps father. In Washington, D.C., he started learning traditional "porch-picking" tunes like "Jimmy Brown the Newsboy" and "Worried Man Blues" in the mid-1950s; he also studied under classical guitarist Sophocles Papas, who taught him, among other things, the virtue of regularly tuning his instrument. Soon enough he was playing local clubs with friend Jack Casady (assisted by fake IDs) and reveling in the fact that he had found what became a lifelong passion. "Music," he writes, "seemed to me to be the reward for being alive."

From an early age he was an interesting mix of tradition and innovation—an enthusiastic participant in his high-school Junior ROTC program and supporter of Ike over Adlai Stevenson in the 1952 election but also a free spirit fully adaptable to 1960s California, where he moved to attend Jesuit-run Santa Clara University and found an evolving youth and music culture that might have sent the ROTC brass scurrying for their foxholes. There he played coffee-house gigs with Janis Joplin before heading north to San Francisco and joining the Airplane (Mr. Casady came from D.C. to play bass). He was on his way, and while he would share stages at Woodstock, Monterey and Altamont with Hendrix, the Who, Otis Redding and the Rolling Stones, his journey would also take him to places he didn't suspect were on the itinerary.

To the horror of ghosts everywhere, Mr. Kaukonen has written his own book and scribbles pretty well for a guitar player. His prose is friendly, direct and wryly humorous. "Musicians," he notes, "complain about two things—having a gig, and not having a gig." He also recalls that not everyone was awed by



LIFTOFF  
Jorma Kaukonen  
in Copenhagen  
in September 1968.

the Airplane. An early critic wrote that the band had "all the delicacy and finesse of a mule team knocking down a picket fence."

But what do critics know? The band scored significant hits, including "Somebody to Love" and "White Rabbit," a psychedelic heist of the "Alice in Wonderland" story featuring Mr. Kaukonen's haunting guitar line and an exhortation to "feed your head." That latter advice, which had nothing to do with traditional food-stuffs, drew the scorn of the political class and other adult types, but the music definitely fed the young band's bank

account, allowing the purchase of creature comforts, including a communal mansion across the street from Golden Gate Park, deep in the heart of Hippieland.

Fans of that era will find many delights in Mr. Kaukonen's recollections, some of which challenge the idea that hippie eminences were all about peace, love and tofu. He writes of one day being overtaken by a withering stench and racing to the mansion's kitchen, where he found LSD magnate Owsley Stanley roasting various cow parts. Stanley, Mr. Kaukonen explains, ate only meat, insisting that "vegetables are what food eats." Mr. Kaukonen also throws some cold Kool-Aid on the notion that San Francisco musicians shared the lifestyle of their fans—flowers in the hair, dirt on the feet and very little dough in the pockets. "My colleagues and I were not hippies; we were also affluent and most of our problems were upper-class, first world ones."

Those problems arrived in force a bit down the road. Initially Mr. Kaukonen, like many a young buck enjoying fame and a growing fortune, made a mission of avoiding the twin

terrors of sobriety and monogamy. He was pretty good at it. "It's funny to think that my life could have been so completely ruled by mood-altering substances," he writes, "but at the time it would never have occurred to me that there might be another way to live." He wasn't alone, of course. He recalls bumping into Jerry Garcia one day as the Grateful Dead guitarist smoked a significant "gob" of heroin. "I've got it under control," he assured Mr. Kaukonen. Both would join the sizable horde that eventually discovered that the

White Rabbit and other Pied Pipers of bliss eventually had to be paid.

Monogamy took a similar beating, despite Mr. Kaukonen's somewhat traditional view of marriage. "No woman of mine is going to have to work," he announced after marrying his first wife (before his musical ascent), and while there was mutual infidelity the couple stuck together through good times and bad, and there were plenty of the latter. Mr. Kaukonen describes a state of near-terminal matrimony, with hospital visits to close head wounds and an incident in which the missus tried to stab him in the back with a broken bottle while he was erecting a Christmas tree. Matrimonial mayhem, he adds, was something of a family tradition. His parents maintained a stormy relationship for some 60 years. Mr. Kaukonen called it quits after 20, packing up his van one day and driving away.

Another tradition, in rock memoirs at least, is the rehab section—which often leaves readers feeling that they've just been involved in a hit-and-run sympathy grope. Mr. Kaukonen mercifully spares readers from

excessive detail. "There is no need for a drunkalogue here," he writes. "There is nothing new in my story." He provides a basic overview: In the mid-1990s he decided it was time to head in for repairs. "Jorma," a counselor told him, "you're going to have to change everything but your name!"

He was definitely treading new ground. Sobriety and monogamy were now the highest ideals, pursued with passion if not perfection. A son born outside his second marriage likely heated things up on the home front, but his second wife, Vanessa, hung with him and played a central part in creating the Fur Peace Ranch in rural Ohio, where musicians pay \$1,500 for a weekend of instruction by Mr. Kaukonen and his musical pals, along with gourmet eats from a kitchen overseen by Mrs. Kaukonen. Along the way, the couple adopted a child and the old buck grew wiser: "If life is designed to humble us in the face of time, there is joy in that humility." All told, a pretty nice second act.

Mr. Kaukonen, whose impressive body of work includes a dozen solo albums, sings a deeply domestic tune these days. "You think playing Woodstock was an adventure?" he asks near the book's end. "Think about homeschooling your kid." But his star still wanders. Now 77, he and Mr. Casady tour constantly. He has also pursued a deeper connection with his family's ancestral Judaism and continues to entertain views that his ROTC instructors might admire. He recalls watching a New Mexico sunset when Lee Greenwood's "God Bless the USA" came on the radio. "Corn? Maybe. Extremely moving? You bet."

Somewhere, one suspects, a rabbit grinds its teeth.

Mr. Shiflett posts his original music at [www.Daveshiflett.com](http://www.Daveshiflett.com).

# Books That Open the Door to Many Worlds



## CHILDREN'S BOOKS

MEGHAN COX GURDON

**THE DAY AFTER** his beloved grandfather's fatal heart attack, 8-year-old Stuey Ford enters the man's bedroom and notices a bookshelf laden with books with "quantum" in the title. "Gramps had been fascinated by quantum physics," Pete Hautman writes in the novel "Otherwood" (**Candlewick**, 303 pages, \$16.99). "He had tried to explain it to Stuey—something about atoms and time and space and how two opposite things could be true at the same time."

The books are Stuey's first clue to the mystery that will soon overtake him, though he doesn't realize it at the time. For the moment, he's mostly interested

in poking around some marshy nearby woods that contain the overgrown remains of the golf course built by his great-grandfather. In among the saplings and weed-filled sand traps, there's an amazing natural hideout, a deadfall of huge trees with an open space inside that feels to Stuey "like a church shrunk down to kid size." It's his favorite secret place to go, and it turns out that he's not alone. A new girl in the neighborhood, Elly Rose, has found it too.

Inside what Elly dubs "Castle Rose," the children discover not only that they share a birthday (and a love of cherry pie) but also that each of their families suffered a cruel loss three generations back. Tucked inside the deadfall, sitting on the altar-like stone slab that forms its floor, Stuey is telling his friend what he's heard about his own family's tragic past when she seems to blur and fade and then disappear before his horrified eyes. Stumbling out of the woods, Stuey has no explanation for what has happened, nothing to tell the police or her parents. It's a while before he realizes that even as Elly Rose was dissolving before him, he was disappearing in front of her. Reality has split—but how? And why? And what, if anything, can bring it together again?

These questions are tricky enough to answer within the context of fiction: There's a rip in the space-time continuum, and two ordinary kids have to repair it. Trickier still is making such a feat seem believable for the reader. It is a trick that Mr. Hautman pulls off magnificently in this thought-provoking story. Readers ages 8-14 may find

### THIS WEEK

#### Otherwood

By Pete Hautman

#### Imagine!

By Raúl Colón

#### Interrupting Chicken and the Elephant of Surprise

By David Ezra Stein

his skateboard when he arrives at the Museum of Modern Art. It seems clear that he has never gone inside before from the alert way he walks in. In Mr. Colón's stippled and cross-hatched illustrations, warmly colored and yet muted, we see the boy contemplating "The Sleeping Gypsy" and "Three Musicians," and then, as he gazes at what appears to be a blue cut-out by Matisse, the figure in the picture suddenly peels off the canvas and invites the boy to dance.

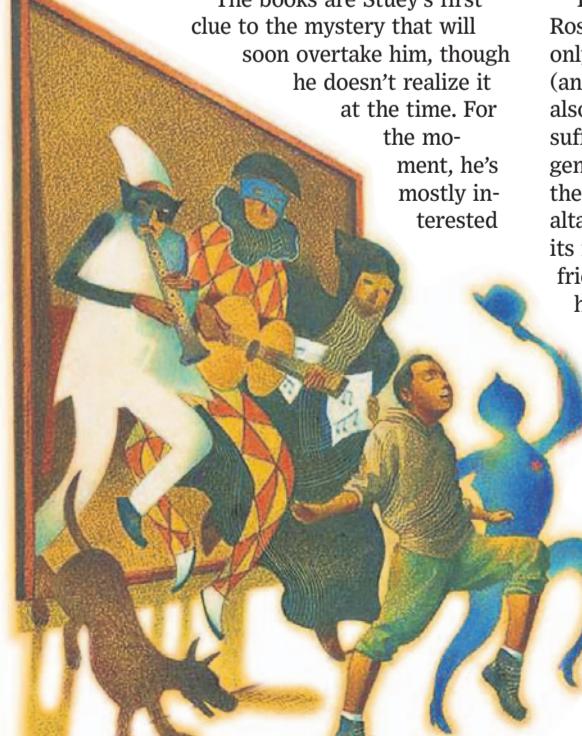
Soon the two of them are joined by Picasso's three musicians (see left) and then the lion and gypsy from the Rousseau painting—in a wild revel through the halls of the gallery and out into the streets of the city. The boy and his artsy friends spend the whole day together, seeing the sights (they ride the Cyclone in Coney Island and go up into the Statue of Liberty), before a yellow cab drops them all back at MoMA. Tired and happy, the figures from the paintings return to their frames, and the boy makes his way home across the Brooklyn Bridge. He's not the same as he was, though; we can see that exposure to beauty has changed him into an artist.

Some picture books are for quiet marvelling, and some are for noise and laughs. David Ezra Stein's new book fits in the latter category. A sequel to his 2010 Caldecott Honor winner, "Interrupting Chicken,"

"Interrupting Chicken and the Elephant of Surprise" (**Candlewick**, 40 pages, \$16.99) will be as much an invigorating activity for children ages 3-8 as it is a story, because, of course, comic interruption is built right into it.

In bright mixed-media illustrations, we see Chicken coming back from school to her cozy, well-upholstered home, having learned from her teacher that every story has "an elephant of surprise." Her father, a rooster who wears pince-nez and a warm woolly sweater, explains that the teacher means an "element" of surprise. "It's the part of the story that makes you say, 'Whoa! I didn't know that was going to happen,'" he says. "An elephant in a story always makes me say, 'Whoa!'" his daughter replies. "So please, let's read a story together."

In the hilarious sequences that follow, the rooster tries to read one fairy tale after another, and he does pretty well each time for a while (as will the grown-up reading the book aloud) until, at a crucial point, the story gets invaded by a bright blue elephant who cries, "Surprise!" The father's amused exasperation, the child's delight, the wordplay and the exuberant artwork all combine to make this picture book at once a celebration of love and language and an entertainment that will stand up to many, many bedtime readings. Some jokes never get old.



PAULA WISEMAN

## BOOKS

'Never say you know the last word about any human heart.' —HENRY JAMES

# A Blurred View of Who You Are

**The Personality Brokers**By Merve Emre  
Doubleday, 307 pages, \$27.95

BY CAROL TAVRIS

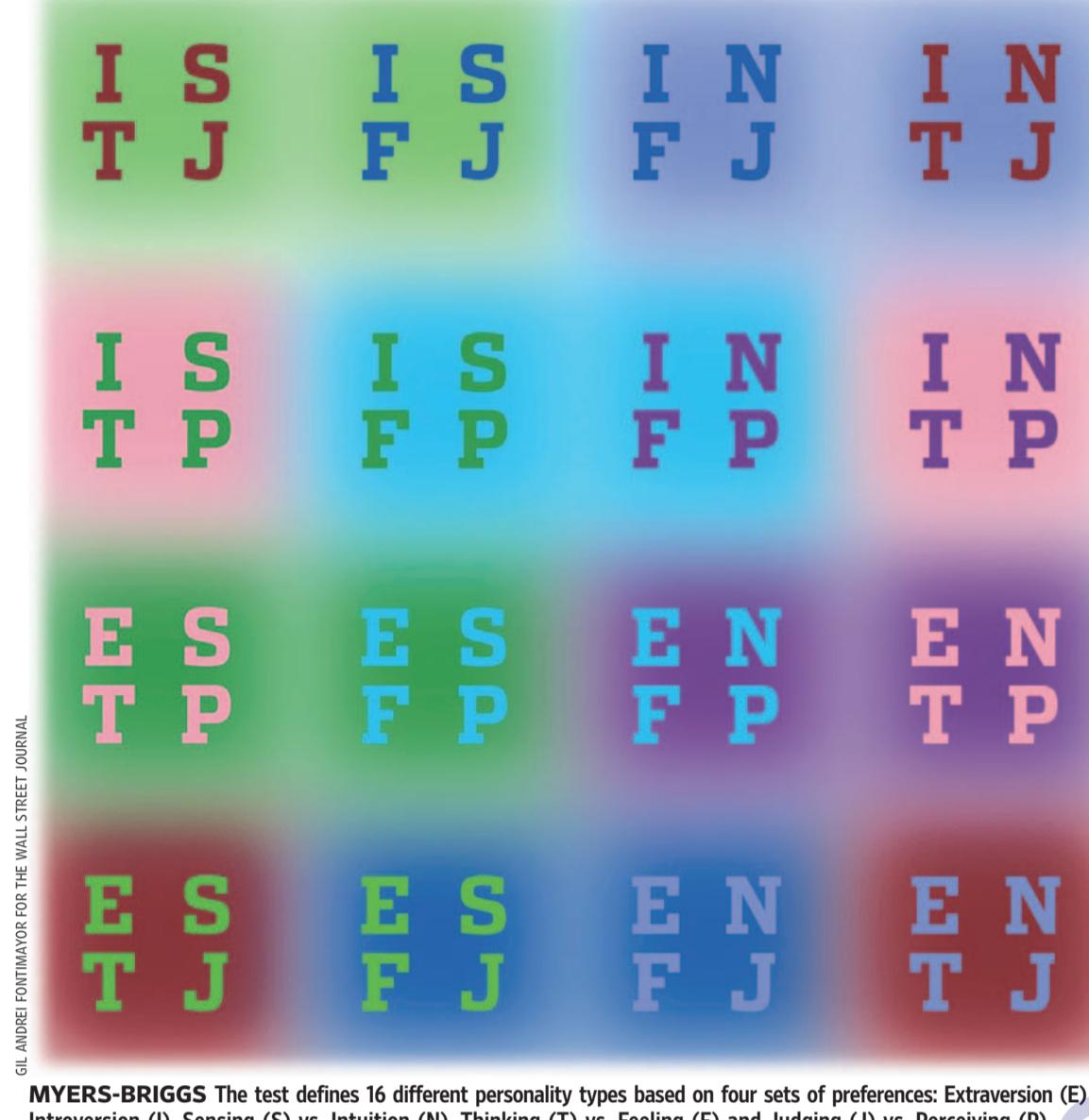
**T**O INVESTIGATE the history of the Myers-Briggs Type Indicator, the most popular personality inventory in the world," Merve Emre begins, "is to court a kind of low-level paranoia. Files disappear. Tapes are erased. People begin to watch you." She is not being paranoid. A few years before publishing this book, she had written a controversial online assessment of the MBTI, which put its promoters on the alert for her, ready to defend their beloved and immensely profitable product.

"For some time, it has been a well-known fact that the type indicator is not scientifically valid," Ms. Emre observes; "that the theory behind it has no basis in clinical psychology; and that it is the flagship product of a lucrative global corporation, one whose interests sit at the shadowy crossroads of industrial psychology and self-care." Every few years another damning critique of the thing appears, with nary a ding in its popularity. Ms. Emre sets out to explore why so many people—"two million a year, in nearly all Fortune 500 companies and U.S. colleges and universities, in community centers and churches and couples' retreats, in the army, the navy, and the CIA"—embrace the Myers-Briggs Type Indicator with a passion and devotion akin to religious faith.

A big part of the MBTI's success lies in its name, because by calling it an "indicator" of the "type" of person you are, rather than a "test" of your qualities or abilities, its originators removed the anxiety of being evaluated and found wanting, or of being less healthy, smart or talented than others. There is no one right way to be, the Indicator assures respondents; "feelers" and "thinkers" may make decisions differently, but neither is better than the other. You are you, and the you that you are will fit into one of 16 "types" that describe your innate, unchanging, true self. Those 16 are recombinations of four key dimensions: E/I (extravert/introvert), S/N (sensing/intuition), T/F (thinking/feeling) and J/P (judging/perceiving). Devotees of the MBTI define themselves by the four letters of their type: "I'm an ENTJ."

Ms. Emre, an associate professor of English at Oxford University, is not a clinical or behavioral psychologist. But in this riveting, far-reaching book she brings the skills of a detective, cultural critic, historian, scientist and biographer to bear on the MBTI and the two women who invented and promoted it.

The Indicator was designed in the 1940s by Katharine Cook Briggs (1875-1968), who was infatuated, indeed obsessed, with Carl Jung—the man himself and his book "Psycholog-



**MYERS-BRIGGS** The test defines 16 different personality types based on four sets of preferences: Extraversion (E) vs. Introversion (I), Sensing (S) vs. Intuition (N), Thinking (T) vs. Feeling (F) and Judging (J) vs. Perceiving (P).

ical Types." Briggs eventually collaborated with her daughter, Isabel Briggs Myers (1897-1980). Ms. Emre interweaves her biographies of Katharine and Isabel with developments in the larger culture, most notably the rise of personality testing and its application to business, marriage and even war. Indeed, during World War II, personality psychology became a vibrant enterprise, with researchers seeking to identify the traits of "the authoritarian personality" that were responsible (they assumed) for all the good Germans who blindly followed orders and for the bad Nazis who led them.

In 1943 the OSS, precursor to the CIA, created Station S, a personality-assessment center for training spies and others needed in the war effort. During the war more than 5,000 people were given dozens of personality tests, including the MBTI, to figure out which job would best suit them: paratrooper, resistance leader, saboteur, pioneer, spy. "Who better to take down the Nazis," writes Ms. Emre, "than the introverted sens-

ing (IS) type," whose respect for the facts and outer calm made him, in Isabel's mind, "the perfect intelligence agent?"

Unfortunately, it was all hot air. No one devising the assessments had any idea who would make the perfect intelligence agent or even what a saboteur or pioneer did. Henry Murray, an eminent psychologist working at

Station S, admitted that his ideas about spying came from reading novels—another of the delicious details that Ms. Emre has uncovered.

After the war, as personality testing shifted from military to corporate interests, the Myers-Briggs Type Indicator kept company. In 1956, according to William H. Whyte's best-selling "The Organization Man," 60% of American corporations were

using personality tests to screen potential employees and to check up on those already hired. Although Isabel kept generating claims for the MBTI—such as that smarter people had stronger type preferences or that introverts do better at clerical work

while extraverts excel in meter reading and mechanical jobs—there was no evidence to validate her beliefs. Her clients didn't care.

Isabel would also be proved wrong in assuming that each of the four dimensions would reveal two modes corresponding to the opposite traits on that dimension—you are a judge or a perceiver, but not both. Responses from thousands of high-school and college students found no evidence of bimodality; on the contrary, their scores ended up in the middle ground of every dimension. Worse, what to do about the pesky problem that, when retested, people often changed type—say, from feelers to thinkers or vice versa? Weren't types supposedly innate and unchanging? Oh well, said Isabel, they are simply showing signs of "enantiomorphism"—Jung's word for "going over to the opposite." So if types don't change, she's right; and if they do change, she's still right.

By 1960 the Educational Testing Service had adopted the Myers-Briggs Type Indicator as part of its research on personality testing. But in the mid-'70s, ETS dropped its endorsement, as most of its researchers had come to see the MBTI as no better than a horoscope. Isabel and the Indicator's

thousands of devotees were unfazed. "Scientific or not," Ms. Emre explains, "the indicator had always managed to spark a sudden and ecstatic perception of self-knowledge in its subjects, no matter their age, sex, education, occupation, or political leanings, no matter their initial skepticism toward its operations."

After her mother's death in 1968, Isabel revived the type indicator through an alliance with a psychologist at the University of Florida, Mary Hawley McCaulley (1920-2003). The two became inseparable, traveling the country administering the Indicator to everyone from psychiatric patients to married couples. Eventually, McCaulley established the Center for the Application of Psychological Type in Florida, where the history of the MBTI is kept under lock and key to this day. Two entrepreneurs who had formed Consulting Psychologists Press began marketing the Myers-Briggs Type Indicator to anyone who was willing to pay: "psychologists, physicians, spiritual leaders, high school teachers, college career counselors, human resources managers, industry executives, astrologers, artists, writers."

And "pay they did," Ms. Emre writes. These days, to become trained you pay \$2,095 for a week-long certification program in which you are taught to become a true believer. When Ms. Emre took the course, she observed that you could answer the questions in a way that fit whatever version of yourself you preferred: "If you wanted to see yourself as odd and original or factual and direct," she writes, "it required only a little bit of imagination to nudge the answers in the right direction."

Many consultants today charge \$5,000 per session, according to the author, to administer the Indicator and help you sell yourself to an employer based on your type; many therapists will solve your marital conflicts by explaining that if you are, say, an ISFP it's no wonder you can't get along with an ENTJ. Never mind that all couples will differ on at least two dimensions just by chance.

Isabel died in 1980, before, writes Ms. Emre, she could see the extent to which mass culture would turn her creation into a "parody of itself" amid a sea of self-assessment "knockoffs" now available. "There was always a danger that this was where type would end up," she writes, "among the silliest, shallowest cultural products of late capitalism." Yet she is never condescending to or dismissive of the people who find their four-dimensional profiles illuminating and helpful. That is why, when Ms. Emre describes her book as being "for the skeptics, the true believers, and everyone in between," she is absolutely right.

*Ms. Tavris is the co-author (with Elliot Aronson) of "Mistakes Were Made (But Not by Me)" and (with Avrum Bluming) of the newly published "Estrogen Matters."*

## Best-Selling Books | Week Ended Aug. 31

With data from NPD BookScan

**Hardcover Nonfiction**

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Girl, Wash Your Face</b> Rachel Hollis/Thomas Nelson	1	1
<b>The Restless Wave</b> John McCain/Simon & Schuster	2	-
<b>The Russia Hoax</b> Gregg Jarrett/Broadside Books	3	4
<b>StrengthsFinder 2.0</b> Tom Rath/Gallup Press	4	7
<b>The Subtle Art of Not Giving a F*ck</b> Mark Manson/Harper	5	6

**Nonfiction E-Books**

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Girl, Wash Your Face</b> Rachel Hollis/Thomas Nelson, Inc.	1	1
<b>Educated</b> Tara Westover/Random House Publishing Group	2	2
<b>Calypso</b> David Sedaris/Little, Brown and Company	3	-
<b>The Restless Wave</b> John McCain & Mark Salter/Simon & Schuster	4	-
<b>After Long Silence</b> Helen Fremont/Random House Publishing Group	5	-
<b>The Dog Who Came to Stay</b> Hal Borland/Open Road Media	6	-
<b>The Whole-Brain Child</b> Daniel J. Siegel/Delacorte Press	7	-
<b>KooLand</b> Gloria Norris/Regan Arts	8	-
<b>The Subtle Art of Not Giving a F*ck</b> Mark Manson/Harper Collins Publishers	9	9
<b>The Demon-Haunted World</b> Carl Sagan/Random House Publishing Group	10	-

**Hardcover Fiction**

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Dog Man: Lord of the Fleas</b> Dav Pilkey/Graphix	1	New
<b>Texas Ranger</b> James Patterson/Little, Brown and Company	2	1
<b>The Fall of Gondolin</b> J.R.R. Tolkien/Houghton Mifflin	3	New
<b>The Hate U Give</b> Angie Thomas/Balzer & Bray/HarperTeen	4	2
<b>The President Is Missing</b> J. Patterson & B. Clinton/Little, Brown and Company	5	3

**Fiction E-Books**

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Magic Triumphs</b> Ilona Andrews/Penguin Publishing Group	1	New
<b>Crazy Rich Asians</b> Kevin Kwan/Knopf Doubleday Publishing Group	2	1
<b>The Affair</b> Lee Child/Random House Publishing Group	3	-
<b>China Rich Girlfriend</b> Kevin Kwan/Knopf Doubleday Publishing Group	4	7
<b>To All the Boys I've Loved Before</b> Jenny Han/Simon & Schuster Books for Young Readers	5	5
<b>The Governess Game</b> Tessa Dare/Harper Collins Publishers	6	New
<b>Billionaire Unchallenged</b> J.S. Scott/J.S. Scott	7	New
<b>P.S. I Still Love You</b> Jenny Han/Simon & Schuster Books for Young Readers	8	8
<b>Texas Ranger</b> James Patterson/Little, Brown and Company	9	10
<b>Stygian</b> Sherrilyn Kenyon/Tom Doherty Associates	10	New

**Methodology**

NPD BookScan gathers point-of-sale book data from more than 16,000 locations across the U.S., representing about 85% of the nation's book sales. Print-book data providers include all major booksellers (now inclusive of Walmart) and web retailers, and food stores. E-book data providers include all major e-book retailers. Free e-books and those sold for less than 99 cents are excluded. The fiction and nonfiction lists in all formats include adult, young adult, and juvenile titles; the business list includes only adult titles. The combined lists track sales by title across all print and e-book formats; audio books are excluded. Refer questions to Adam.Kirsch@wsj.com.

**Hardcover Business**

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>StrengthsFinder 2.0</b> Tom Rath/Gallup Press	1	1
<b>Winners Take All</b> Anand Giridharadas/Knopf Publishing Group	2	New
<b>Emotional Intelligence 2.0</b> Travis Bradberry & Jean Greaves/TalentSmart	3	2
<b>The Five Dysfunctions of a Team</b> Patrick Lencioni/Jossey-Bass	4	5
<b>Extreme Ownership</b> Jocko Willink & Leif Babin/St. Martin's Press	5	3
<b>The Energy Bus</b> Jon Gordon/Wiley	6	-
<b>Total Money Makeover</b> Dave Ramsey/Thomas Nelson	7	4
<b>Bad Blood</b> John Carreyrou/Knopf Publishing Group	8	7
<b>Radical Candor</b> Kim Scott/St. Martin's Press	9	-
<b>Good to Great</b> Jim Collins/HarperBusiness	10	-

## PLAY

## NEWS QUIZ DANIEL AKST

From this week's  
Wall Street Journal

**1. Jeff Bezos and his wife are making their first big foray into politics with a \$10 million contribution to a super PAC that has what aim?**

- A. A government that will print billion-dollar bills
- B. Wresting control of Congress from Republicans
- C. Electing more Princeton alumni
- D. Electing military veterans

**2. Theranos Inc., the blood-testing company accused of perpetrating Silicon Valley's biggest fraud, said it will dissolve. What precipitated the move?**

- A. Lenders were no longer sanguine about its future
- B. The company breached a key loan covenant
- C. Theranos was indicted
- D. The board resigned en masse

**3. After 20 years of concern about global warming, which of these accounts for the largest share of global electricity output?**

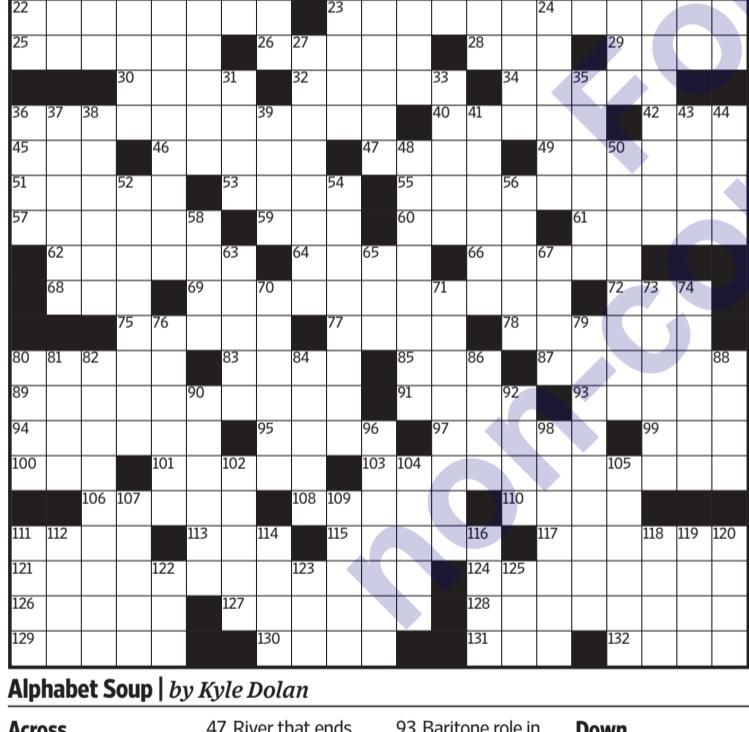
- A. Oil
- B. Natural gas
- C. Coal
- D. Hydropower

**4. Sarah Hofstetter was named president of ComScore. What does the company do?**

- A. Keeps track of how well communism is doing on social media
- B. Competes against Nielsen in the media-measurement game
- C. Makes high-tech scoreboards for sporting events
- D. Writes the software run-

**Answers** are listed below the crossword solutions at right.

## THE JOURNAL WEEKEND PUZZLES edited by MIKE SHENK



Alphabet Soup | by Kyle Dolan

Across	Down
1 "Oh, phooey!"	47 River that ends at Cairo
5 Project	49 Slip of the pen?
8 Something might hinge on it	51 Forces down
12 Silas Marner's adopted daughter	53 Meyers of late night TV
17 Educated class	55 *Big event for cinephiles
19 Component of yellow fireworks	57 Prime minister before Olmert
21 Character voiced by Bill Murray in 2016's "The Jungle Book"	59 Andy Warhol portrait subject
22 Fervent agreement	60 Second in a noble line?
23 *Hapless kite flyer and football kicker	61 Makeup of some pie crusts
25 95-Across used in Mexican cuisine	62 Salves a guilty conscience
26 Mimicry	64 Venetian magistrate
28 Musical measure	66 Equivalent of ten Hamiltons
29 First word of "A Visit From St. Nicholas"	69 *A Ward 8 is a variant of it
30 Cookbook instruction	72 Frat greeting
32 One in a shell	75 Sailor to Colchis
34 — a March hare	77 Junction
36 *Las Vegas Strip business	78 Sail shaped like a right triangle
40 Result	80 Site of an annual Ideas Festival
42 Point where many connections are made	83 Flattop's antithesis
45 "As I see it..." in texts	85 Husking target
46 Put away	87 Baker's wares
	89 *Musical specialty of Skip James and Robert Johnson
	91 Hedgerow singer
	93 Baritone role in "Elektra"
	94 Big purchase of 1867
	95 Potential plant
	97 Make a menu choice, say
	99 Small inlet
	100 Cameron's successor
	101 Bugged
	103 "Situation promoting confirmation bias
	106 " Fly Now" ("Rocky" theme)
	108 Rugby formation
	110 Shakespeare's shrew
	111 Spot for a sand wedge
	113 Kick — fuss
	115 Cloistered place
	117 Ill-tempered
	121 *2000 Jet Li film loosely based on Shakespeare
	124 Paycheck padder
	126 Add to, as a bill
	127 Like theaters and arenas
	128 Private denial
	129 Trick performed on cue?
	130 Retainers, e.g.
	131 Lego and Egg: Abbr.
	132 Alphabet providing the "ingredients" of this puzzle's soup
	147 River that ends at Cairo
	149 Slip of the pen?
	151 Forces down
	153 Meyers of late night TV
	155 *Big event for cinephiles
	157 Prime minister before Olmert
	159 Andy Warhol portrait subject
	160 Second in a noble line?
	161 Makeup of some pie crusts
	162 Salves a guilty conscience
	164 Venetian magistrate
	166 Equivalent of ten Hamiltons
	169 *A Ward 8 is a variant of it
	172 Frat greeting
	175 Sailor to Colchis
	177 Junction
	180 Site of an annual Ideas Festival
	183 Flattop's antithesis
	185 Husking target
	187 Baker's wares
	189 *Musical specialty of Skip James and Robert Johnson
	191 Hedgerow singer

- 31 "Oh, phooey!"  
33 Bring up  
35 Ruthless ruler  
36 Billboard listings  
37 People of the Plains  
38 See 112-Down  
39 Look to be  
41 Elaborately ornamental  
43 Doing  
44 Ottoman governors  
48 Crenshaw's cousin  
50 Tenderheart or Grumpy of children's TV  
52 Some commuter planes  
54 Aquiline feature  
56 Cancel  
58 Anchor lines  
63 Sailor's hazard  
65 Political leader?  
67 Word-of-mouth  
70 Add flavor to  
71 "It's a mystery"  
73 Amp knob  
74 Threads for when you're hanging out in your crib?  
76 Father of Luke and Leia  
79 Rolled the dice, say  
80 Driver in "The Last Jedi"  
81 Ward on a set  
82 Be deceptive  
84 English horns, e.g.  
86 Move, in real estate lingo  
88 Light source  
90 Jackman's role in "The Greatest Showman"  
92 Steal, in British slang  
96 Some horse races  
98 Shot followers  
102 Needing repair  
104 Prepped tofu, perhaps  
105 Sid of "Green Acres"  
107 Warms up the audience  
109 Core group  
111 Airport shuttle  
112 With 38-Down, marinara sauce ingredient  
114 "Yeah, right!"  
116 Royals manager Ned  
118 Maggie's sister  
119 Put out  
120 Student of Seneca  
122 Neruda's " — to the Sea"  
124 Whiteboard accessory  
127 They offer deals on paper  
128 They offer deals on paper  
130 Retainers, e.g.  
131 Lego and Egg: Abbr.  
132 Alphabet providing the "ingredients" of this puzzle's soup

## WSJ BRAIN GAMES

From Serhiy and Peter Grabarchuk ([grabarchukpuzzles.com](http://grabarchukpuzzles.com))

1 ★★★★☆

The Totem Pole shape consists of two green and five yellow blocks. Which volume is bigger: the total volume of the green blocks or the total volume of the yellow blocks?

6. What's happening to Arabica coffee?

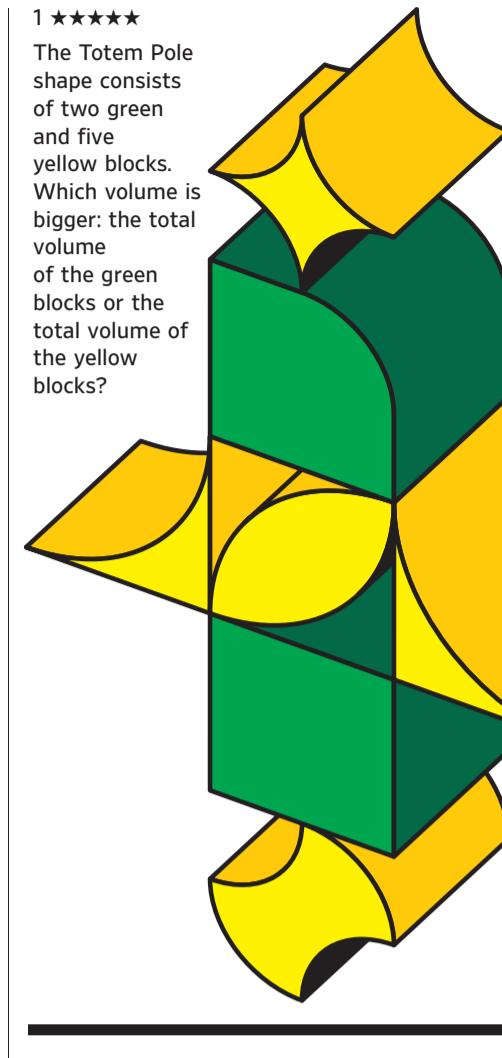
A. Thanks to climate change, it's increasingly being grown in New England  
 B. A blight is killing plants, sending bean prices soaring  
 C. Futures prices have plunged thanks to a declining Brazilian real  
 D. Consumers increasingly prefer Robusta, leading to an Arabica surplus

7. What did Supreme Court nominee Brett Kavanaugh say when asked before Congress whether a president could pardon himself or must comply with a subpoena?

A. The president can't pardon himself but must comply with subpoenas  
 B. The president can pardon himself but needn't comply with subpoenas  
 C. The president can't pardon himself and needn't comply with subpoenas  
 D. Kavanaugh refused to answer "hypothetical questions"

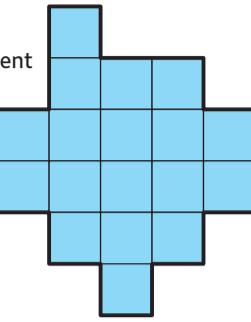
8. A typhoon swamped an important Japanese airport. Then an earthquake closed a second one. Where?

A. Hokkaido  
 B. Honshu  
 C. Shikoku  
 D. Kyushu



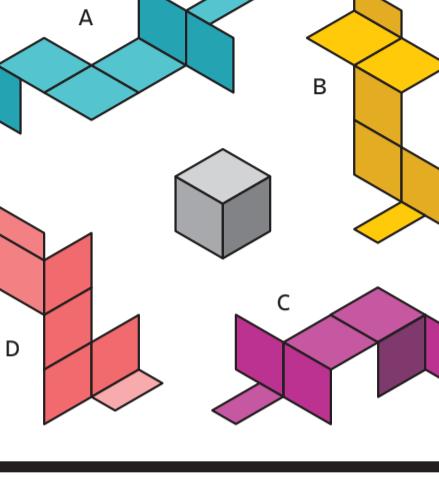
2 ★★★★☆

Divide the shape into three congruent parts. They can be rotated and/or mirrored. The dividing lines should always go along the lines of the grid.



3 ★★★★☆

Which pattern forms a cube, when folded along the lines?

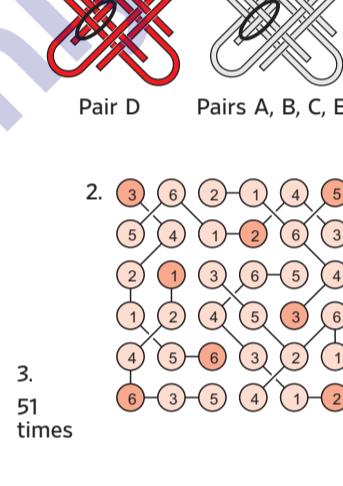


## SOLUTIONS TO LAST WEEK'S PUZZLES

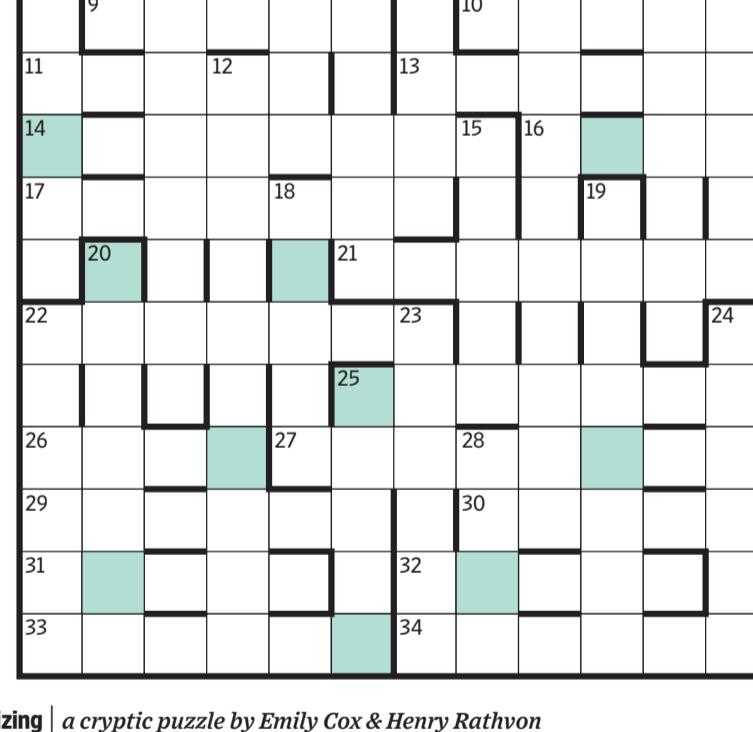
## Split Peas



## Loop-the-Loop



Answers to News Quiz: 1.D, 2.B, 3.C, 4.B, 5.B, 6.C, 7.D, 8.A



## Downsizing | a cryptic puzzle by Emily Cox &amp; Henry Rathvon

A dozen clue answers must be downsized to fit in the grid. The shaded squares from top to bottom will reveal what it's good to be (on this occasion only).

## Across

- 1 Rude stares for "stunners" (6)
- 5 A bit of hot sun: a mild wave (7)
- 9 Exclusive school pen (5)
- 10 Sweetharts with pronounced curves (5)
- 11 Some carrot puree left to boil over (5)
- 13 Walk around a large mansion (6)
- 14 Peak Oman unit redeployed (8)
- 16 Aforementioned port of Egypt (4)
- 17 Scattered coals in fuel containers (7)
- 21 Recycled trash, to food channels (7)
- 22 Writer's afterthought about hot National League team (7)
- 25 Row behind "M" is affording a less distinct view (7)

## Down

- 26 Polo in Hollywood: strange rite (4)
- 27 Start of verse in Yule book (5)
- 29 Urban scarcity leaving behind mark (4)
- 30 Give a speech of zero merit (5)
- 31 Yodeled badly, missing E twice, strangely (5)
- 32 Pick up front of lever and pull down (5)
- 33 "60 Minutes" that we have in audible form (4)
- 34 Run out of empty space, sadly (6)
- 1 Earthquake wrecked semis (5)
- 2 Room for work in boat-rower club (8)
- 3 Writer of nonsense and humor, principally (4)
- 4 Old lady Rathvon lacking victory in long race (8)
- 5 Turns over parts in an audition (5)

► Get the solutions to this week's Journal Weekend Puzzles in next Saturday's Wall Street Journal. Solve crosswords and acrostics online, get pointers on solving cryptic puzzles and discuss all of the puzzles online at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

## REVIEW

## ICONS

# Strange and Stirring Bruegel

Works by the founder of an art dynasty are gathered in Vienna for a 'never to be repeated' show

By J.S. MARCUS

**T**he reputation of Pieter Bruegel the Elder, the 16th-century giant of Netherlandish art, rests on a scant surviving output of some 40 paintings, 60 drawings and around 70 prints. Known for his rich, strange and stirring depictions of peasant life, Bruegel turned a keen eye on early modern Europe. This fall, visitors to Vienna's Kunsthistorisches Museum will have a chance to see a full half of Bruegel's oeuvre, including 29 paintings, in the first major show ever devoted to the artist.

"Bruegel" runs from October 2 to January 13, 2019, and "once in a lifetime" is arguably an understatement. The curatorial team views the show, with its unprecedented loans from European and American collections, as "a moment of scholarship, never to be repeated, in front of original works that have never been assembled together before."

Bruegel (c. 1525/30-1569) painted predominantly on wood panel. Canvas, panel's usurper, could be rolled up, allowing for much greater mobility, whether on horseback in the 16th century or on a jet today. But panel paintings—essentially, 500-year-old furniture—are among the most fragile of artworks, and a show on this scale can only be done at the Kunsthistorisches, whose 12 in-house Bruegel paintings are generally never moved, let alone loaned.

By convincing the world's other great Old Master collections, from Madrid's Prado to New York's Frick Museum, to hand over the jewels in their respective crowns, Vienna has assembled a kind of art-historical horde. Works like the Prado's apocalyptic landscape "The Triumph of Death" join its own signature works, such as "Hunters in the Snow," a winter scene showing three hunters and their dogs, with ice skaters in the distance.

"Hunters" will be joined by another snowy Bruegel from the mid-1560s, "Winter Landscape with a Bird Trap," on loan from Brussels. Combining aspects of a genre scene with a landscape painting, each has landed on countless paperback covers and tote bags. Now they are landing in the same show.

Bruegel launched an artistic dynasty: His two sons, Pieter the Younger and Jan the Elder, and later his grandsons kept the Bruegel name going beyond the death of Rubens in the mid-17th century. But little is known about Pieter the Elder's actual life. Was he born in Antwerp, where he first established himself as a draftsman for a publishing house? In spite of living in famously flat Flanders, his paintings are filled with towering mountains. After a stay in Italy, in what may have been his late 20s, did he see the Alps on his way home?

The Vienna show does not provide biographical answers, but it will give new glimpses into Bruegel's working methods and materials. The curators will display Vienna's "Christ Carrying the Cross" in three dimensions and without its frame, says curator Sabine Pénöt, "so that people can tell how the paintings were made." On one side, visitors will see a carnival-like religious scene; on the other, a stack of wood planks.

The official occasion for the show is the approaching 450th anniversary of Bruegel's death in 1569 in Brussels, where his mature works were painted. But a much more recent event is the exhibition's



Pieter  
Bruegel the  
Elder, 'The  
Birdnester'  
(1568)

starting point. In 2012, the Kunsthistorisches decided to use up-to-date techniques to analyze its Bruegels. Ms. Pénöt says that the results have yielded startling new information about Bruegel's underdrawings, which show that he often painted his human figures "with firm contours," while his landscape elements could be more improvisational.

Other conservation departments have also been taking a new look at their Bruegels. The Prado has recently removed decades-old yellowing varnish from "The Triumph of Death," and Antwerp's own apocalyptic Bruegel, "Dulle Griet," starring a woman warrior armed with a sword and frying pan, has been cleaned in time for the Vienna show.

Alejandro Vergara, the Prado's curator of Flemish art, says that the cleaning of "Triumph" reveals the work's "high horizon lines," critically suggesting "something immense" in the far distance. The work famously depicts an army of skeletons ravaging a war-torn landscape. Now, says Mr. Vergara,

it is clear that in the presiding sky the viewer can get a sense of "what is beyond" the carnage.

Three-quarters of the world's Bruegel paintings under one roof would be more than enough for a blockbuster, but the curators have gilded the lily by adding nearly half of the master's surviving drawings and prints. This allows visitors and scholars to view a duo of deeply enigmatic late works alongside each other: Vienna's 1568 painting "The Birdnester," in which the central figure may be a simple-minded peasant or a cunning betrayer of a boy poaching from a bird's nest, and "Beekeepers," an eerie drawing from around 1568, on loan from Berlin, showing three figures all but blotted out by protective gear.

Presented as satire in their day, Bruegel's artworks endure as essential depictions of the human condition, says Ms. Pénöt. "You start to look at a Bruegel, and you think it's funny," she says. "Then you realize that he is holding up a mirror."

MASTERPIECE | 'BLACK BOTTOM STOMP' (1926), BY FERDINAND 'JELLY ROLL' MORTON

## Plotting His Way Into Jazz History

By JOHN EDWARD HASSE

**I**N AN ERA of outsize personalities with colorful nicknames, the Creole musician Ferdinand "Jelly Roll" Morton was a singular artist. Early on, Morton (c. 1885-1941) worked as a roving snake-oil salesman, card shark, vaudevillian, poolroom hustler, gambler and pimp. He chose a sexual nickname—"Jelly Roll"—and wore a diamond in his gold tooth. Late in life he fought fiercely and publicly to cement his place in music. His ebullient "Black Bottom Stomp" makes his case beautifully. It's well worth a listen today—or any day.

What makes Morton an enduring historical figure is not the sensational aspects of his story, but his music. He was the first great ensemble leader, arranger and composer in jazz, his works synthesizing diverse elements of African-American music, and his recordings such as "The Pearls," "Wolverine Blues" and "King Porter Stomp" became a cornerstone of the jazz tradition. His piano style ingeniously transferred early jazz band textures to the keyboard.

In his native New Orleans, Morton got his musical start playing piano in the city's storied brothels. He later bragged that he "invented" jazz—an assertion that was met with derision by many. Yet by the 1910s he was already helping lead the transition from ragtime to jazz as a piano wizard of the first rank who could transform all sorts of music into jazz—embellishing, paraphrasing and im-

provising; smoothing out the rhythms of ragtime; and making everything flow and swing. Despite the odds against him—a black man in a white world, making a peripatetic living as he could, often in the nexus between the underworld and show business—he became one of the music's most important pioneers.

When Morton walked into the Chicago studios of the Victor Talking Machine Co. on Sept. 15, 1926, he had high ambitions. Assembling a crack band of players, mostly from New Orleans, this was Morton's big chance to prove himself and make his enduring mark through records. His ambition was aided by Victor's state-of-the-art technology and masterly recording engineers. With his newly named septet, "The Red Hot Peppers," Morton waxed three pieces, including "Black Bottom Stomp," named for an African-American dance step from the deep South.

Jazz music's first theorist, Morton took on several problems. In just over three minutes, how do you create interest and drama? In a musical style taking shape, how do you prove the full potential of jazz to integrate the planned with the spontaneous, the notated with the improvised?

His visionary solutions in "Black Bottom Stomp": think architecturally; carefully plot themes and sections, their lengths and sonorities; differentiate an introduction, 10 choruses, a transition to another key, and a coda.

Vary the rhythms to incorporate two-beat, four-beat, a backbeat, and a five-note Black Bottom dance rhythm.

Juxtapose 11 different textural combinations and vary the volume of each: full ensemble, cornet and rhythm section, cornet and trombone, clarinet and cornet, clarinet and banjo, clarinet alone, piano alone, cornet alone, banjo and bass, percussion alone, and trombone alone.

Hire the best musicians; rehearse them methodically; give each certain space to improvise; punctuate the flow with moments of



The visionary problem solving by Morton, jazz's first theorist, led to a bravura recording.

surprise, such as the cymbal break in the penultimate chorus; direct their recording session effectively; balance the front-line instruments with the rhythm section. Build drama to an inexorable climax.

The result? A bravura recording that still packs an emotional punch. The mood is upbeat, optimistic, bursting with energy and exuberance. This is music that makes you want to get up and dance. It rewards close, repeated listening. Whether appreciated architecturally or dramatically, Morton's accom-

plishment is remarkable.

"Black Bottom Stomp" reveals a real composer at work. In this and other pieces, Morton achieved a remarkable integration of improvisation, spontaneity and variety. His 1920s recordings with the Red Hot Peppers reached the peak of the New Orleans style of group embellishment and collective improvisation, with its trademark heterophony and polyphony. Morton's superior musicianship, painstaking preparation, and sense of form and drama set a high standard for all subsequent jazz composers, including Duke Ellington.

"Black Bottom Stomp" is Morton's masterpiece, above all because he brilliantly creates a study in formal, textural and rhythmic variety. The piece is covered in many music textbooks. In 1999, a transcription of his recording—for performance and study—was published in the series Essential Jazz Editions. In 2006, "Black Bottom Stomp" was added to the Library of Congress's prestigious National Recording Registry. In 2010, the Smithsonian chose to include it in the authoritative "Jazz: The Smithsonian Anthology." The song has been recorded more than 190 times, by musicians around the globe, but my personal favorite is Wynton Marsalis's 1999 interpretation that fills out the sound with a larger ensemble, adds more time for solos, and offers a modern take on musical revivalism.

"Black Bottom Stomp" is an American classic.

Mr. Hasse is curator emeritus of American music at the Smithsonian. His books include "Beyond Category: The Life and Genius of Duke Ellington" (Da Capo) and "Discover Jazz" (Pearson).

CORBIS VIA GETTY IMAGES



**Souped-Up Strollers**  
The marriage between carriages and sports gear  
**D11**

FASHION | FOOD | DESIGN | TRAVEL | GEAR

# OFF DUTY

THE WALL STREET JOURNAL.

\*\*\*\*

SATURDAY/SUNDAY, SEPTEMBER 8 - 9, 2018 | **D1**

**Deere Old John**  
Dan Neil on the utilitarian company's 100th anniversary **D12**



## Pick Pockets

Traditionally a discreet staple of menswear, pockets were anywhere and everywhere on fall runways. But is the new, compartment-heavy clothing handy—or just eye candy?

BY JACOB GALLAGHER

In 1901, Levi's gave its famous 501 jean its famous fifth pocket. It wasn't, as many assume, the teensy pocket-watch slot above the right front pocket—that had been there since the jeans' beginnings in 1879—but rather the back left pocket. That unassuming addition granted generations of men (and eventually women) double the rear-end real estate in which to stash bi-folds, bandannas, crumpled bar receipts and, of course, awkward hands. For a mere sliver of space, it marked a revolution in clothing.

These days, our relationship to pockets is undergoing a similar sea change. Whereas Levi's took a subtle approach, menswear designers are now stitching pockets on garments with the abandon of Jackson Pollock flinging paint on canvas. No longer an afterthought or mundane change-holder, pockets are the defining component of many designs. When brands showed their spring 2019 collections during Paris Fashion Week, two designers made pocket-packing vests a Big Thing: At Louis Vuitton, Virgil Abloh affixed wallet and pouch shapes directly onto cropped vests; and Junya Watanabe unveiled vests on which multiple pockets had been enthusiastically stacked. Meanwhile, labels from Gucci to Fendi slung "belt" bags—essentially fanny packs—across their models' shoulders, the kind of thing a certain man now throws on like a detachable kangaroo's pouch.

You needn't wait until 2019, however, to witness how pockets have taken over men's fashion. This fall, stash-minded guys can pick up British designer Craig Green's cotton jacket with two mammoth pockets dangling down the front; or steroid cargo pants from Japanese label White Mountaineering and Russian designer Gosha Rubchinskiy, with layered pouches barnacle'd all down the legs. Want a fisherman-style vest to hold all your gear? Versions from P. Johnson, Engineered Garments and Snowpeak offer multi-sized pockets to harbor everything

Please turn to page D2



**MAKE ROO-M FOR STORAGE** While some creatures are naturally blessed with pockets, our model gets an assist from fashion's new fixation on stashability: Jacket, \$4,750, Sweater, \$875, [brioni.com](http://brioni.com); T-shirt, \$95, [handvaerk.com](http://handvaerk.com); Pants, about \$428, White Mountaineering, 81-333-521-111; Falke Socks, \$28, Harry's Shoes, 212-847-2035; Mr P. Shoes, \$485, [mrporter.com](http://mrporter.com); Watch, \$3,575, [tudorwatch.com](http://tudorwatch.com). Fashion Editor: Rebecca Malinsky

ANDY RYAN FOR THE WALL STREET JOURNAL, GROOMING BY CHARLES MCNAIR, MODELS: HENRY WINSHIP/WILHELMINA AND MILLIE/ALL CREATURES GREAT & SMALL

## Inside



**BURNING LOVE**  
Thoughtfully charred cuisine has its charms **D6**



**GET ON THE HORN**  
Deconstructing the décor of Yves Saint Laurent's Normandy 'cabin' **D10**



**INDEPENDENT COUNSEL**  
Sophistication tips from indie star Maggie Gyllenhaal **D3**



**AN APPETITE FOR TAIPEI**  
Attention travelers fed up with posh dining and hungry for new flavors **D5**

## STYLE &amp; FASHION



Jacket, \$4,845, Turtleneck, \$770,  
Trousers, \$1,195, Lanvin, 212-812-  
2866; Falke Socks, \$28, Harry's  
Shoes, 212-847-2035; Boots, \$750,  
[church-footwear.com](http://church-footwear.com)

## Hold Everything

*Continued from page D1*

from a pen to an iPad.

Pocket mania has clearly reached a fever pitch. But while some of these pockets are as useful as Levi's fifth pocket, others are more about fashion cred than utility. Tommy Ton, the artistic director at New York label Deveaux, designed pants with a pocket just above the hem: "It's graphic in a strange way," he said. "There's something about the pocket weighing down the pant that I find interesting." The detail recalls the space-cruising crew in the 1979 film "Alien," who wore pants with shin pockets. Still, Mr. Ton conceded that, for his earthbound customers, "realistically no one can ever use a pocket that's lower on your leg."

Sam Lobban, the vice president of men's designer and new concepts at Nordstrom, admitted that today's pocket overload is often about form over function. You might find a

use for a few of the pockets on White Mountaineering's crafty cargo pants, but all 20? "Unless you're moving your house with the garment," said Mr. Lobban, "you may not need all of those pockets."

But men do need *some* pockets. That's why practically every brand from Zara to Zegna has made a four-pocket safari jacket. And with all the cellphones, backup chargers, e-readers, AirPods and USB keys that we lug around, pockets are more desirable than ever, despite technology's promise to lighten our loads. Cam Hicks, 26, a photographer in Brooklyn, N.Y., has taken to wearing a fisher-



**I'VE GOT ONE HAND IN MY POCKET (AND THE OTHER ONE IS PETTING MY KANGAROO)** Left: Jacket, \$385, Drake's, 212-966-6902; Officine Générale T-shirt, \$195, [mrporter.com](http://mrporter.com); Pants, \$298, [noahny.com](http://noahny.com); Sneakers, \$745, [lanvin.com](http://lanvin.com). Right: Jacket, \$5,095, Brunello Cucinelli, 212-334-1010; Vest, \$295, P. Johnson, 917-533-5879; Polo Shirt, \$770, Lanvin, 212-812-2866; Officine Générale Shirt, \$270, [tenetshop.com](http://tenetshop.com); Trousers, \$900, [brioni.com](http://brioni.com); Falke Socks, \$28, Harry's Shoes, 212-847-2035; Mr P. Shoes, \$485, [mrporter.com](http://mrporter.com); Watch, \$3,575, [tudorwatch.com](http://tudorwatch.com).

man-style vest by the Japanese brand Needles and cargo pants from the French label Y/Project, not just on set where they help keep lenses and batteries handy but also when he's just walking through the city. "From an everyday standpoint, it saves time and makes organizing myself easier," said Mr. Hicks.

As artistic director Lucas Ossendrijver of Lanvin Homme said, "In the end clothes are there to serve you." For fall, the Dutch designer took inspiration from the practical storage concepts on vintage military and fishing gear. Though a zippered breast pocket on

a Lanvin sportcoat resembles something you'd find on a vintage Orvis vest, it's perfectly sized for an ID card or curled-up headphones. One of the brand's sophisticated gray parkas is endowed with practical cargo pockets. Still, Mr. Ossendrijver is not immune to the charms of an ornamental pocket: that parka's largest pouch has been dramatically supersized to the point that it could absorb an entire lunchbox. Reality check: When you're stuffing Tupperware in your coat, it's probably time to grab a bag.

It's worth pushing beyond your comfort

zone when it comes to this new pocket frontier. By rejigging familiar pockets in new ways, designers are making truly modern garments. Daniel Pacitti, 19, a brand consultant in east London, was turned onto pocket-packed jackets from South2 West8 and North Face Purple Label after a trip to Japan, where such garments are popular. "I like the look, but also I do use all [the pockets]," said Mr. Pacitti. Whether he's camping or strolling in the city, he fills them with everything from his phone charger to headphones to a snack. If he needs it, he has a pocket for it.



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BARNEYS  
NEW YORK

## STYLE &amp; FASHION

20 ODD QUESTIONS

# Maggie Gyllenhaal

The actress, returning to HBO's 'The Deuce' this weekend, on the charms of orange wine and living within yards of her teenage crush, Ethan Hawke

**FIFTEEN YEARS AFTER** she broke out in "Secretary," the S&M-in-the-workplace comedy based on a Mary Gaitskill story, Maggie Gyllenhaal still dominates independent cinema and television. She's made a few forays into big studio pictures—for instance, 2008's "The Dark Knight"—but Ms. Gyllenhaal, 40, tends to inhabit more shaded, complicated characters, including the enlightened prostitute she plays in HBO's "The Deuce," returning for a second season on Sept. 9, and an overzealous teacher in this fall's "The Kindergarten Teacher," a remake of an Israeli film.

"There are some movies that are meant to make you feel great about the state of the world, and there are some movies that you walk out of thinking, 'Something needs to change,'" said Ms. Gyllenhaal, who lives in New York with her husband, the actor Peter Sarsgaard, and their two daughters. Like much of her work, "The Kindergarten Teacher" falls into the latter category.

Ms. Gyllenhaal, the daughter of filmmakers and sister to actor Jake, has been working to improve circumstances for female cineastes. She has a new role as Independent Film Advisor for Autograph Collection Hotels' Screenwriters in Residence Program, which provides women screenwriters with time at a hotel to work. Ms. Gyllenhaal, who plans to write and direct an adaptation of Elena Ferrante's novel "The Lost Daughter," wouldn't mind a room of her own: "I could use it myself." We chatted with her recently about her iffy cooking skills and the best assumptions to make about strangers.

**My favorite city in the world right now is:** Copenhagen. I was there for vacation two summers ago. It was not too hot; the light was incredible; there were really cool little shops; it was really green; and there was interesting food. It feels alive in the way that Paris used to feel for me.

**My jeans of choice are by:** Rachel Comey. They look hot and sexy, but they're also comfortable and they fit me really well. I've got at least three different cuts.

**The best advice my mom gave me was:** assume people like you until they give you a really clear and definitive reason to think otherwise. I find that useful to this day.

**Growing up, I had a crush on:** Ethan Hawke. When I was 14, my dad directed "Waterland" with Ethan and Jeremy Irons. I went to visit the set and Ethan, who was 22, was so incredibly nice to me. He took me on a walk. I got a huge crush on him as did everyone else at the time. And then he moved into the apartment above our garage when he made "Reality Bites." I've recently reconnected with him, and it's interesting how something like that goes away.

**I'll never get rid of:** my wedding dress that Dries Van Noten de-



**INDIE EMPRESS** Clockwise from top: Maggie Gyllenhaal; Nan Goldin's 'The Ballad of Sexual Dependency'; Miansai straws; Mainstay Blend by Everyday Oil; RMS Beauty Lipstick; Ethan Hawke; 2012 La Stoppa Ageno Orange Wine; Rachel Comey jeans.



signed, and also the dress he made that I wore to the Oscars when I was nominated [in 2010, for "Crazy Heart"]. For a long time, I kept the Prada shoes I wore to the premiere of "Secretary" in 2002, which I'd bought at the store myself. But I gave them away a few years ago. I don't really think that memories are held inside of things, though maybe they are for a little while.

**My kids have taught me:** how to be an environmentalist. My older daughter is really hard-core about it. I really have been influenced by her. She won't take a plastic straw. So I don't take straws anymore, and if I take a to-go cup, I won't

take a top. We use metal straws.

**My favorite artist is:** Nan Goldin. Her photography is so sexy and so real. I love "The Ballad of Sexual Dependency." She came to the set of "The Deuce" once and decided to take photographs of us, which was kind of amazing.

**I recently binged:** "Chef's Table" when I had a really bad flu. It's about chefs, but it's not about cooking. You see the dark and the light, what motivates them in a real way. I watched eight episodes, which for me, is really unusual.

**My go-to drink is:** a nice tequila on

ice with lime and salt. When it comes to brand, just give me an expensive one. I'm not a huge drinker, so when I drink I want it to be right. I'm also into orange wine, which I first had at Botanica in Silver Lake.

**The scent I remain loyal to is:** the Mainstay Blend by Everyday Oil. It has Palo Santo in it and it smells like New Mexico.

**I waste time by:** looking at food on Instagram. Food52 has the best recipes. I followed a chicken recipe they posted and it was so good. I saw a recipe there for a plum tart and it turned out ok. The truth is, I'm not an awesome cook.

**After dinner out, I love:** a fruit tart at [New York restaurant] Sant Ambroeus. They just happen to make that really well. I am someone who will cross town for food. And I've been exercising a ton so that I can eat what I want.

**My favorite beauty products are:** the skin care line by Joanna Vargas. I also like Jurlique rosewater—it wakes me up after lunch. Dr. Hauschka makes the best lip balm. And I'm a lipstick wearer. Someone once told me that women eat a lot of lipstick off their lips, so I go with something natural like RMS lipstick.

—Edited from an interview by Marshall Heyman



CAROLINA HERRERA  
NEW YORK

## ADVENTURE &amp; TRAVEL

## The Fast Life in the Slow Lane

European barge cruises are notoriously...unquick. These options mix just enough lazy-river idleness with active excursions

BY SARA TUCKER

**S**MALL, flat-bottomed and slow-moving, hotel barges can access some of Europe's most beautiful rural areas, navigating 19th-century canals that are off-limits to larger boats. Carrying a handful of passengers, six to 12 at the most, they have a high crew-to-guest ratio: The captain picks you up at the train station; the chef pops out of the kitchen to chat about cheese platters. With free-flowing wine included in the price, you won't go hungry or thirsty on a barge cruise, nor lonely or seasick. You might, however, get bored.

The scenery rolls by glacially at 3 to 4 miles per hour, walking speed. You can read an entire page of your book and not miss a thing. For recreation, you'll find bicycles for on-shore exploration, a towpath, maybe a hot tub; a game of Scrabble in case of rain. Once a day, everyone piles into a minibus and goes to a castle, a winery or a medieval monasteries. Then it's time to eat again.

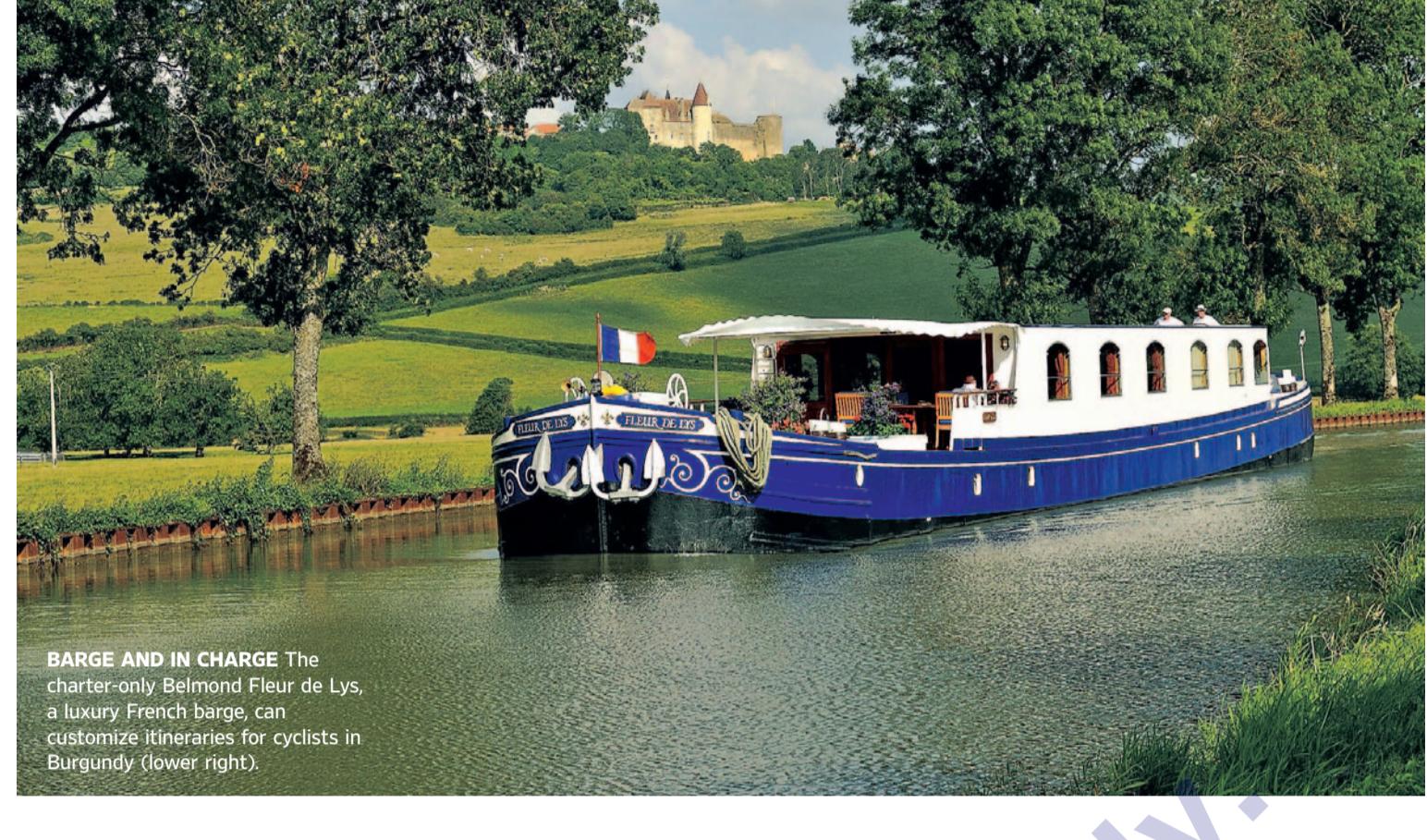
This laid-back regimen, for all its charms, tends to turn off restless travelers. The solution: barges with itineraries that let sporty types exert themselves enough to fend off tedium. Some programs are available only to groups that charter a barge. Other outings, such as a bicy-

### On the Canal du Midi, you can play tennis and visit Roman ruins.

cle excursion to a wine château or a day of golf, can be arranged on certain barges even if you reserve a single cabin. To book a cruise, contact the boat captain (check the website for email addresses) or an agent who knows all the operators (some 70 hotel barges ply the waterways in Europe) like Barge Lady Cruises, based in Chicago. Either way: Specify your desired diversions. Here, a few ideas of where and how to beef up a barge cruise.

#### Angling in Ireland

The Shannon Waterway, a series of lakes connected by rivers and still-water canals, takes you through one



**BARGE AND IN CHARGE** The charter-only Belmond Fleur de Lys, a luxury French barge, can customize itineraries for cyclists in Burgundy (lower right).

of Ireland's most memorably lovely areas (with the Cliffs of Moher a particular draw). At its summit is Lough Scur, a freshwater lake that anglers often angle to visit.

**Barge to book** Beyond its standard itinerary, the 10-passenger Shannon Princess also offers a charter-only cruise for families with kids (age 12 and up) that can involve horseback riding, fishing, kayaking and zorbing. Golfers who book a charter have access to championship courses designed by Robert Trent Jones, Sr., and Arnold Palmer. *From \$4,390 per person for a six-night cruise; bargeladytravels.com*.

**Tennis on the Thames** The Thames Path, a 184-mile national trail, follows England's second longest river as it winds from its source in the Cotswolds to the sea, passing through meadows, historic towns such as Runnymede (where the Magna Carta was signed) and small villages ideal for a tea break. On a cruise from Hampton Court Palace to Henley, you can climb to an Iron Age fort with panoramic

views or play tennis on a different riverside court every day.

**Barge to book** The captain of the eight-passenger Magna Carta will arrange, whenever possible, golf, tennis and hiking excursions whether you book a cabin or the whole barge. *From \$4,550 per person for a six-night cruise; magna-carta.co.uk*.

#### Cycling for Sancerre

France, the country where hotel barging was invented (by an Englishman in 1966), has the most active options for barge travelers, many aimed at family groups that include grandparents and teenage children. "It's about keeping the kids occupied," said Penny Liley, a boat owner who introduced family-adventure cruises to the Nivernais Canal, in northern Burgundy, with activities such as trail riding on horseback, rock climbing, and kayaking on the River Yonne. Both the Nivernais and the Canal de Bourgogne, in southern Burgundy, are lined with cycling routes that fan out across the gently rolling coun-

tryside. On the Canal du Midi in Provence you can play tennis and visit Roman ruins in one fell swoop, and on the Canal de Briare, you can pedal to the vineyards of Sancerre for winetasting.

**Barge to book** The Meanderer, a six-passenger barge, is captained by an avid cyclist and offers golf and bicycling excursions in the Upper Loire. *From \$5,875 per person for a six-night cruise; bargemeanderer.com*. Belmond's six-passenger Fleur de Lys, available for charter only, combines high style (canopied four-poster beds, a baby grand) with a six-night customized itinerary on the Burgundy Canal. *From \$9,845 per passenger; belmond.fr*.

#### Golfing in the Great Glen

Built in the early 1800s, the Caledonian Canal bisects Scotland from northeast to southwest, connecting scenic lochs—including the possibly serpent-harboring Loch Ness—and cutting through the Great Glen. The towpath connects with forest trails for mountain biking and hiking.



**Barge to book** The 12-passenger Spirit of Scotland and the 6-passenger Scottish Highlander offer, beyond standard itineraries, charter-only golf cruises to Royal Dornoch, Castle Stuart and other sacred sites. *From \$26,500 for two passengers chartering the Highlander for a six nights and from \$44,000 for eight passengers on the Spirit of Scotland; europeanwaterways.com*.

## Winging It in Buffalo

If you're looking for a weekend away from Manhattan, go where the hipster hordes don't. Six reasons why the state's second city is a seriously underappreciated escape

#### 1. THE ARCHITECTURE SPOILS

Only knuckleheads—and the obstinately unenlightened—write off Buffalo, N.Y., as nothing more than a winter icebox and the birthplace of a certain sports-bar delicacy. In the late 19th century, the city emerged as a cultural beacon, spurred by industrial boom times and the construction of the Erie Canal. One of the first U.S. urban areas to adopt electric lighting—thanks to the hydroelectric power of neighboring Niagara Falls—it attracted big-name architects to build everything from office buildings to private homes. Start your edifice appreciation tour with a guided spin around downtown organized by the nonprofit Explore Buffalo ([explorebuffalo.org](http://explorebuffalo.org)). Among the highlights: Poking around the 1896 Guaranty Building, a prototype for modern skyscrapers by architects Louis Sullivan and Dankmar Adler,

and Buffalo City Hall, an Art Deco beauty erected in 1932. Then go solo to cruise down the section of Delaware Avenue known as Millionaires' Row, taking in the Georgian and Tudor-Revival homes of 20th-century banking barons on your way to the newly spiffed-up Darwin Martin complex ([martinhouse.org](http://martinhouse.org)). Nestled within the historic Parkside neighborhood, the mansion-museum, originally designed by Frank Lloyd Wright in 1903 offers tours. You can also pop over to Graycliff, the lake house Wright built for the Martin family, about a 40-minute drive away ([experiencegraycliff.org](http://experiencegraycliff.org)). Finally, don't leave Buffalo without a stroll around Delaware Park, Frederick Law Olmsted's lesser-known New York commission.

#### 2. A DEEPLY ROOTED ART SCENE

While in Delaware Park, don't miss the Albright-Knox Art Gallery (est.

1862), one of the nation's oldest public museums ([albrightknox.org](http://albrightknox.org)). Here, you'll stumble across a staggering lineup, from Pollock to Picasso. Across the street, the Burchfield Penney Art Center highlights the work of watercolorist Charles E. Burchfield and other regional New York artists ([burchfieldpenney.org](http://burchfieldpenney.org)).

#### 3. THE SECRET HISTORY OF NIAGARA FALLS

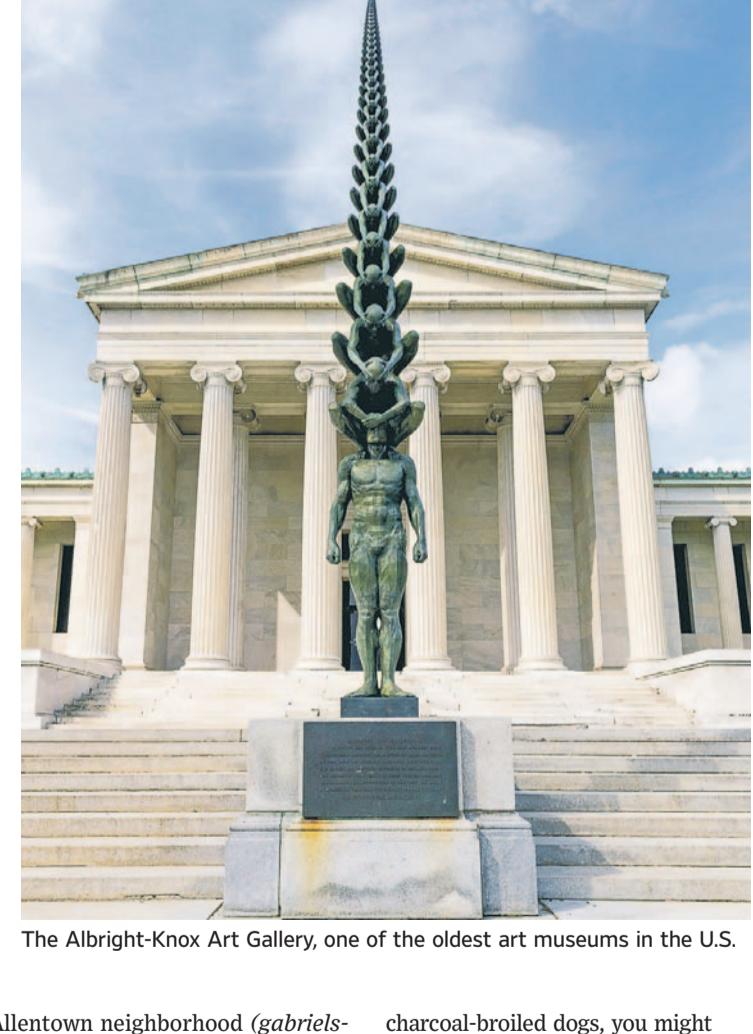
Housed in an 1863 building within earshot of Niagara Falls, the Underground Railroad Heritage Center showcases the pre-Civil War revolutionaries—both famous (Harriet Tubman) and not (the waiters of the nearby Cataract House restaurant)—who conducted slaves to Canada via the area's punishing waterways. [niagarafallsunderground-railroad.org](http://niagarafallsunderground-railroad.org)

#### 4. A JAZZ PILGRIMAGE SITE

Countless heavyweights in the jazz world—including Count Basie, Duke Ellington, John Coltrane and Miles Davis—took to the stage and bar over the years at the Colored Musicians Club. Though it opened in its current space in the 1930s, the club dates back to 1917, formed by African-American musicians who established their own union after being denied admission to the all-white union. Visit the on-site museum or take in a performance or jam session, typically held on weekend evenings. [cmctheclub.com](http://cmctheclub.com)

#### 5. THE WINGS, OBVIOUSLY

Anchor Bar claims to have birthed the city's eponymous, notoriously messy comfort food in 1964, and it's as fine a place as any to start your binge ([anchorbar.com](http://anchorbar.com)). In fact, it's the first stop on the Buffalo Wing Trail, a confederation of 12 pubs that will ruin you for saucy drumettes elsewhere. Go for a double order of the traditional at Gabriel's Gate, in the bohemian



The Albright-Knox Art Gallery, one of the oldest art museums in the U.S.

Allentown neighborhood ([gabrielsgate.page.tl](http://gabrielsgate.page.tl)), or try more exotic flavors: Bar-Bill Tavern's Cajun ([barbill.com](http://barbill.com)), Lenox Grill's barbecue honey sriracha ([lenoxgrill.com](http://lenoxgrill.com)) or Glen Park Tavern's jumbo Sicilian wings, tossed in Parmesan, garlic, basil and oregano ([glenparktavernbuffalo.com](http://glenparktavernbuffalo.com)).

#### 6. BEYOND THE BAR SNACKS

Given the locals' penchant for All-American fare like beef-on-weck (a truly juicy roast beef sandwich) and

charcoal-broiled dogs, you might not expect to find a wealth of other influences in Buffalo's impressive food scene. Among the newer standouts: Las Puertas, a modern-Mexican bistro ([laspuertas-buffalo.com](http://laspuertas-buffalo.com)), and Dobutsu, an Asian-inspired seafood restaurant ([dobutsubuffalo.com](http://dobutsubuffalo.com)) and farm-to-table front-runners, the Dapper Goose ([thedappergoose.com](http://thedappergoose.com)) and Marble + Rye ([marbleandrye.net](http://marbleandrye.net)), where even the cocktails employ seasonal ingredients. —Jennifer Fernandez



Las Puertas, a modern-Mexican bistro.

FROM TOP: BELMOND FLEUR DE LYS; TOM TEIXIER

ALAMY (ART GALLERY); HEATHER SARGENT (LAS PUERTAS)

## ADVENTURE &amp; TRAVEL

# A City With an Insatiable Appetite

Taipei may not have the world's fanciest restaurants, but this food-obsessed metropolis serves up some of the most unexpected and addictive dishes in Asia



BY MARTHA CHENG

**L**ANDING AT the Taipei airport just after 10 p.m., my parents and I—without any discussion on the matter—immediately set out to eat. The subway delivered us to Xiao Lizi, a restaurant on Fuxing South Road, one of the city center's main streets. Even before we entered the joint, rows of more than 50 dishes, laid out like a Vegas buffet, beckoned through the floor-to-ceiling windows. Once inside, I asked what time the restaurant closed. With my rusty Chinese, I misunderstood the answer as "midnight." My parents corrected me—the doors actually shut at 6 a.m. Taipei, Taiwan's teeming capital, never stops eating.

**Vendors peddle seafood so fresh a fish leapt from the pile and landed at my feet.**

We approached a U-shaped counter, one side of which is all vegetables—sweet potato greens, young pea sprouts, fresh bamboo shoots, pockmarked lotus root, vivid purple eggplant. On the other side sat shallow bowls of salted duck egg, fried fish and garlicky clams so tiny they're called sea seeds. I pointed and the women behind the counter handed me plates, pushing me to choose more, even when my tray was nearly overflowing. Once we were seated, the server plunked down a large bowl of rice porridge, not too thick, not too thin, with chunks of sweet potato.

My parents were born in Taipei, but I grew up in the San Francisco Bay Area. In the past few years, I've been returning to Taiwan more and more. I come for the surf and mountainous beauty of the east coast, and I come for the food, which, like the island, has been largely overlooked.

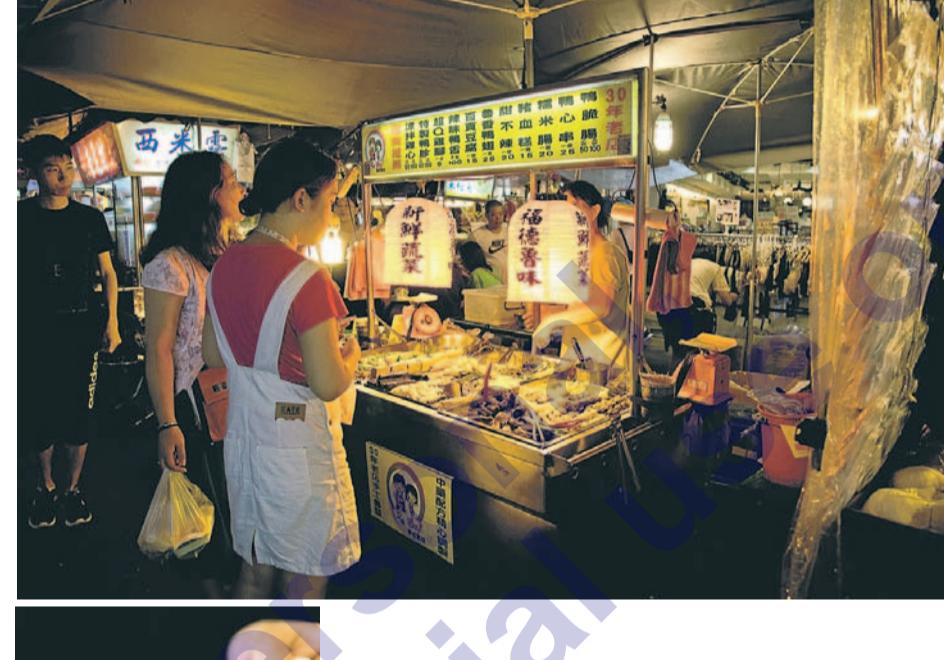
But that may be changing. A former mainland Chinese soldier brought in Shanghai chefs to create Din Tai Fung's soup dumplings and Yong Kang Beef Noodle originated from a homesick soldier from Sichuan. And yet, Taiwan has

as Taiwan endeavors to announce its independence and make itself known in every area, from the political to the culinary.

This year, for the first time, the Michelin Guide acknowledged Taipei, singling out institutions like Yong Kang Beef Noodle among its casual picks and awarding newer restaurants such as Andre Chiang's Raw one star. Born in Taipei, Mr. Chiang made his name with his first restaurant in Singapore, before returning home in 2014 to launch Raw. "I wanted to create something for Taiwan," said Mr. Chiang. "I feel like it's the responsibility of being a Taiwanese chef." His goal for the restaurant was to source everything locally, from the wood that undulates through the dining room to the duck, roasted with bay leaves, sliced and draped with a sheet of seaweed. The menu changes every two weeks, according to what Mr. Chiang calls Taiwan's 24 microseasons. "Taiwan's cuisine has always been underestimated," said Mr. Chiang. "It's time for people...to understand our combination of culture."

When people think of Taiwan's food, they might think of the *xiao long bao* or soup dumplings, at Din Tai Fung, the chain that began in Taipei and has since spread from Sydney to Los Angeles. Or they might conjure up *niu rou mian*, the beef noodle soup that is considered one of Taiwan's unofficial national dishes. But both are foods of relatively recent immigrants. When Chiang Kai Shek and his army lost the Chinese civil war to Mao, they fled to Taiwan, taking their cooks and art with them. As a result, eating in Taiwan can feel like working your way through the greatest culinary hits of China, not unlike browsing the historical Chinese art at Taipei's National Palace Museum.

A former mainland Chinese soldier brought in Shanghai chefs to create Din Tai Fung's soup dumplings and Yong Kang Beef Noodle originated from a homesick soldier from Sichuan. And yet, Taiwan has



**DEVOUR HOUR** From top: Taipei's skyline, dominated by Taipei 101, one of the world's tallest buildings; one of the stalls at Rāohe Night Market; a soup dumpling at Din Tai Fung.

made each dish its own, the way New York pizza is nothing like Naples'. Din Tai Fung's dumpling wrappers, individually hand-rolled, are so thin they're translucent, whereas Shanghai's are thicker and doughier. Yong Kang's spicy beef noodle soup tastes both familiar and foreign to most Sichuanese.

But the food of a defeated army isn't the only influence on Taiwan's cuisine. Those who consider themselves Taiwanese, with their own dialect, have ancestors who crossed over the strait from the Fujian province on mainland China in the 17th century. It's

from their kitchens that true Taiwanese food originates, according to purists.

For a taste of that traditional homecooking, my parents and I headed to the original location of Shin Yeh, which they remember as a tiny place; it's since transformed into a gleaming, multi-roomed 450-seat restaurant. The spiffed-up formality of Shin Yeh belies its menu, which still favors Taiwanese homestyle food. I couldn't get enough of the simplest dishes: a fluffy omelet studded with crunchy bits of salted turnip, and *guo bao*, soft steamed bread crammed with pork, finely crushed peanuts and pre-

served vegetables.

A lack of fanciness defines Taiwan's food. Unsurprisingly, perhaps, my favorite eating in Taipei is found on the streets. A grid imposes itself on a tangle of alleyways, the wider streets lined with drab, mid-rise cement dwellings. But beauty can be found in the markets and food carts that sprout along the blocks. While my parents met up with childhood friends, I wandered past vendors peddling passion fruit the size of softballs, bumpy bitter melon and seafood so fresh that a fish leapt from its pile and landed by my feet. As the heat escalated, I cooled off with shave ice, loaded with sweetened mung beans, stewed peanuts and chewy taro balls. When deciding where to eat, I followed my parents' advice—go where the lines are—though in this food-obsessed city, that hardly narrows it down.

But Taipei might be most famous for its night markets that take over several city blocks. After dark is the best time to browse and eat. Evenings soften the heat and humidity of summer, thick as the steam that rises from a hot pot. On this trip, I bypassed the madness of Shilin, one of the city's largest markets, and headed to Rāohe, more compact and anchored by the Songshan Ciyou Temple, dedicated to Mazu, a sea goddess. Flanking the center aisle of food stalls, fortunetellers read your fate via your birth date or caged birds that pick out bamboo divination sticks. As is often the case in my life, I turned my back on the future and faced the food instead. I stood in the longest line, for black pepper buns, formed and baked on the spot, and then made my way to a stand selling two quintessential Taiwan *xiaochi*, literally, small eats: stinky fried tofu, cratered and filled with chili sauce and chopped raw garlic, funkily pleasant (at least to me); and oyster omelet slathered with a goopy, sweet-and-sour sauce. These are all foods that my parents remember growing up eating.

At this point, I was too full to continue, but a brick of brown sugar peanut candy at another stall caught my eye. I couldn't resist. The vendor laid out a thin crepe and placed one scoop each of pineapple, taro and plum ice cream on it. She scraped shavings of peanut candy over the ice cream, adding sprigs of cilantro, and rolling it all up like a burrito. It was a curious and comforting blend of salty, sweet and fragrant, the flavors that keep me returning to Taiwan.

► For more details on dining in Taipei, see [wsj.com/travel](http://wsj.com/travel).



Sonshgan Ciyou Temple at Rāohe Market.



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## EATING &amp; DRINKING

# The Dark Side of Delicious

Burning food needn't equal failure—far from it. A good char can dial up the flavor of so many dishes

BY ALEKSANDRA CRAPANZANO

It's been a few years since burnt breadcrumbs, garnish du jour, began showing up on everything from pastas to desserts, and the curiously tenacious charred Brussels-sprouts trend took hold. But it was only this summer, at Massimo Bottura's celebrated Osteria Francescana in Modena, Italy, that I encountered an entire dish devoted to the taste of char. Christened "Burnt," it combined a broth of charred lemon with blackened fish and squid ink in a way that was complex and haunting and utterly impossible to recreate at home.

Still, over time, cooking at the darkest edge of the doneness has made its way into my at-home repertoire. The conversion really happened in 2015, while I was in London collecting recipes for my recent cookbook. At the restaurant Kitty Fisher's, Tomos Parry, the chef at the time, charred leeks, producing a deeply flavored, moist, almost molten interior and crisp, crinkly outer leaves. Served with chèvre, brown butter and smoked almonds, it hit all the right notes: tangy, crunchy, bitter and sweet.

To simply call a food burnt or charred hardly expresses the profound transformation a fruit, vegetable, thick slice of bread or side of meat undergoes when it encounters just enough heat for just long enough to sizzle its surface, caramelize its sugars, crisp its skin and render its center luscious. The purpose of charring is not to obliterate; rather, this cooking method calls for braking hard just short of the bitter end.

I began simply, charring halved peaches, for example, to intensify their flavor. Their sugars gained complexity as they caramelized and the carbon formed on the surface lent a bitter counterpoint. In a salad of wild arugula, the discordant notes made music. That recipe is just one in a whole menu of charred courses I've put together.

To accompany the salad: baba ganoush, a smoky dip made with charred eggplant. Charring meatballs gives a familiar comfort-food favorite an irresistible, unexpected umami flavor; I serve them as chef Ori Menashe of Bestia Restaurant in Los Angeles does, lashed with creamy ricotta and tomato sauce. On hot, just-charred broccoli, a topping of Parmesan melts into a crisp lace-work—a trick I borrowed from the cookbook "Food52 Any Night Grilling."

For dessert you don't need a recipe. Simply char thick slices of bread—both sides—on the grill and top with a mass of shaved dark chocolate. Once the chocolate melts, drizzle with your best olive oil, shower with a grating of orange zest and sprinkle with flaky sea salt. And serve with lots of napkins.

► Find two more char-forward recipes at [wsj.com/food](http://wsj.com/food).



## Charred Peach and Wild Arugula Salad

**Total Time** 20 minutes  
**Serves** 6

**6 large, ripe peaches, halved, stones removed**  
½ teaspoon salt

**1 teaspoon sugar**  
**5 tablespoons extra-virgin olive oil**  
**8 cups wild arugula**  
**1 tablespoon lemon juice**  
**1 cup crumbled fresh chèvre or French feta**  
**12 slices prosciutto**  
**¼ cup toasted pine nuts**

**1.** Toss peaches together with salt, sugar and 1 tablespoon olive oil. Heat the clean grate of a grill or a cast-iron skillet over high heat. Once hot, lay peaches, cut-side down, directly on surface and cook until charred black in spots and tender. Let cool.  
**2.** In a large bowl, toss arugula with lemon juice and 4 tablespoons extra-virgin olive oil. Season to taste with salt.

**3.** Place 2 peach halves on each of 6 plates. Top with dressed arugula. Sprinkle with crumbled cheese. Lay on 2 slices of prosciutto and garnish with toasted pine nuts.

## Charred Broccoli With a Cheese Crust

**Total Time** 45 minutes  
**Serves** 2-4

**Olive oil**  
**2 heads broccoli**  
**Olive oil**  
**Kosher salt and freshly ground black pepper**  
**½ teaspoon red pepper flakes, plus more as desired**  
**1½ cups coarsely grated Parmesan, Asiago, aged cheddar or Gouda**  
**Lemon wedges**

**1.** Prepare a charcoal grill by banking the coals on one side to create two cooking zones and build a medium-high fire, or heat a gas grill to high. Carefully wipe preheated grates with a lightly oiled paper towel. Use a grill brush to scrape grill grates clean, then carefully wipe again with a lightly oiled paper towel. Preheat a cast-iron skillet for 10 minutes before cooking.

**2.** While grill and skillet heat, trim the bottom inch or two from broccoli stems and peel stems. Slice broccoli heads into stalks with florets attached to a long portion of stem. Place any florets that break loose in a mixing bowl. Drizzle stalks with olive oil and season with salt, black pepper and chile.

**3.** Grill broccoli over direct heat until evenly charred, 4-6 minutes per side, moving to indirect heat as needed to prevent stalks from burning. Grill any small broccoli florets that break loose in the preheated cast-iron skillet, tossing often, until browned and crisp, 3-4 minutes.

**4.** Add broccoli stalks to cast-iron skillet and place on grill grate over direct heat. Sprinkle with cheese, close grill and cook until cheese melts and broccoli is crisp-tender, 4-5 minutes. Serve warm or at room temperature with lemon wedges.

—Adapted from "Food52 Any Night Grilling" by Paula Disbrowe



DAVID MALOSH FOR THE WALL STREET JOURNAL, FOOD STYLING BY LAURA REGE, PROP STYLING BY CARLA GONZALEZ-HART

## CHEESE WISELY

### Dairy Dynamo

The goat's-milk tang of chèvre lights up anything it touches. Try it in all sorts of dishes, beginning with this creamy no-cook dip

BY TIA KEENAN

**NORMALLY AN** all-inclusive consumer of cheese, I spent a few months this year cooking exclusively with chèvre while writing a small collection of chèvre-centric recipes. That quality time with my favorite fresh cheese only deepened my appreciation for its bright acidity and compact texture. Both of these traits make chèvre a uniquely versatile ingredient.

Agile as the goats whose milk makes it possible, chèvre is like the lemon juice of the cheese world. It complements as well as focuses other flavors, coaxing sweetness, tempering saltiness and quelling bitterness. Its perky character works well in many recipes, but as summer temperatures stretch on into September, chèvre makes especially great no-cook dips.

Because chèvre is so dense, you may want to loosen it up a little by beating in yogurt, cream or milk until you reach the consistency you're looking for. This cheese can be substituted in most dip recipes that call for ricotta: Simply whip room-temperature chèvre (by hand or with a mixer or food processor) along with your thinner of choice; I prefer to pair goat's-milk dairy products with chèvre to reinforce the tanginess.

Play around until you find the dip that suits your fancy. You can season whipped chèvre with fresh herbs, drizzle it with olive oil and scatter thinly sliced Thai chiles on top. Or blend it with tahini, honey, orange zest and toasted pistachios. Tomatoes, olives or roasted eggplant will bring its savory side to the fore. Whatever direction you choose, count on the chèvre to provide some kick.



## Chèvre & Walnut Skordalia

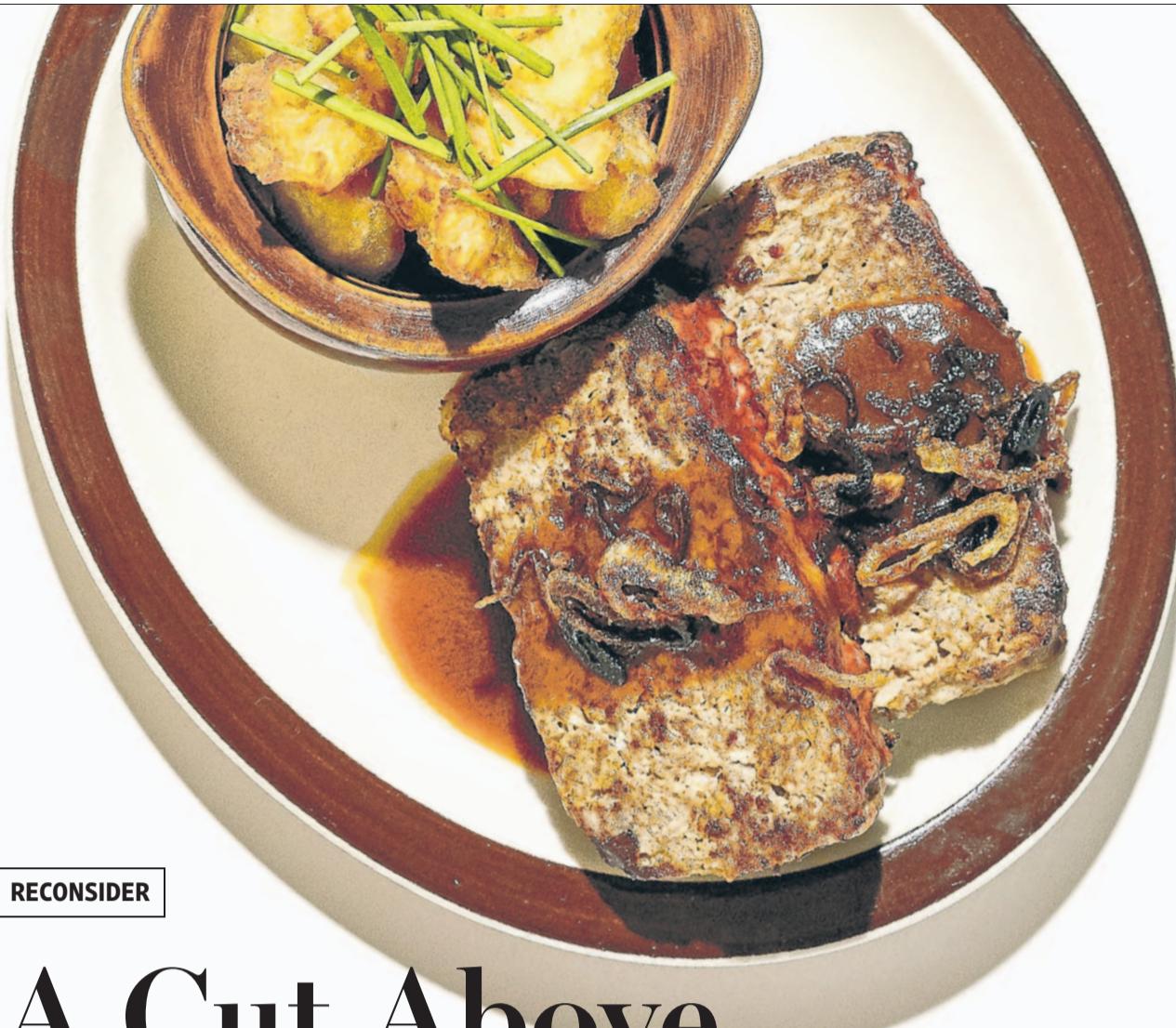
**Total Time** 20 minutes  
**Serves** 4-6

*The Greek dip skordalia typically uses potato and nuts to bind together an impressive amount of garlic and olive oil. This recipe swaps out some of the potato in favor of flavorful chèvre.*

Peel **1 medium Russet potato** and cut it into **1½-inch cubes**. Place in a medium saucepan and cover with **cool water**. Add **2 tablespoons salt**. Bring to a boil over high heat, then reduce heat to medium-low and simmer until potatoes are very tender, 10 minutes. Drain potatoes and set aside. // In a food processor, combine **5 cloves garlic, roughly chopped**, **5 ounces chèvre**, **1 tablespoon white wine vinegar**, **1 tablespoon lemon juice**, **1 teaspoon lemon zest**, **2 tablespoons plus ½ teaspoon kosher salt** and **½ teaspoon black pepper**. Pulse until smooth. Add potatoes and all but a handful of **4 ounces (1 cup) toasted walnut pieces**. Pulse until very smooth. With motor running, slowly drizzle in **½ cup extra-virgin olive oil** until fully incorporated. Adjust seasoning to taste. // Place dip in a serving bowl and garnish with a drizzle of **olive oil** and remaining **walnuts**. Serve with **pita chips or pumpernickel toasts**.

—Adapted from "Chèvre" by Tia Keenan (Short Stack Editions)

## EATING &amp; DRINKING



RECONSIDER

## A Cut Above

This deeply delicious meatloaf is like the perfect childhood you never had

By PRIYA KRISHNA

**M**EATLOAF HAS an image problem. "It's a clunker of a dish," said Libby Willis, co-owner of MeMe's Diner in Brooklyn. And yet, since the restaurant opened late last year, its meatloaf has been the best-selling dish.

The iteration at MeMe's is everything meatloaf ought to be but too seldom is: juicy throughout, well seasoned, tasting deeply of umami and generously sauced. The dense, flavorless slab you may recall from school lunches this is not.

"We wanted to make sure we put something on the menu that seemed classic and diner-y," Ms. Willis said. She was unsure, at first, that meatloaf was the answer, but it took off almost immediately. "We started to joke that we should rename this place, 'MeMe's Meatloaf Diner,'" said co-owner Bill Clark.

The recipe takes as its starting point Ms. Willis's mother's traditional version—a beef and pork base, onions, garlic, and plenty of ketchup and Worcestershire sauce—then incorporates some ingenious upgrades: rolled oats instead of bread crumbs, which Ms. Willis said create "texture and lightness"; buttermilk in place of milk, for tang; roasted mushrooms, which add umami and retain moisture; and soy sauce for depth of flavor. A sweet hoisin BBQ sauce, served on the side, nods to Ms. Willis's father's Chinese barbecue pork.

Fixated as they are on the meatloaf, diners might miss other menu standouts like a silky Vietnamese iced coffee layer cake or deep-fried giardiniera; Mr. Clark and Ms. Willis have even considered giving the meatloaf a break. But their customers would likely riot. "Casual, nostalgic food is coming back up," said Ms. Willis. "It's the idea of food that fills you and makes you feel warm."

## MeMe's Meatloaf

**Total Time:** 2 hours  
**Serves:** 4

**2 tablespoons unsalted butter**  
**½ medium yellow onion, thinly sliced**  
**½ pound cremini mushrooms, stems removed and sliced**  
**¼ cup buttermilk**  
**1 tablespoon tamari**  
**1 tablespoon Worcestershire sauce**  
**½ cup gluten-free rolled oats**  
**2 eggs**  
**1½ pounds ground beef**  
**¾ pound ground pork**  
**¼ cup plus 3 tablespoons plus 3 more tablespoons ketchup, divided**  
**1 teaspoon kosher salt**  
**1 teaspoon freshly ground black pepper**

*For the hoisin BBQ sauce:*

**½ cup hoisin sauce**  
**½ cup ketchup**  
**¼ cup rice vinegar**  
**3 tablespoons chile oil**

**1.** Preheat oven to 350 degrees. Line a 9-by-5-inch loaf pan with parchment paper so that there are a couple inches hanging over sides of pan (for easy removal).

**2.** In a small pan over medium heat, melt butter. Add onions and sauté until translucent, 3-5 minutes. Add mushrooms, and cook until they lose most of their liquid and deeply brown, 5-6 minutes more.

**3.** Transfer mushrooms and onions to a food processor. Pulse a few times, scraping down sides as you go, until mixture takes on the texture of a rough paste or ground meat.

**4.** In a small bowl, combine buttermilk, tamari, Worcestershire sauce and oats. In

another bowl, beat eggs with a fork. Add eggs to oat mixture, and set aside to soak.

**5.** In a large bowl, combine mushroom-onion mixture with beef, pork and ¼ cup ketchup, and mix with your hands until everything is fully combined.

**6.** Add soaked oats along with any residual liquid, plus salt and pepper to bowl meat mixture and mix with your hands until all ingredients are fully and evenly incorporated.

**7.** Firmly press meatloaf mixture into loaf pan, being sure to fill pan so that there are no air pockets. (This will ensure that the meatloaf stays together when sliced.)

**8.** Brush top of loaf with 3 tablespoons ketchup. Bake until a thermometer inserted into center reads 145 degrees Fahrenheit and/or meatloaf feels firm to the touch (like a burger cooked to medium) and there are juices bubbling out, 1 hour.

**9.** Meanwhile, make hoisin BBQ sauce: Combine all ingredients in a small saucepan and bring to a boil over high heat. Reduce heat to medium and let simmer until everything is fully incorporated, 10 minutes.

**10.** Remove meatloaf from oven and let cool to the point that you can safely touch the pan. Increase oven temperature to 500 degrees. Remove meatloaf from loaf pan and place on a parchment paper-lined baking sheet. Brush sides and top with remaining ketchup. Bake meatloaf again until ketchup has darkened and created a crust on top, about 5 minutes.

**11.** Let meatloaf rest 10 minutes before serving. Slice and serve with hoisin BBQ sauce on the side.

—Adapted from Libby Willis of MeMe's Diner, Brooklyn

F. MARTIN RAMIN/THE WALL STREET JOURNAL

## BITS &amp; BITES

## Bake Outside The Box

Matt Lewis and Renato Poliafito, founders of the Baked shops in Brooklyn, Manhattan and Tokyo, have made a name for themselves peddling perfected versions of All-American favorites from brownies to layer cakes. Now, with their Vanilla Sprinkle Snack Cake mix, you can reproduce their best-selling rainbow-flecked white cake with vanilla buttercream frosting. The kit may call to mind Pillsbury Funfetti, but it's a boxed cake of a higher order, made from premium ingredients. Mr. Lewis, who developed the recipe, said that a touch of spelt flour makes for a lighter crumb. The end result is a homespun pleasure that's way too easy to love. \$9, [bakednyc.com](http://bakednyc.com)



## A Brew That Fits You

The Barista Touch from Breville accommodates coffee nerds who like to fine-tune their technique as well as those who just want a latte and don't care how it was made. This compact machine grinds beans for each shot, preinfuses and brews the espresso, and steams cafe-quality micro-foam milk. Though it can churn out a proper flat white (or any of five other preprogrammed drinks) at the push of a button, the Barista Touch also allows for agency in the drink-making process, with options to adjust the grind, brewing time, temperature of the milk and more, in case you're keen to design your own signature drink—which you can program into the machine too. \$1,200, [brevilleusa.com](http://brevilleusa.com)



## Teak Performance

Will Danish-style design of the 1960s ever stop looking cool? Sabre, French maker of chic everyday cutlery in high-style finishes such as tortoise and horn, has introduced a teak edition that nails that Nordic note. The handmade Bistro teak place setting is equal parts accessible and chic—chunky enough to grip comfortably, slender enough to etch out a sleek profile at the table. The riveted handles come in a matte "vintage" or a "shiny" finish. To increase the life of these beauties, wash them by hand and treat them with mineral oil once in a while. They deserve it. \$79 for a 5-piece shiny place setting, \$90 for a 5-piece vintage place setting, [didi-riks.com](http://didi-riks.com)

—Gabriella Gershenson

## STAND UP FOR US ALL

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**Speak with your doctor and visit [StandUpToCancer.org/ClinicalTrials](http://StandUpToCancer.org/ClinicalTrials) to learn more.**



Sonequa Martin-Green,  
SU2C Ambassador

Photo Credit: Matt Sayles  
Stand Up To Cancer is a division of the Entertainment Industry Foundation, a 501(c)(3) charitable organization.



## EATING &amp; DRINKING

# Drink Your Grains

Why settle for the beer equivalent of Wonder Bread? Brewers are finding flavor in varieties beyond the usual barley

BY WILLIAM BOSTWICK

**H**ARVEST TIME approaches and with it a bounty of grains. And yet, while a growing interest in whole grains has brought us artisanal loaves studded with toothsome kernels, our beer has rarely benefited from the spelt, millet, buckwheat and more obscure heirloom varieties on offer. Brewers have, by and large, stuck to barley.

Recently, however, a new wave of craft beers brewed from rarer stuff has arrived. Creative brewers are seeking flavor in alternative grains and turning small farms' diverse output into beers full of character.

One of the earliest domesticated grains, barley has a sturdy seed suited to long-term storage and seasonal replanting. That plump kernel is packed with starch to feed the next year's shoot, and when humans figured out it could feed us too, we began to breed it sweeter and sweeter. Brewers call this starch content "extract yield"; the yeast in beer calls it dinner, converting the starch into alcohol.

Yeast doesn't care about heirloom grains; all it wants is simple sugar. And so brewers have tended to favor barley with the highest extract yield. Today's brewing barley is bred sweet and bland. The grain-based flavors in beer are mostly produced through roasting, toasting or curing that basic barley in different ways.

But barley is only one of hundreds of grains, as unique in their individual varieties and places of origin as grape varieties are. Winemakers know that grapes are more than mere sugar sources, and brewers are catching up. Now you can taste the subtle tang of spelt in Jester King Brewery's Das Uberkind saison, the earthy chew of kernza in Hopworks Urban Brewery's Long Root Ale or the spicy bite of millet in Ghostfish Brewing Company's Meteor Shower blonde.

The first forays into these strange new fields came from brewers tracing beer's roots to the days when all was homegrown and home-brewed. Barley, ubiqui-

**COMPLEX CARBS / BEERS BREWED WITH ALTERNATIVE GRAINS****Hopworks Urban****Brewery Long Root Ale, 5.5% ABV**

Brewed with kernza, a new grain specially bred to combat soil erosion, this beer, a collaboration between Hopworks and outdoor outfitter Patagonia Provisions, has an earthy creaminess like whipped

sweet potatoes with marshmallows on top.

**Ghostfish Brewing****Company Shrouded Summit Belgian White, 4.8% ABV**

Spicy millet and smooth buckwheat combine to produce this fluffy, tart brew

with a hint of tickling lime zest.

**Great Divide Brewing****Company Samurai Rice Ale, 5.5% ABV**

Flaked rice freshens up this hazy pale, lending pops of bright, green-grape sweetness.

**Upland Brewing Company****Champagne Velvet Pilsner, 5.5% ABV**

Upland recreated a century-old recipe with an equally venerable sweet Midwestern corn strain and a crisp, flavorful, locally malted barley variety dating back to pilsner's pre-

Prohibition heyday.

**Founders Brewing****Company Red's Rye IPA, 6.6% ABV**

The snappy spice of rye complements citrus-forward hops like a grind of white pepper on a grapefruit slice.

tous as it is, doesn't grow everywhere, and before international shipping, brewers used what they could harvest: hearty rye in northern climates, wheat in hotter places, even wild undomesticated grasses in some parts. When Dogfish Head Brewery, one of the first to fool around with alternative grains, wanted to make an indigenous South American brew called chi-

help, beginning a long relationship between the brands. Anson Mills' 18th-century corn grits, for instance, show up in Dogfish Head's latest small-batch Best Ever Dark Munich Beer Out of Milton. And Anson Mills does research and development for other curious brewers, too. Lately Mr. Roberts has been digging into a pre-Columbian North American strain of maize called gourd seed—"hooch corn," he calls it, referring to its early use as a base for moonshine.

A growing network of small farms is making these grains more accessible than ever, and micro-maltsters are processing them for brewers. Malting is a necessary precursor step to brewing in which grains are soaked, heated and dried to turn their latent starches into digestible sugars. "The grains we're using weren't being grown for brewing," said Brial Thiel, owner of Ghostfish Brewing Company in Seattle.

"They were for bread, cereal, even birdseed. It took some pioneering maltsters to actually malt and roast these grains so brewers could use them."

Deer Creek Malthouse, in Glenn Mills, Penn., malts the spelt for

Goose Island Brewing's Spelt Correctly. "It's like a more intense, creamy wheat, just slightly tart," said Goose Island brewer Tim Caron. His taste buds piqued, Mr. Caron is playing with buckwheat, too, from another micro-maltster, Rabbit Hill. He thinks it's a good fit for biere de garde, an old French saison style. "It's earthy, a little acidic, with some nice fruit," he said. "It goes well with wild yeast like Brettanomyces."

Most drinkers, meanwhile, are trained to appreciate the bitter bite of hops but not the subtler sweetness of malt. "People still come in and ask for an IPA," said Joel Williamson, brewer and co-owner of the Grain Shed, a Spokane, Wash., brewery-bakery.

"Well, we don't really have one. Our beers focus on malts." But as soon as these beer lovers lay their eyes on purple Egyptian barley or taste fruity, caramel-like triticale—"kind of a rye-wheat combination"—they tend to want to learn more.

Until recently, barley's only significant competitor in brewing was plain white rice. Big brewers use it in their lightest beers to add sugar without body and

sharpen a crisp, dry finish. "Its main role is for starch," said Dr. Gary Hanning, director of global barley research at international brewing conglomerate AB InBev. Craft brewers and drinkers have long looked down their noses at rice for its industrial-beer associations, but it wasn't always so.

"Before the Revolution, Charleston was a destination for rice beer," said Anson Mills' Mr. Roberts. The beers he's talking about weren't light lagers, though, and the rice used to brew them wasn't white brewer's rice. It was likely an old strain called Carolina Gold, and Anson Mills is bringing it back. Today, you can taste—or, rather, not taste—the blandness of brewer's rice in Budweiser, or you can opt for the snappy, green-grape pop of flaked rice in Great Divide's Samurai, or the creamed-honey fluff of Louisiana-grown rice in Great Raft Brewing's Southern Drawl.

Like the grains they use, these beers may be rare, but they're worth seeking out. Brewers are forming unprecedented partnerships with farmers and teasing out surprising flavors in their beers. Why not reap the benefits?

**SLOW FOOD FAST / SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES**

## Shrimp Ssam With Quick-Pickled Cucumbers and Fresh Herbs

**GROWING UP,** Ann Kim ate a lot of ssam. "It just means 'wrap,'" said the Minneapolis chef. "Basically ssam is a Korean taco: You fold fish, rice and meat in lettuce and add toppings."

This shrimp ssam, Ms. Kim's final Slow Food Fast recipe, calls for tucking grilled shrimp into lettuce leaves. To ensure that your shrimp is as flavorful and tender as possible, she recommends a marinating time of 30 minutes to an hour. But don't let them go longer, "or they will start to cook."

Then, choose your own adventure and

your preferred fresh herbs—cilantro, mint, basil—and garnish with as many quick-pickled cucumbers as you like. Warm rice is a nice addition. "It makes it even more satisfying," Ms. Kim said.

Assembled at the table, this is fun dinner-party fare. The various elements complement one another, and guests can come up with customized combinations. "The rice and herbaceous greens cut through the richness of the shrimp," said Ms. Kim. "I just love the interplay of textures and temperatures." —Kitty Greenwald

**Total Time:** 30 minutes  
**Serves:** 4

**1 pound large shrimp, peeled and deveined**

**2 tablespoons soy sauce**

**2 tablespoons vegetable oil**

**3 tablespoon rice vinegar**

**1 tablespoon mirin**

**2½ cloves garlic, minced**

**Juice of 1 lime, plus 1 lime cut into wedges**

**1 tablespoon Gochugaru chile flakes or other red chile flakes**

**¾ tablespoon sugar**

**3 Persian cucumbers, sliced into ¼-inch rounds**

**Kosher salt**

**1 tablespoon thinly sliced scallions**

**1 head butter lettuce**

**leaves separated**

**1 cup fresh cilantro sprigs**

**1 cup fresh basil and/or mint leaves**

**4 cups cooked short-grain white rice, warm (optional)**

**1.** Marinate the shrimp: In a small bowl, toss shrimp with soy sauce, vegetable oil, 2 tablespoons rice vinegar, mirin, 2 cloves minced garlic, lime juice, ½ tablespoon chile flakes and 1½ tablespoons sugar. Transfer shrimp to refrigerator and let marinate at least 20 minutes.

**2.** In a second small bowl, rub cucumber slices with a generous pinch of salt, re-

maining chile flakes, remaining rice vinegar, remaining garlic, remaining sugar and minced scallions. Set aside.

**3.** Heat a grill or a large, heavy pan over medium-high heat. Once hot, lay shrimp onto grate or surface of pan and cook, turning once, until pink all over and curled into a "C" shape, 3-4 minutes total.

**4.** Serve shrimp warm, with lettuce leaves, fresh herbs, marinated cucumbers, lime wedges and rice, if serving, on the side. To form a hand roll, place shrimp in center of a lettuce leaf, top with desired toppings and wrap leaf around filling.



**CUKE OUT** The tangy pickled cucumbers, marinated with salt, chile flakes, rice vinegar, garlic and scallions, come together in minutes.

**The Chef**

Ann Kim

**Her Restaurants**

Pizzeria Lola, Hello Pizza and Young Joni, all in and around Minneapolis

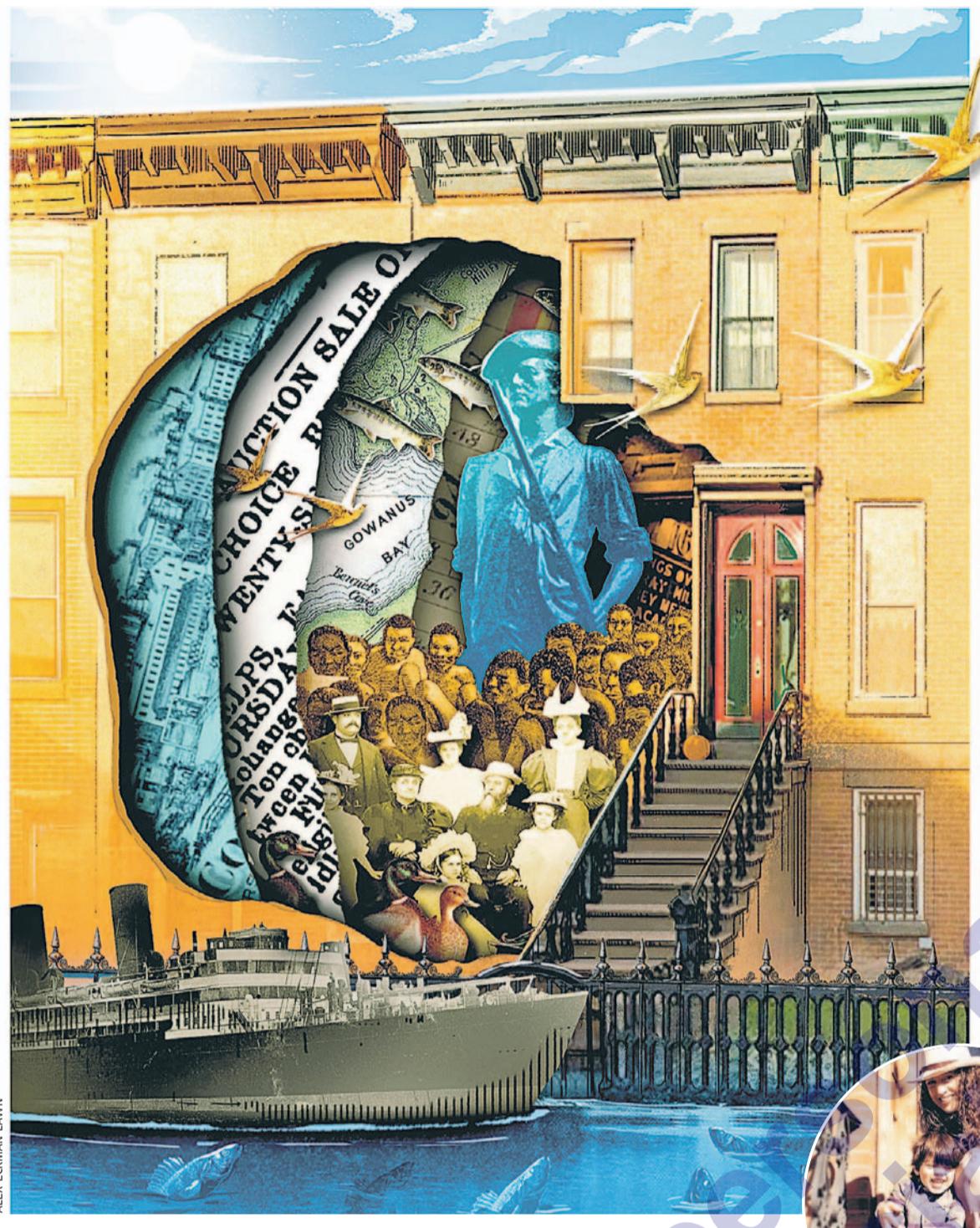
**What She's Known For**

Skillfully and creatively interweaving strands of Korean, American and Italian cuisines. Unexpected flavor combinations that nevertheless make perfect sense.

## DESIGN & DECORATING

# Ghost Hunting

Increasingly, Americans are hiring 'house historians' to investigate the back stories of their dwellings. Here, one Brooklynite shares what she discovered—warts and all



ALEX ECKMAN-LAWN

BY SARAH KARNASIEWICZ

**A**FTER YEARS of house hunting, my husband and I finally found the two-family, 19th-century, brick row house that would become our Brooklyn home. What helped closed the deal: the little details that suggested happy inhabitants before us—a fig tree flourishing in the well-tended garden, a child's name painted in fading script on a basement workbench. Still, beyond a few broad strokes gleaned from the seller's son and the ap-

proximate construction date listed on tax records, when we signed on the dotted line, we knew few concrete facts about the property into which we'd just sunk our savings.

It might have stayed that way had I not met Brian Hartig, the founder and lead investigator with the Brownstone Detectives, a Brooklyn research firm that since 2013 has chronicled the past lives of the borough's historic townhouses. A former Marine who studied journalism and history at Auburn University, Mr. Hartig first began delving into the city's trove of housing

### THE CONQUERED STOOP

The author, now well-acquainted with her row house's past, and son

and real-estate records for personal reasons: He was renovating a circa-1892 brownstone in Bedford Stuyvesant with his husband. "Children's alphabet blocks from the 1890s, a handful of jacks, a report card dated 1950—all these things tumbled out of the walls," he said. "It made me realize there had been many lives in this house."

Mr. Hartig soon compiled a thick dossier on his home

and realized that, with more than 200,000 row houses in New York City, there was an untapped commercial market for his brand of residential research. In the past few years, he has received more than 50 commissions and recently expanded his reach into Manhattan.

Outside of New York, there's a similar hunger for history excavations. Many of the most bullish real-estate

markets in the country—including Boston and San Francisco—contain a large percentage of antique properties. And according to a recent study by the National Trust for Historic Preservation, 44% of millennials report a preference for living in a neighborhood with historic character.

Tim Gregory, a former librarian and archivist, launched his career as "The Building Biographer" in Pasadena, Calif., in 1992. Mr. Gregory estimates that real-estate agents account for about 80% of his jobs. If a prospective buyer looks at a half dozen similarly priced and sized homes, which stands out, the one with yet another tasteful marble kitchen island—or the one with a barn that was a stop on the underground railroad, or a guest room where Clark Gable once slept?

Pearce Grieshaber, founder of New Orleans's house-history firm Once Upon a Home, noted that his client list is split between homeowners and businesses who want to give customers a diverting narrative to read while they wait for an appointment.

Sometimes, said Mr. Gregory, the most matter-of-fact records reveal a house's savory details. In one case, city records showed a woman living with her husband in the home one year, then alone the next year, and the following year with a man who had been listed as the gardener.

I was fairly certain my home had always been modest and that our block—a residential pocket tucked into an industrial corner of Gowanus, Park Slope, and Greenwood Heights—never had the cachet of tonier Brooklyn neighborhoods like Fort Greene or Brooklyn Heights.

Still, I briefly wondered what I might be getting into when I enlisted Mr. Hartig's help. Like most home historians, he offered a range of packages along a spectrum of price points and formats. I chose a midrange package, at \$975, that included a 40-page book detailing the past of both our house, its former owners and tenants and the land. What if I was uncorking a genie from a bottle—or letting loose a ghost from a cupboard?

I needn't have fretted. After a brief meeting around our kitchen table, Mr. Hartig set off, following the chain of title through the archives of the Department of Buildings, searching for the footprint on 19th-century Sanborn fire-insurance maps and noting mentions of the address in old editions of the Brooklyn Daily Eagle. Every few weeks, a col-

orful tidbit arrived via email: "Here's a fire record on your address in the Brooklyn Standard Union dated 1920." (Indeed, our home inspector had pointed out a few charred timbers in the crawl space under our roof.) "Your property was conveyed a whopping 14 times in the 1870s—I believe I'm on

to the cold trail of some fiscal high jinks, or what most people, then and now, would refer to as fraud."

In the end, the portrait that emerged of our home read as a micro-history of Brooklyn, starting in the mid-1600s, when the land on which the house was eventually built was deeded to the Schaers, a Dutch farming family. For nearly two centuries, the plot was part of an active farm used to grow produce shipped over the East River to feed the burgeoning population of Manhattan. In August of 1776, the first shots of pivotal Revolutionary War campaign, the Battle of Brooklyn, were fired nearby, aimed at two British soldiers

Nearly every room, I now know, was used in various eras as a delivery room or a deathbed.

raiding a local watermelon patch. In the 1860s, just before the actual house was constructed, the property took a darker turn, coming into possession of Pierre L. Pearce, a ship's chandler who had plied a villainous side line in the illegal capture, transport, and selling of enslaved people.

But some of the most moving discoveries were among the most quotidian: a portrait showing James Dowson, a grain elevator superintendent who lived (and died) in the building around the turn of the 20th century, surrounded by his family, with his skunk-striped beard, gleaming watch fob, boater hat and a pin-afored young girl clutching his knee. The faded classified ad from 1925, listing the "modern 5-room apartment" (where in 2012, I went into labor with my son) available for \$50 a month. Like most houses of its age—it turned 140 in 2018—nearly every room, I now know, was used in various eras as a delivery room or a deathbed, a wedding chapel or a funeral parlor. "After you do this work, it's impossible not to look at the walls you pass every day differently," said Mr. Hartig, "and to wonder what mark you'll leave on them, too."

## WSJ PODCASTS

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## DESIGN &amp; DECORATING

**CULTURED COTTAGE**  
The room combines French, Russian and Moroccan aesthetics.



## MY FAVORITE ROOM

# Yves Saint Laurent's Cabin of Curiosities

Interior designer Dorothée Boissier details her admiration for Saint Laurent's fanciful dacha, which turns cottage décor on its antlers

BY TIM GAVAN

**WHEN A COUTURIER** retreats to a cabin in the woods, he can't be expected to do it like Thoreau or the Unabomber or your intense, off-the-grid uncle. For a legendary designer like the late Yves Saint Laurent, a threadbare, survivalist aesthetic couldn't cut it. Unsurprisingly, Saint Laurent opted instead for a rustic structure with a glamorous, cultured interior.

His cabin of stained glass and cedar sits a woodsy ten-minute walk from Château Gabriel in Normandy, the neo-Gothic manor house where he lived and entertained with his partner, businessman and philanthropist Pierre Bergé.

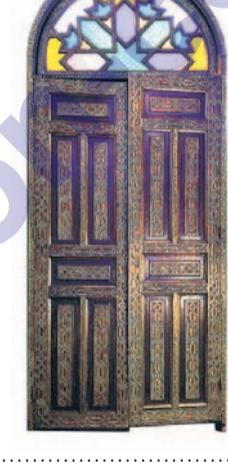
At the behest of the couple and their interior-designer friend Jacques Grange, French cabinetmaker Pierre Poulain built the cottage in the late 1980s in the style of a Russian country house, or dacha. "From outside, the wood facade is pretty but a bit rough. Then you open the door and there's an incredible richness, an eccentric richness," said Parisian interior designer Dorothée Boissier, who has long admired the dacha. In this remarkable space, Mr. Grange combined three of Saint Laurent's aesthetic fascinations: his native France, Morocco, and the Ballet Russes, the avant-garde dance company of the early 20th century. "There is no compromise, no code that needs to be explained," added Ms. Boissier. "It is a house from a dream."

A house, that is, with the reclusive spirit of the romanticized log cabin, but without the crude furnishings and dull brown-on-brown palette that make living the simple life less pleasurable than you might imagine.

Rough-hewn beams, unpainted walls and mounted hunting trophies nod to classic lodge décor, but unconventional elements make the scheme more interesting. Austrian horn seating is upholstered in opulent jewel-toned Ukrainian fabric. A colorfully starry tablecloth comes from Saint Laurent's 1976 Russian-costume-inspired collection. A pastel Orientalist mantelpiece and gilded mirror from France suggest a well-traveled tenant, not a lumberjack. The most transforming touch comes from antique stained-glass windows of a Moroccan design. They give the humble structure—which consists only of a main room (shown), a small kitchen and a bathroom—a cathedral-like grandeur. "It was, in a way," Ms. Boissier noted of Saint Laurent and Bergé's hideaway, "their secret room." Here, a guide to its most characteristic elements and how to replicate them in your own home.

**RECLAIM SANCTUARY**

Cabin interiors rarely inspire awe, but the dacha's 19th-century stained-glass windows and doors—French but of distinctly Moroccan design—are a revelation. An uplifting option: these Medina doors from Marrakesh. \$17,500, chairish.com

**PASS THE TORCH**

Small lamps and candelabra scattered about create intimate areas for reading or quiet conversation, explained Ms. Boissier, and the room's mirror "does the same thing mirrors did long ago by multiplying points of light."

The gilded, door-like frame provides its own impressive glow, as does the mother-of-pearl in this Syrian Inlaid Mirror. \$5,200, 1stdibs.com

**Dorothée Boissier's Résumé**

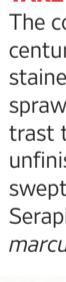
After working with design stars Christian Lai gre and Philippe Starck, Ms. Boissier co-founded Paris interior-design firm Gilles and Boissier in 2004 with her husband, Patrick Gilles. The duo has worked on residential and commercial projects from Milan to Shanghai. Their style—mostly white, black and every shade of brown, with a felicitous blending of the classical and contemporary—graces the interiors of the Four Seasons Hotel, Mexico, and New York's sparkly Baccarat Hotel. Their latest venture is the interiors for the east tower of The XI, two twisting skyscrapers currently under construction in New York's Chelsea neighborhood.

**BUCK TRADITION**

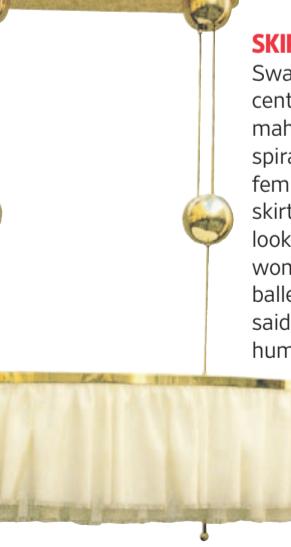
A set of antique Austrian horn chairs and chaise are upholstered in an indigo textile with flashes of crimson. "The fabric is very refined in contrast with the horns, which are quite brutal," said Ms. Boissier. "Throughout the room, the masculine and feminine are combined." Achieve a similar mix with this velvety 19th-century Horn Chair. \$12,000, ciscogallery.com

**CHAT BY THE FIRE**

Ms. Boissier noted that seemingly disparate pieces seem engaged in "dialogue." The palatial form of the 19th-century Orientalist mantelpiece from France, for example, speaks to the similarly grand, thronelike seats close by, and turquoise tiles relate chromatically to the hydrangeas. Start a conversation with these Art Nouveau Reproduction Antique Tiles. 4.25 by 4.25 inches, \$15.40 each, zazzle.com

**PLAY MUSICAL CHAIRS**

Typically, cabin seating revolves around the fire. Here, a romantic variety of pieces is arranged more dynamically. On a pouf, said Ms. Boissier, "you can lay your head down and imagine you're a czar." Moroccan Pouf Beni Ourain Floor Cushion, \$587, 1stdibs.com

**SKIRT THE ISSUE**

Swaying above a 19th-century Russian mahogany table with spiraled legs is another feminine spin. "The skirt of the chandelier looks quite like a woman dancing in the ballet," Ms. Boissier said. "It adds a note of humor and a lot of fantasy." You'll find a suitable partner in this light by Adolf Loos for Woka. About \$8,382, woka.com

**WARM THE BENCH**

The room's wooden seat "seems like it might belong in a church, with no cushion so you have to sit straight and feel the pain while you pray," Ms. Boissier joked. The addition of an inviting fabric takes the carved 19th-century Russian bench from potentially pious to humbly comfortable. A pillow would similarly rescue this Canterbury Abbey Gothic Bench from the Dark Ages. \$797, houzz.com



## GEAR &amp; GADGETS

BY JONATHAN WELSH

**O**NE CUSTOMER anxiously questions the brakes. How well do they control your speed while you're descending a steep hill? Do marginally larger tires offer a smoother ride? Can the suspension handle reckless off-road jaunts? Meanwhile her husband takes his third test-drive past rows of more than 120 models on display as a salesman ticks off the pros of an "aluminum backbone structure."

What sounds like a scene from a high-end auto dealership is unfolding in the stroller section of Buy Buy Baby in Totowa, N.J. Customers here are looking for sturdy, versatile chassis and safe, attractive designs, not to mention status. And much like luxury SUV peddlers, stroller brands try to justify extortionate price tags by offering features and upgrades expectant parents never even knew they needed. Many are willing to spring for these upsells in the hope of easing the pains of day-to-day child transport and enjoying some outdoor adventure.

Leaders in what might be called "extreme strollers," Stokke and Mountain Buggy have decked out their new models with 16-inch wheels and springy suspensions to help absorb sharp bumps and adapt to forest hikes and precipitous urban curbs. You can also take several of these latest strollers on long runs; they're increasingly crafted to be light and nimble enough for jogging and compact enough that you can throw them in a car. Certain models convert to two- or three-seaters as more bundles of joy—or triplets—arrive.

The German-engineered Cybex Priam stroller comes equipped with the standard list of premium accessories: cup holder, parasol, fleece-lined footmuff. And then there are skis—for an extra \$80, two short aluminum planks can replace the front wheels, allowing more daring parents to shush their babies down the bunny slopes. For dads without

## Is It a Stroller or Extreme Sports Gear?

Premium upgrades and techy designs let intense new parents bring their kids along for the ride



DAVID CHOW FOR THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS

**BABY'S DAY OUT** Sprint with it. Ski with it. Ride with it. The Thule Chariot Cross 2 converts to let you enjoy multiple outdoor sports, and can carry up to 99 pounds—or roughly two hefty toddlers. \$1,049, [thule.com](http://thule.com); Jacket, \$285, Bonpoint, 212-879-0900

007 ambitions, the skis can more mundanely help a stroller glide over snow-covered sidewalks while other ill-equipped parents plow gracelessly through a frozen mess.

On the Thule Chariot Cross 2,

billed as a "multisport trailer," a set of fiberglass skis can replace all four wheels for parents who don't want to give up their cross-country workouts. You can also strap on the jogging kit to train for a marathon

with kids in tow or attach it to your bike to roll tandem through the park in an update on the "Do Re Mi" scene in "The Sound of Music."

The Swedish brand's top seller, the Urban Glide 2, another model

conceived for running parents, is smartly built with a front wheel that can be locked straight with a spring-loaded knob for easier jogging, or be allowed to swivel for tight maneuvers at a walking pace.

Perhaps the most significant feature stroller makers are building into their designs is longevity. Brands including UPPAbaby, Bugaboo and Baby Jogger are turning out models to accommodate children from birth to roughly the start of elementary school (some carry kids up to 65 pounds).

"You want one stroller that will handle your needs for several years as your child grows," said Huma Ciccek, an architect from West New York, N.J., due to give birth this month. "But small design details are also important," she said, including more subjective ones, like how a leather-wrapped grip feels in your hands. Ms. Ciccek has narrowed her search to the Stokke Trailz, an ergonomically tall design that minimizes stooping and bending for parents; the UPPAbaby Cruz, which she said folds up much easier and smaller than most options; and the Bugaboo Fox, which simply has "the best feel" while rolling, she said.

Many performance-enhancing features that help modern strollers stand out are evolutionary tweaks to add convenience or increase versatility. The Baby Jogger City Select LUX can be set up in 20 configurations that let one or two children sit, recline, sleep or stand while riding. Add a City Go infant car seat and the stroller becomes what manufacturers call a travel system, designed to ease transitions from a sidewalk stroll to riding in cars, taxis, shuttles and planes.

Bugaboo recently switched from air-filled tires to trendier foam ones that save new parents the hassle of checking tire pressure or patching punctures. It also means they can push ahead untimidly in difficult conditions, whether over an unseen patch of broken glass or through a forest full of thorny vegetation.

But don't wait: These fully loaded 2019s are priced to move.

## HOLY STROLLERS / THESE PRICEY PRAMS LET DARING PARENTS TAKE BABIES OFF-ROAD—OR ACROSS A FROZEN TUNDRA



**For Growing Families** Bugaboo, based in Amsterdam, redesigned the suspension on the Donkey 2 stroller for a smoother ride. But its claim to fame is how quickly it converts from a single to a double stroller that can still slip easily through doorways. \$1,399, [bugaboo.com](http://bugaboo.com)



**For Nature Hikes** The Stokke Trailz is built sturdily enough to roll comfortably on outdoor paths and carry kids up to 45 pounds. The Norwegian brand is known for elevating the carriage "to encourage eye contact and connection between parent and child." \$1,149, [stokke.com](http://stokke.com)



**For Snowy Scenes** The German-built Cybex Priam offers three sets of wheels for "light," "trekking" and "all-terrain" use, as well as a ski kit, and bucks the foam tires trend by using inflatable ones with puncture-resistant inner tubes. \$1,279, [cybex-online.com](http://cybex-online.com)



**For Long Runs** Thule's Urban Glide 2 has the look of old-school joggers with three big wheels and plenty of reflective surfaces. But it updates the design with a compact footprint, supple suspension and a handbrake that you twist to control the speed. \$480, [thule.com](http://thule.com)

## An All-Too-Ready Reply

Google's Smart Reply might help you trim down your inbox, but is its robotic, overly gung-ho tone fooling anyone?

**CHANCES ARE** you've emailed with a robot this year. Oh, sure, the missive was "from" your boss. But the strangely perky message was crafted by the bots behind Gmail's Smart Reply, a feature which uses machine learning to generate a trio of automatic one-click responses to certain emails. The goal, explained Ajit Varma, director of product at Google, is to help users save time.

So far, the suggested replies Smart Reply spits out are weirdly inhuman—and overly saccharine for any adult who wouldn't use

"Yummy!" in polite company. But the A.I. is evolving. "The more responses we see, the bigger a dictionary of replies that we have to suggest," said Mr. Varma. Each time you select a reply the system learns how you communicate, including your tone, whether you use exclamations and whether you'd ever include "love" in a business email.

Can you tell the difference between Gmail bot responses and actual human efforts? Spot which sets are which in this quiz. (Answers below.) —Matthew Kitchen

1. Awesome, thanks!	Thanks for the info.	Copy that!
2. What a win!	You did it!	A-plus effort!
3. What?	What's wrong?	Who are you?
4. Run with it!	Sure, why not?	No way, José!
5. Yes, please!	Sounds yummy!	Nope, I'm good.
6. They are beautiful!	What do you want?	Not really.

Answers: 1. Gmail; 2. Human; 3. Gmail; 4. Human; 5. Gmail; 6. Gmail

## GEAR &amp; GADGETS

## RIGHT ON TRACTOR

In 1918, John Deere released its garishly painted Waterloo Boy, which cost \$1,150 and could run on gas or kerosene.



JOHN DEERE

RUMBLE SEAT / DAN NEIL



## 100 Years of John Deere: A Big Green American Machine

**ACCORDING TO** the Smithsonian's National Museum of American History, 2018 is the Year of the Tractor. That was good enough for me.

Off I went to Washington, D.C., to see the star of the museum's "Precision Farming" exhibit: a spare, rude piece of blacksmithing painted a garish green, yellow and red, the 1918 Waterloo Boy Tractor. This gaily colored monster is celebrated as John Deere's first tractor, but it's not, not really. Company engineers and board members dithered for years over designs. Then, in 1918,

Deere and Company simply bought the Waterloo Gasoline Engine Co. of Waterloo, Iowa, maker of the simple, lightweight Boy.

The tractor that made John Deere, and vice versa, was the 1923 Model D, the "Spoker D," as all good tractor-philes know.

Still you may wonder why I have come out as tractor-curious. Because in American theology these machines are holy relics, icons in undiluted sense of having a magical presence. Tractors like this powered the 20th-century agricultural mira-

cle (and the Dust Bowl, but that's another story). They replaced manpower fleeing to Northern cities and made it possible for one-man farms to get ahead. These machines permanently retired equine suffering in the fields. The dream of Rudolf Diesel—that mechanized agriculture would give farmers and planters power against the moneyed class—was briefly enacted in the farm states of America's bread basket.

Would it help if I told you that I spent four weeks in 1972 cropping tobacco behind a John Deere tractor in Pamlico County, N.C.? The row harvester consisted of eight little seats on a framed apparatus that got pulled between the tobacco stalks. This was Devil's Island-quality misery—the nicotine leached into pickers' skin, making all the kids sick and later turning them into pack-a-day smokers.

I don't remember Mr. Weatherington's first name but I remember his John Deere Model D 530, which still had a hint of the Henry Dreyfuss-penned modernism from the brand's 1930s styling makeover. In any event, it wasn't until I left home that I knew tractors came in colors other than green.

In person, the Waterloo Boy is a

shockingly skeletal piece of iron-hogging and hammering, the engineering equivalent of haiku.

The frame is a naked steel I-beam. The horizontal two-cylinder "popper" engine displaces 465 cubic inches and heaves its pistons at 750 rpm, making about 25 hp at the flywheel and 16 hp at the draw bar. It has a two-speed gearbox with reverse, and has a top speed of 3 mph. I especially like the expediency of the sideways-facing radiator, with belts for the fan and water pump aimed at the driver's face.

"Prior to this time tractors were more like land locomotives," said exhibit co-curator Peter Liebold. "This is a lightweight machine that wouldn't get bogged down." Relatively lightweight, that is: The Boy weighs a husky three tons.

The gorgeous company emblem says "gasoline" but the big weird tank up front reads "kerosene," a remnant of the fuel wars of the 1920s, when kerosene, gasoline, diesel and even naphtha distillates vied for the agricultural market.

"The idea was that one man, with reasonable skills and common tools, could fix it in the field," said Mr. Liebold. But considering the cruel steel seat, chain-and-spring



A 1919 ad boasts John Deere's 'Maximum results at minimum cost.'

steering, steel wheels and dangerously exposed power takeoff, I'm glad I was not that one man.

The contemporary Fordson tractor, an example of which is also in the museum, is plainly more modern in design and substantial in construction. In 1923, three out of four tractors sold in the U.S. were Fords. But that same year John Deere began producing the Model D, and by 1928, Ford abandoned the U.S. tractor market altogether.

Want one? There are still quite a few Waterloo Boys on the collectibles market. You could pick one up for between \$50,000-\$100,000. The list price in 1918 was an entirely more reasonable \$1,150.

One-hundred years later you may wonder what possible connection this quaint clodhopper has to tell us about the gargantuan heavy equipment company? It's the ur-color, its John Deere green. As a fan of colors, generally, I have to say, I wouldn't have immortalized that one.

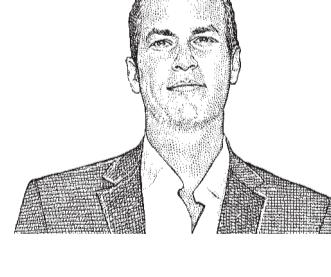


John Deere's modern 8320R is a direct descendant of the Waterloo Boy.

## MY TECH ESSENTIALS

**Jonathan Nolan**

The co-creator of 'Westworld,' which garnered 21 Emmy nominations, on scouting with drones, 'indispensable' ATVs and finding zen on a surfboard

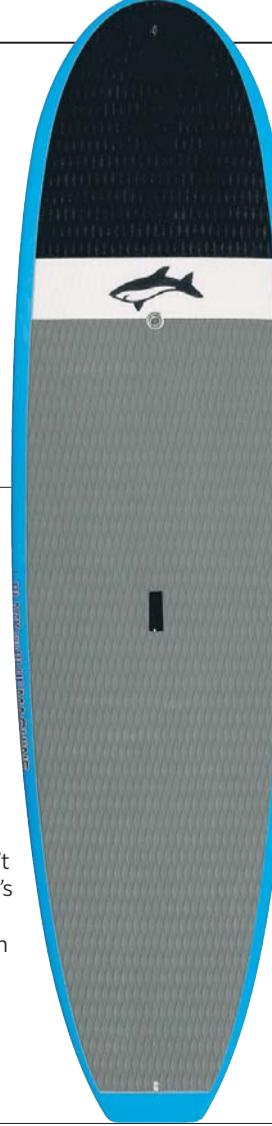


The one piece of indispensable equipment for season two was the **Polaris RZR XP 4 Turbo**, which exists somewhere at the intersection of an ATV and a Baja truck. We used them on-camera and off, even converting a few of them to play as Delos Incorporated field equipment on the show. Behind the scenes, we drove all over sand dunes and back roads. You can literally take them anywhere.



When I'm prepping for a shoot, I take pictures with a **Sony a7R III**. It shoots super high resolution stills and slo-mo. It's flexible, it's got great glass, and you can strip it down and make it very light. You can really get a sense for how a sequence will look, which is very, very helpful.

I've been surfing, badly, for about a decade. No improvement in sight. So for the most part I stand-up paddle surf on a **Jimmy Lewis Black & Blue Machine**. It's fantastic even when there aren't a lot of waves. It's peaceful and beautiful, you can get a bit of a workout and you can see what's happening out in the ocean.



For scouting "Westworld" locations, I use the **DJI Mavic Pro drone**.

That thing is amazing. It's tiny—you can throw it all in a backpack—and it has a built-in high-resolution camera. I fly it high to help me figure out just where to shoot on the ground, and what I can come back to shoot later with the helicopter.



I got my sturdy pair of **Frye Harness 8R boots** years ago to wear while riding my motorcycles—before I had kids. They're incredibly comfortable and basically indestructible. I wear them everywhere, knock them around, especially scouting in Utah, and then resole them. It takes a while

to break them in, but they're my constant companion.

I recently listened to a very long series of **Dan Carlin's Hardcore History** podcasts that he did on the first World War titled "Blueprint for Armageddon." It's more than 20 hours long and every bit of it is packed with something: an observation of human nature, an insight. He's read everything and gives you the best distillation. It's very cinematic and he's constantly finding fantastic anecdotes to share.

—Edited from an interview by Chris Kornelis