

THE WALL STREET JOURNAL.

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What's News

Business & Finance

Chinese leaders are stepping up a charm offensive with U.S. multinationals as Beijing changes tack to keep the trade fight with Washington from scaring off foreign investors. A1

◆ **Workers at two** of the biggest U.S. steelmakers are demanding higher compensation as tariffs push prices and profits to their highest point in years. A6

◆ **Hong Kong's stocks** fell into a bear market, another casualty of a selloff driven by trade tensions and a stronger dollar. B1

◆ **The Dow advanced** 113.99 points to 25971.06 as a surge in energy stocks and Apple helped it overcome another flare-up in trade worries. B14

◆ **The number** of available jobs in the U.S. exceeded the number of job seekers by more than 650,000 in July, a sign of an increasingly tight labor market. A3

◆ **China e-commerce giant** Alibaba agreed to take a 10% stake in one of Russia's biggest tech players. B1

◆ **The EU's executive arm** joined Google to oppose expanding the bloc's "right to be forgotten" beyond European borders. B1

◆ **Chinese auto sales** fell in August for the second successive month. B3

◆ **Hudson's Bay said** it has agreed to sell and combine parts of its European business with Austria's Signa. B3

◆ **The SEC issued fines** in two cases that represent a new front in an effort to police the cryptocurrencies. B13

World-Wide

◆ **The threat** from Hurricane Florence grew, with officials in the Carolinas and Virginia preparing for a disaster that could knock out power for weeks. A1

◆ **Cardinal Wuerl**, the archbishop of Washington, D.C., said he would discuss his resignation with the pope, as a sex-abuse scandal engulfs the U.S. Catholic Church. A1

◆ **Trump is leaning** toward Emmet Flood as the next White House counsel, but West Wing officials have urged him not to rush the pick. A4

◆ **U.S.-backed forces** in Syria have begun targeting the last pockets of Islamic State fighters in the country. A8

◆ **The White House said** Iranian-backed militias in Iraq had carried out attacks on U.S. diplomatic facilities. A8

◆ **The president marked** 9/11 with a stark warning that the U.S. will protect itself from "tyranny" and "evil." A3

◆ **The EPA proposed** less-stringent requirements for oil and gas firms dealing with methane-gas leaks. A3

◆ **Turkey's construction** boom has begun to unravel, threatening to deepen the nation's currency crisis. A9

◆ **The U.S. military** is in talks to expand its operations in Greece amid growing tensions with Turkey. A9

◆ **BOE Gov. Carney** agreed to stay on until 2020 to help steer the economy after the U.K. exits the EU. A18

◆ **A suicide bomber** killed at least 33 people at a demonstration in Afghanistan. A18

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Seventeen Years After 9/11 Attacks, a Salute to Honor the Fallen



TRIBUTE: Members of the New York City Fire Department stand outside Engine 10 and Ladder 10 firehouse in lower Manhattan during observances of the anniversary of the terror attacks. The units were among the first to respond that day, losing six men. A3, A10A

Coast Evacuated as Storm Aims for Carolinas, Virginia

BY JON KAMP
AND ERIN AILWORTH

warships out to sea from ports in Virginia.

The Category 4 storm is forecast to begin lashing the coast with tropical-storm force winds Thursday and is likely to make landfall sometime Friday. The exact path and timing of the storm can change.

Of particular concern is flooding and storm surge with waters forecast to rise as much as 13 feet above ground

if the surge coincides with high tide. Rainfall of up to 35 inches is expected in some places.

The Port of Virginia in Norfolk, the third-largest container port on the East Coast, planned to close down at midnight Tuesday. The port, which handled 2.8 million containers last year, mainly takes in Asian imports of clothes, electronics, home appliances and auto parts. Outgoing cargo in-

cludes logs, chemicals and grains like soybeans.

President Trump, speaking in the Oval Office following a briefing by Federal Emergency Management Agency Administrator Brock Long and Homeland Security Secretary Kirstjen Nielsen, said the federal government is "absolutely,

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◆ **Track Hurricane Florence and other storms at WSJ.com**

Job Market Pressures Employers

In a sign of an increasingly tight labor market, the number of available jobs in the U.S. exceeded the number of job seekers by more than 650,000 in July—a gap that has been widening. A3



The Finance Job No One Wants

* * * * *
Tolerance for low pay and smelly pigs required

BY EUN-YOUNG JEONG

JEONBUK INNOCITY, South Korea—Wanted: Chief investment officer to oversee more than half a trillion dollars in assets. Must be willing to weather intense political criticism for below-market pay. Openness to sharing a dormitory with roommates is a plus. Tolerance for the smell of pigs and livestock manure essential. South Korea is struggling to fill a top opening at its National Pension Service—the world's third-largest pension fund—and it isn't hard to see why.

The job can be intensely political. As a major shareholder

Please turn to page A10

A Crypto Guru Faces The Bitcoin Crash

Olaf Carlson-Wee got rich before 30, but now the blockchain trade is treacherous

BY ROB COLEMAN

SAN FRANCISCO—Olaf Carlson-Wee has crammed the highs and lows of a hedge-fund career into roughly one year—all before his 30th birthday.

He turned \$14,502 into a \$150 million personal fortune by going all-in on cryptocurrencies right before bitcoin became a household name. His fund, Polychain Capital, earned investors including Silicon Valley heavyweight Andreessen Horowitz a staggering 2,303% last year, after fees—among the best showings for a billion-dollar investment firm in history—drawing comparisons to Wall Street traders such as John Paulson and George Soros. Now, Mr. Carlson-Wee

must prove he isn't a one-hit wonder. It isn't going well.

Polychain has shed around 40% of the \$800 million it made for clients last year through a combination of investment losses and withdrawals by some of its earliest investors. Some backers grumble that Mr. Carlson-Wee refuses to change tactics despite a broad pullback from crypto. Mr. Carlson-Wee cashed out a big chunk of his personal haul in the fund months ago.

Prominent venture-capital firm Union Square Ventures has yanked some of its money, while others have fallen out privately with the

Please turn to page A10

◆ **SEC steps up cryptocurrency policing efforts**..... B13

Chinese Woo U.S. Firms In Trade Dispute

Beijing says it won't target companies in an effort to keep foreign investment

BY LINGLING WEI
AND YOKO KUBOTA

BEIJING—Chinese leaders are stepping up a charm offensive with U.S. multinationals and dropping earlier threats of retaliation as Beijing changes tack to keep the trade fight with Washington from scaring off foreign investors.

Beijing is offering a reassuring message in its outreach to American companies. At a meeting last month, Liu He, President Xi Jinping's economic-policy chief, told visiting American business executives that U.S. companies' China operations won't be targeted in Beijing's trade counterattacks. "We won't allow retribution against foreign companies," Mr. Liu said, said people briefed on the event.

Exxon Mobil Corp.'s plans for a \$10 billion project in southern China earned Chief Executive Darren Woods an audience with Premier Li Keqiang on Friday in a show of Beijing's support broadcast on national television.

If completed, the petrochemical complex would be one of the largest single foreign investments in China—and mark

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◆ **Steelworkers push for share of profit boosted by tariffs**..... A6
◆ **Hong Kong stocks fall into bear market**..... B1
◆ **Auto sales in China sputter amid trade tensions**..... B3

Embattled U.S. Cardinal to Meet With Pope to Discuss Resigning

BY IAN LOVETT

Cardinal Donald Wuerl, the archbishop of Washington, D.C., said Tuesday he will soon travel to Rome to discuss his resignation with Pope Francis, laying the groundwork for the exit of one of the highest officials in the U.S. Catholic Church as it is engulfed by a growing sexual-abuse scandal.

The end of Cardinal Wuerl's career as archbishop of Washington—one of the most influential positions in the U.S. church—would mark a new phase in this year's crisis, with accountability moving toward those who covered up abuse, not just those who

committed it.

Already, one U.S. cardinal, Theodore McCarrick, has been brought down by the scandal roiling the church. But whereas he was accused of sexual abuse himself, Cardinal Wuerl is accused of not doing enough to root out abuse.

"At issue is how to begin effectively to bring a new level of healing to survivors who have personally suffered so much...and have questions about their bishop's ability to provide the necessary leadership," Cardinal Wuerl said in a letter sent to priests in his archdiocese Tuesday. He added that, following conversations with priests in the

archdiocese, he believed he had determined "the way forward to bring healing and a new beginning at the service of this Church."

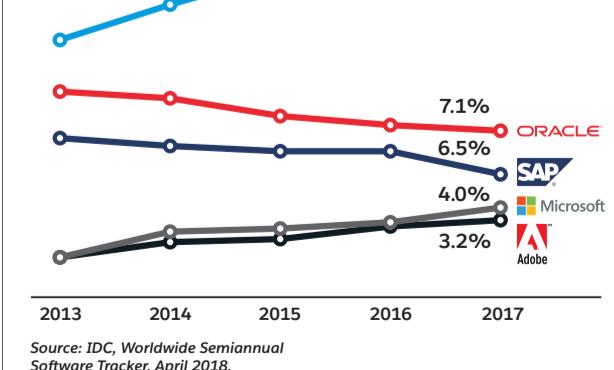
Stephen Schneck, a former professor at the Catholic University of America, said he believed Cardinal Wuerl's letter indicated he had reached the conclusion he could no longer effectively lead the archdiocese.

"I hope it's a sign that the bishops as a body are starting to really appreciate just how truly gutted American Catholics feel by all of the revelations that have come out this summer," Mr. Schneck said.

Please turn to page A4

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2017 Market Share Revenue Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2018.

salesforce

salesforce.com/number1CRM

CRM Applications market includes the following IDC-defined functional markets: Sales, Customer Service, Contact Center, and Marketing Applications. © 2018 salesforce.com, Inc. All rights reserved. salesforce.com is a registered trademark of salesforce.com, Inc., as are other names and marks.

U.S. NEWS

Southeast Readies for Hurricane

Continued from Page One
totally prepared" and would spare no expense.

"It's tremendously big and tremendously wet," Mr. Trump said of the storm. "They haven't seen anything like what's coming at us in 25 to 30 years, maybe ever."

North Carolina Gov. Roy Cooper said Tuesday that Florence could be a "once-in-a-lifetime" storm and people shouldn't try to ride it out.

Public-works crews throughout the region moved vehicles to higher ground, while utilities readied workers from other states for an expected restoration effort.

The Navy continued Tuesday to move its ships away from coastal Virginia bases to keep them out of the path of the storm, affecting operations at the Naval Station Norfolk, the Navy's largest base, and Joint Expeditionary Base Little Creek, in Virginia Beach. Commanders on Tuesday moved the aircraft carrier Abraham Lincoln and the Comfort hospital ship out to sea, according to navy officials. On Monday, the Navy had shifted about 30 ships offshore.

The hurricane could be the strongest to hit the Carolinas since Hugo, a deadly Category 4 storm that killed 21 people in the mainland U.S. in 1989. The Carolinas' population has grown by about five million since then.

The storm has a wide reach, with tropical storm-force winds stretching 175 miles from the center.

"It's going to just keep pouring rain for days," said Dennis Feltgen, a hurricane center spokesman. "That's got us really, really worried."

With hurricanes, storm surge and inland flooding pose higher risks to life than wind, he said, and Florence is projected to meander over the coast while drawing moisture from the ocean and drenching the region.

In Virginia, a Norfolk Walmart parking lot was packed. Many of the store's shelves were bare. The store had sold out of gas cans and tuna, and the bread supplies were thinning. Shoppers crowded around a worker restocking bottled water.

"I wasn't scared until I got to this Walmart," said Halle Hazzard, 24, from Virginia Beach, upon seeing empty shelves. She was stocking up with her friend Shay Gatlin from Portsmouth.

"Isabel was my worst one and she taught me a lesson: the lesson was always be prepared, never underestimate a hurricane just because it's not in your zone," Ms. Gatlin said of the 2003 hurricane.

The port in Norfolk said that docked ships would be asked to leave after it closes down at midnight Tuesday night. Workers planned to secure the giant cranes and bring in "everything loose like cars, tools and ropes is being brought inside" once the port closes, said port spokesman Joe Harris.

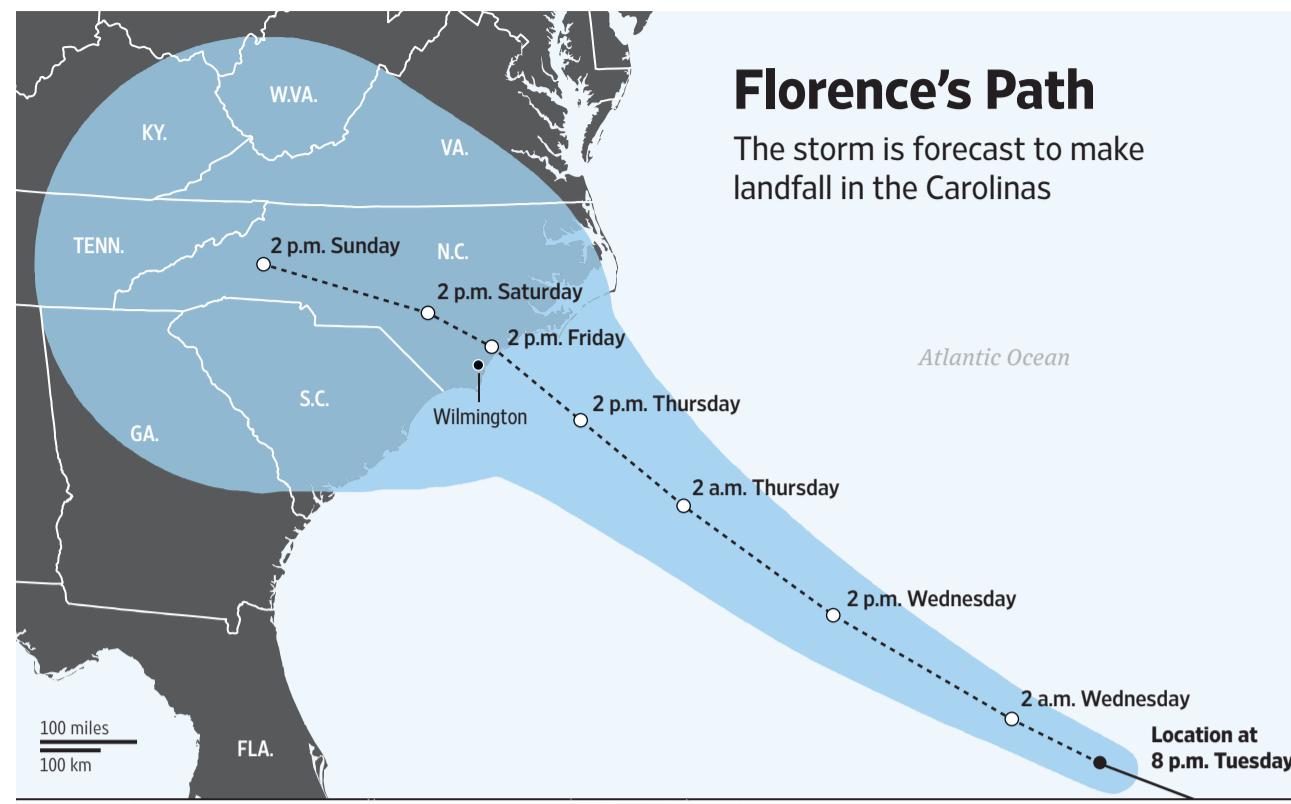
"The impact will be small if the closure lasts a couple of days," Mr. Harris said.

In North Carolina, the ports of Wilmington and Morehead City will close to truck traffic from Thursday to Saturday. In South Carolina, the ports of Charleston, Georgetown and Greer, which handle a combined \$63 billion in commerce annually, remain open but are closely monitoring the hurricane.

Duke Energy warned customers in the Carolinas to prepare for widespread outages that could take anywhere from several days to multiple weeks to repair. Duke said it is staggering restoration crews from its utilities in Indiana, Ohio, Kentucky and Florida to help restore power.

Governors in Virginia and the Carolinas, as well as the mayor of Washington, D.C., have declared states of emergency. President Trump has signed emergency declarations for the three states.

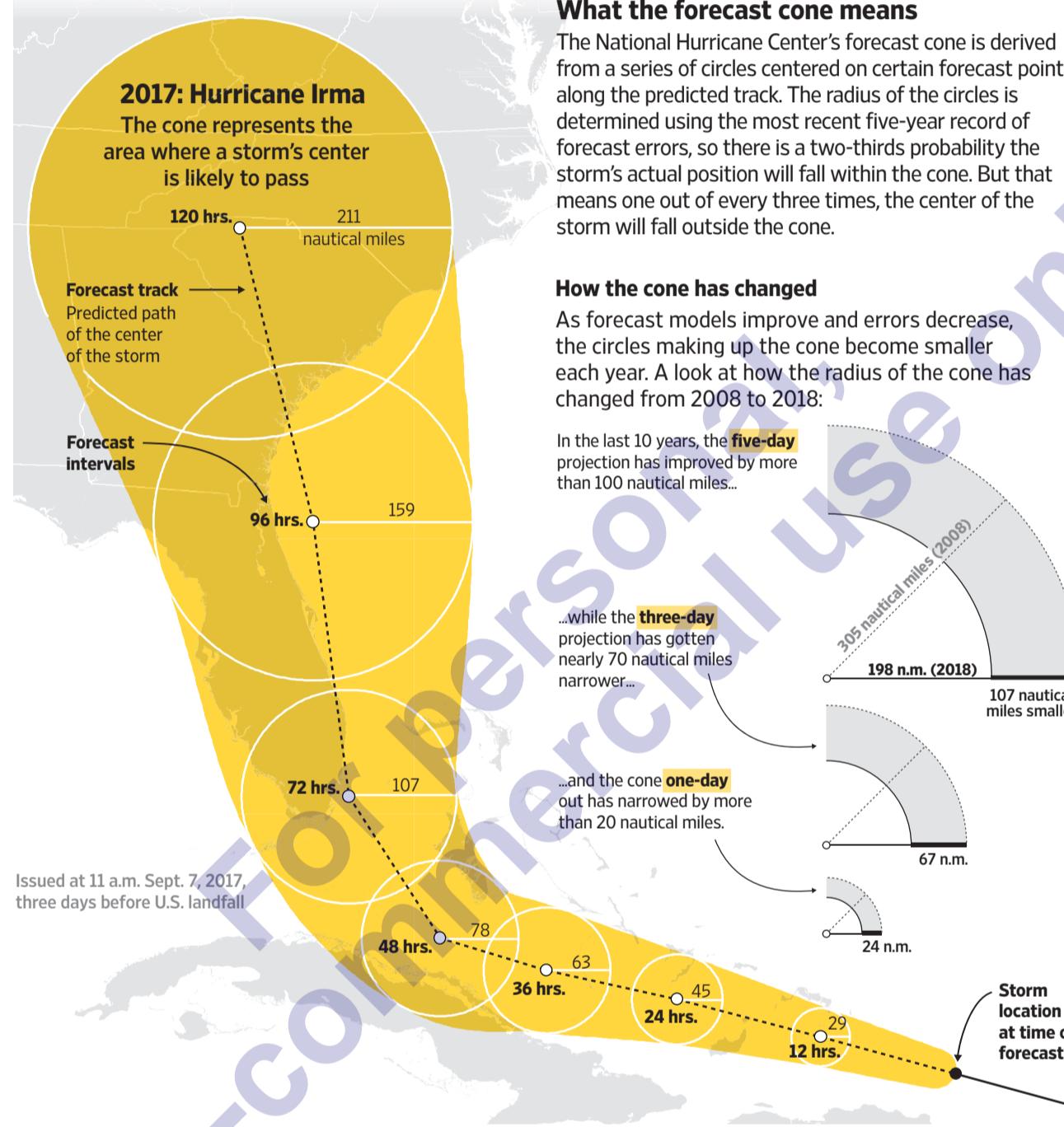
State officials said traffic volumes leaving Myrtle Beach, S.C., Tuesday morning were already four to six times higher than normal, and traffic flows heading out of Charles-



Florence's Path

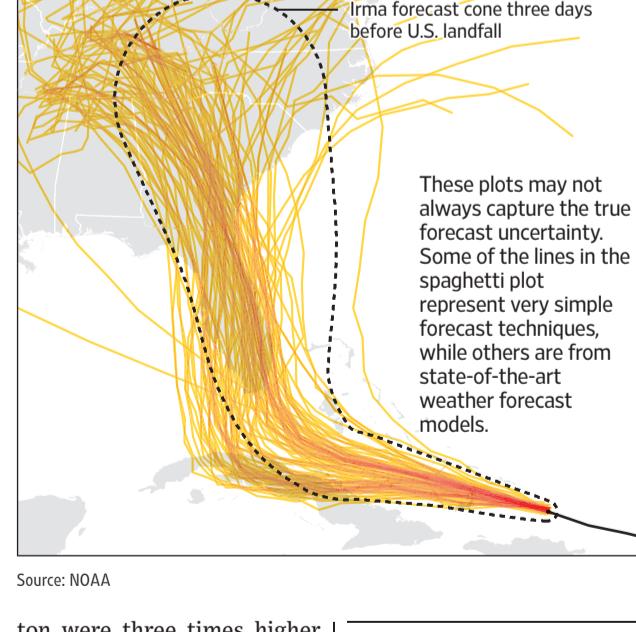
The storm is forecast to make landfall in the Carolinas

Hurricane Tracks Can Change. Here's How They're Forecast



The spaghetti plot

NHC forecasters use a variety of models, along with their experience and meteorological reasoning, to create forecasts. The track guidance can be displayed as a 'spaghetti plot'—another way to examine potential tracks of the center.



Source: NOAA

ton were three times higher than usual.

Inland in Elizabethtown, N.C., 65-year-old Randy Harris said traffic picked up Tuesday at his restaurant, Melvins' Hamburgers & Hot Dogs, as people made their way from the coast. He planned to board up the restaurant Wednesday night, but hoped to reopen over the weekend.

"People are going to need something to eat," he said.

—Cameron McWhirter, Scott Calvert, Costas Paris, Gordon Lubold and Vivian Salama contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Alibaba Group Holding Ltd. Chief Executive Daniel Zhang chose the nickname "Free and Unfettered Person" as his company nickname. In some editions Tuesday, a Business & Finance section cover article about Mr. Zhang incorrectly said the nickname was "Free and Noncooperative Person."

"People are going to need something to eat," he said.

—Cameron McWhirter, Scott Calvert, Costas Paris, Gordon Lubold and Vivian Salama contributed to this article.

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

What the forecast cone means

The National Hurricane Center's forecast cone is derived from a series of circles centered on certain forecast points along the predicted track. The radius of the circles is determined using the most recent five-year record of forecast errors, so there is a two-thirds probability the storm's actual position will fall within the cone. But that means one out of every three times, the center of the storm will fall outside the cone.

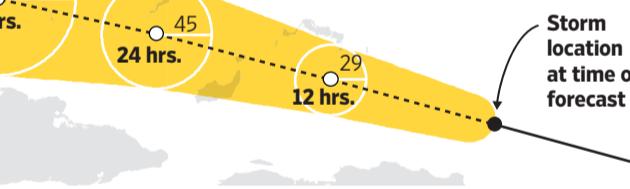
How the cone has changed

As forecast models improve and errors decrease, the circles making up the cone become smaller each year. A look at how the radius of the cone has changed from 2008 to 2018:

In the last 10 years, the **five-day** projection has improved by more than 100 nautical miles...

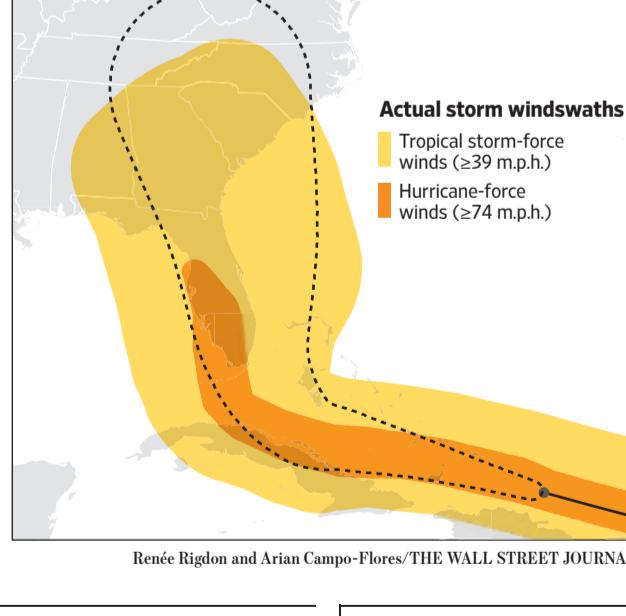
...while the **three-day** projection has gotten nearly 70 nautical miles narrower...

...and the cone **one-day** out has narrowed by more than 20 nautical miles.



Hazards beyond the cone

Since the cone represents the probable center of the track, hazards can extend well beyond the cone. In the case of Irma last year, dangerous winds reached far outside the three-day forecast cone.



Renée Rigdon and Arian Campo-Flores/THE WALL STREET JOURNAL

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U.S. WATCH

NEW HAMPSHIRE

Swing District Picks Democratic Stalwart

New Hampshire Democratic voters in a perennial swing House district chose an establishment-backed candidate over a well-funded female military veteran Tuesday. But Democrats did choose a woman to be their gubernatorial nominee, adding to the record number of women running for governor this year.

In the House primary, Chris Pappas, a member of the state executive council who was endorsed by Democratic Sens. Jeanne Shaheen and Maggie Hassan, was declared winner of the New Hampshire primary by the Associated Press in the race to succeed retiring Democratic Rep. Carol Shea-Porter.

Her district is considered a bellwether because it has changed hands between the parties every two years since 2010. It narrowly backed Donald Trump for president in 2016, while narrowly re-electing Ms. Shea-Porter.

In their House primary, Republicans chose Eddie Edwards, a former police chief who was endorsed by Rudy Giuliani, President Trump's lawyer, to face Mr. Pappas in the general election. Mr. Edwards defeated GOP state Sen. Andy Sanborn.

New Hampshire Democrats chose state Sen. Molly Kelly as their gubernatorial nominee, adding to the record number of women running for governor this year. Ms. Kelly faces a tough fight to unseat GOP Gov. Chris Sununu.

—Janet Hook

KENTUCKY

Suit Alleging Trump Incited Attack Tossed

A federal appeals court ruled that protesters attacked at a 2016 Trump rally can't proceed with a lawsuit alleging President Trump incited the violence with inflammatory remarks.

At issue was a March 1, 2016, rally in Louisville, Ky., during the Republican primaries. "Get 'em out. Get 'em out of here," Mr. Trump said of protesters at the event. "Get 'em out of the hell out," he said later, then added, "Don't hurt 'em. See, if I say, 'Go get 'em,' I get in trouble with the press."

The clash was one of the highest-profile incidents in a Trump campaign that featured repeated complaints by Trump critics about potential and actual violence at his events.

The Sixth U.S. Circuit Court of Appeals, based in Cincinnati, ruled Tuesday that Mr. Trump's comments didn't rise to the level of inciting a riot, as the protesters claimed in their lawsuit.

Tuesday's ruling reversed a trial-court decision that had allowed the case against Mr. Trump to proceed. The protesters also have sued the audience members who allegedly assaulted them, and that part of the case remains pending.

—Brent Kendall

ELECTION

Executive Order Looms on Meddling

President Trump is expected to sign an executive order as soon as Wednesday that would authorize sanctions against foreigners who attempt to interfere in American elections, according to people familiar with the matter.

The sanctions authority would be the latest effort by the Trump administration to address concerns raised by U.S. intelligence agencies that Russia is seeking to interfere in the 2018 U.S. elections after doing so two years ago. The order was described by a U.S. official familiar with its drafting as "another tool in the tool kit" to deter election interference by foreign adversaries.

—Dustin Volz

and Courtney McBride

U.S. NEWS

Employers Feel Pinch Of Robust Job Market

BY ERIC MORATH

The number of available jobs in the U.S. exceeded the number of job seekers by more than 650,000 in July—a gap that has been growing—in a sign of an increasingly tight labor market that is altering how employers find workers.

The number of available jobs in the U.S. rose by about 117,000 to a seasonally adjusted 6.94 million in July, the Labor Department said Tuesday. That is the highest level on record back to 2000, exceeding the prior peak set in April. It also exceeds the 6.28 million Americans who were unemployed during the month, meaning they were without work but actively seeking a job.

Such a gap never occurred before March in the records going back to 2000, but a gap has occurred in every month through the August report.

"The supply of workers is very limited and the demand for labor is expanding," said Becky Frankiewicz, president of staffing firm ManpowerGroup North America. "Employers have to be more open to let people in they might not have before."

The tight labor market—shown by an unemployment rate holding near a 17-year low—is shifting more power to workers. And increasingly they are willing to quit their jobs. In July, 3.58 million workers voluntarily left their jobs, the highest level on record, the Labor Department said.

"The tight labor market is quickly causing workers to gain the confidence they need to quit their jobs," said JP Morgan Chase economist Jesse Edgerton. "That movement should lead to better wage growth."

And indeed average hourly earnings for private-sector workers rose at the best rate in August since the recession ended in 2009, separate government data showed last week, though the figure remained somewhat sluggish by historical standards.

The influx of quitters is doing little to ease a pinch for employers seeking workers. Many of those who left their jobs are being quickly snapped up. The number of Americans unemployed for five weeks or less is trending near the lowest level since the early 1970s, when the total size of the labor force was much smaller.

Protolabs, a 1,700-employee manufacturer of 3-D printing equipment, added 390 employees this year in the U.S. and is looking to fill about 100 more jobs.

The hiring process has become rapid-fire. A few years ago, it took the company about four to five weeks to get from a preliminary candidate interview to a job offer. The time frame today is about half as long, said Renee Conklin, vice president of human resources for Protolabs.

"We were very, very methodical and thoughtful about making offers," she said. "But the shortage of qualified candidates has created more of an urgency."

A survey of small firms released Tuesday by the National Federation of Independent Business found the number of small-business owners who say they had unfilled job openings last month hit 38%, the highest reading in 45 years of records. A quarter of owners said finding qualified workers was their "single most important business problem." The small businesses also reported a record-high number of openings in August.

Still, labor-market tightness doesn't appear to be dissuading growth, according to the survey. Small-business optimism also reached the highest level on record back to 1973 last month, and 34% of small firms said now is a good time to expand—matching the highest level on record.

That is consistent with an acceleration in hiring this year, which suggests firms are having some success in either attracting Americans who weren't actively seeking employment or convincing current workers to stay on the job, rather than retire.



Members of the White House staff observed a moment of silence Tuesday, the 17th anniversary of 9/11. President Trump went to a memorial ceremony in Pennsylvania.

Nation Pauses to Remember 9/11

Memorials held for the nearly 3,000 killed as Trump vows steps to confront threats

BY PETER NICHOLAS

President Trump marked the anniversary of the Sept. 11, 2001, terrorist attacks with a stark warning that the U.S. will protect itself from "tyranny" and "evil," invoking the Flight 93 passengers and crew who fought back against hijackers as heroic examples of American resolve.

Speaking near Shanksville, Pa., at a memorial to Flight 93, Mr. Trump said that the U.S.

under his watch would take bold steps to guard against terrorist threats.

He recounted how, 17 years earlier, the passengers voted among themselves to battle the hijackers after learning through phone calls of other attacks that morning—actions that kept the terrorists piloting the jet from reaching their target in Washington, D.C. All 44 people aboard the United Airlines flight, including the hijackers, died when the plane crashed in a Pennsylvania field.

"We honor their sacrifice by pledging to never flinch in the face of evil and do whatever it takes to keep America safe," Mr. Trump said.

The site of the crash, he said, "is now a monument to American defiance. This memorial is now a message to the world: America will never, ever submit to tyranny."

Nearly 3,000 people were killed in the Sept. 11 attacks, the worst terrorist strike on American soil. That sunny morning, hijackers also flew planes into the World Trade Center's Twin Towers in New York City and crashed a plane into the Pentagon in Arlington, Va., just across the river from Washington.

In New York on Tuesday, on the site where the Twin Towers once stood, the names of all 2,983 victims of the attacks were read out loud by relatives in a memorial ceremony.

Senior Trump administration officials fanned out across Washington on Tuesday to mark the anniversary. Vice President Mike Pence and Defense Secretary Jim Mattis took part in a ceremony at the Pentagon, which was targeted by hijackers aboard American Airlines Flight 77. Attorney General Jeff Sessions gave remarks at the Justice Department.

Mr. Mattis said that "we remember that hatred disguised in false religious garb to murder innocents will not prevail."

Kellyanne Conway, counselor to the president, wrote on Twitter: "Solemn remembrance for the innocent who lost their lives, the courageous

who ran into the buildings, the broken-hearted who had loved ones ripped away in an instant. We will never forget."

Mr. Trump spent much of his 15-minute address near Shanksville carefully recounting the actions of passengers and crew who sought to wrest Flight 93 from the hijackers' control. Passengers who boarded the plane as strangers demonstrated the grit needed to combat terrorist threats, he suggested in his remarks.

"They bravely charged the cockpit," he said. "They attacked the enemy. They fought until the very end and they stopped the forces of terror and defeated this wicked, horrible, evil plan."

EPA Plan Weakens Rules on Methane

BY HEIDI VOGT

WASHINGTON—The Trump administration on Tuesday proposed less-stringent requirements for oil and gas companies dealing with methane-gas leaks, weakening an Obama administration rule intended to combat climate change.

The Environmental Protection Agency's proposed changes give drillers more time both between inspections and to repair leaks when they happen.

Heat-trapping methane often leaks from oil and gas wells, storage tanks and processing plants. It is a more powerful greenhouse gas than carbon dioxide in the short term, and its release into the atmosphere has been identified by scientists as a key source of climate change.

Industry groups had said the Obama-era requirements were overly burdensome and unrealistic.

"For too long, the federal bureaucracy has buried our in-

dustry in unnecessary and often duplicative red-tape," Barry Russell, the head of the Independent Petroleum Association of America, said in a statement.

The proposed rule would only require well inspections once a year, or every other year for some low-production wells, rather than every six months as in the current rule. It would also give companies 60 days to repair leaks—twice the amount of time allotted under the Obama-era requirement.

Other changes include allowing in-house engineers with the necessary expertise to monitor certain emissions systems, according to the document.

The EPA said the changes will save the industry \$75 million a year. Acting EPA Administrator Andrew Wheeler said in a statement that the changes will "give the energy sector the regulatory certainty it needs to continue providing affordable and reliable energy."

A weakening of the rule had



A massive gas leak at the Aliso Canyon natural-gas storage field northwest of Los Angeles drove thousands from their homes in 2015. The proposed changes would give companies 60 days to repair methane leaks—twice the amount of time allotted under the Obama-era requirement.

been expected for months. The proposal will be open for public comments for 60 days.

Environmental groups decried the proposed changes as deferring to industry and predicted the measures would exacerbate climate change and hurt public health. "This is just another attempt by the EPA to weaken the common-sense requirements for operators to look for, and repair, leaks in their operations," said Darin Schroeder of the Clean Air Task Force, an environmental group.

Cities to Compete for Funding

BY EMILY GLAZER AND MENGQI SUN

JPMorgan Chase & Co. plans to unveil a \$500 million initiative Wednesday geared toward boosting economic growth in as many as 30 cities across the U.S.

The five-year project, "Advancing Cities," includes a competition for funding. JPMorgan plans to invest, through public-private partnerships, in places where it can address employment barriers, financial insecurity and neighborhood disinvestment, said Peter Scher, head of corporate responsibility for the New York-based bank. Its request for proposals, going live Wednesday, will close at the end of November. It plans to announce winners in the spring.

Private-public partnerships have sprouted across the country as cash-strapped cities look

to the private sector to fund long-term projects and programs.

In New York, city-affiliated nonprofits that are part of the Mayor's Office of Strategic Partnerships raised close to \$418 million in funding from companies, individuals and philanthropic funds and foundations between 2014 and 2017. Recent initiatives include free eyeglasses and vision screenings for children.

JPMorgan is looking for public-private partnerships in cities that have a lot of nonprofits and government entities, along with a commitment from the business community to work together.

The bank has already invested in U.S. cities, channeling funds toward affordable housing, helping launch small businesses and training people for jobs. From 2014 to 2019, JPMorgan will have invested

\$150 million in Detroit. It has also invested \$40 million in Chicago and \$25 million in the Washington, D.C., area.

The latest project is "very targeted in aiding economic development," and JPMorgan is looking to team up with cities on what they might need locally, said James Dimon, the bank's chairman and chief executive, in an interview.

Philanthropic investments will account for half of the initiative. The remaining \$250 million will be low-cost, long-term loans to fund sustainable projects. The idea, Mr. Dimon said, is to address issues that traditional financing may not reach, such as affordable housing, filling empty buildings through commercial real estate or helping small businesses with hiring.

The bank expects to tap an additional \$1 billion in outside capital, Mr. Scher said.



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U.S. NEWS



Rhode Island Democratic Gov. Gina Raimondo, above right, greeted voters at a beer festival in Warwick, R.I., this weekend. Matt Brown, below right, who is challenging her from the left in Wednesday's Democratic primary, talked to supporters in Providence.

Rhode Island Democrats Face Fight

BY JENNIFER LEVITZ

WARWICK, R.I.—Gov. Gina Raimondo sampled a German-style lager and took in the crowd attending the craft-beer festival at a gleaming 15,000-square-foot brewery that opened in the past year.

"Look at this," she said Sunday. "Look where we are today. This wouldn't have happened four years ago."

Ms. Raimondo takes credit for the improving economy, cranes rising in Providence and the drop in unemployment in the nation's smallest state.

But it isn't time to toast yet. The 47-year-old governor, who is running for re-election, is the latest Democratic establishment incumbent fending off a political threat from the party's progressive wing.

Ms. Raimondo, who governs as a centrist, faces a primary challenge Wednesday from Matt Brown, 48, a former Rhode Island secretary of state. He beat a Democratic incumbent in the 2002 primary to win that seat.

Polling is scarce, but recent negative advertising against Mr. Brown by the Raimondo campaign suggests the governor is taking her challenger seriously. Ms. Raimondo was viewed favorably by 50% of voters in a poll released in August. Her challenges have included the state's recent loss of the Red Sox AAA affiliate baseball team to Massachusetts.

Mr. Brown, a Columbia University and Yale Law School graduate who made an aborted 2006 run for the Senate, is endorsed by Our Revolution, the political organiza-



tion created by loyalists of Sen. Bernie Sanders (I., Vt.). The incumbent has been endorsed by Democratic heavy hitters, such as former Vice President Joe Biden.

Mr. Brown spent the weekend walking across Rhode Island and met with sign-waving supporters at Burnside Park in Providence on Saturday. Speaking from the steps of a statue of the Civil War Gen. Ambrose E. Burnside on his horse, a slightly hoarse Mr. Brown presented a gloomier picture of Rhode Island. Despite low unemployment of 4.1% in July, people are struggling to pay for health care and housing, he said.

One of his surrogates addressed the crowd to sum up a key problem Mr. Brown's supporters see with Ms. Raimondo, a former venture-capital executive. "Where did she come from?" he shouted. "She came from Wall Street!"

Mr. Brown helped run a nonprofit focused on stopping the spread of nuclear weapons and supports progressive policies such as single-payer health care for the state.

Ms. Raimondo favors moving toward single-payer nationally, but said "on a state level, it's not clear that it's practical or affordable." Still, her supporters say she has been plenty liberal, including her successful push for free tuition at one of the state's main community colleges.

Ms. Raimondo, an Oxford University Rhodes Scholar with degrees from Harvard University and Yale Law School, is Rhode Island's first female governor. She drew national attention for shepherding Rhode Island's 2011 pension overhaul as state treasurer.

The legislation shored up one of the nation's most un-

derfunded public retirement systems, but also suspended cost-of-living increases for current retirees, and raised the retirement age and trimmed benefits for future retirees.

Mr. Brown says he would push to bring back cost-of-living increases, or COLAs.

Cranston Mayor Allan Fung is considered the front-runner in the Republican primary.

Janice Colerick, 66, a retired state employee, supports Mr. Brown. She said she was "not happy about having my COLA ripped away by Raimondo."

Ms. Raimondo points out that the General Assembly approved the pension overhaul and would have to undo it. Mr. Brown, she said, should know "we were struggling, and it was kind of a crisis."

On the campaign trail, she touts "getting rid of hundreds of regulations" and getting nearly 30 new businesses to expand in Rhode Island. She championed a law that allows her administration to draw employers by offering tax credits to companies that meet hiring targets.

"We didn't have companies moving to Rhode Island," she said Sunday. "There were no cranes in Providence. I feel like we're on the move."

Mr. Brown and other critics deride this approach as what they call corporate giveaways.

Josh Karten, an owner of Proclamation Ale Co., where Ms. Raimondo sampled beer and shook hands Sunday, said the governor helped him cut through local red tape to open in a new city. "She's been great," said Mr. Karten, 37.

Trump Leans Toward Flood For Counsel

BY PETER NICHOLAS
AND MICHAEL C. BENDER

WASHINGTON—President Trump is leaning toward Emmet Flood as the next White House counsel, but West Wing officials have urged Mr. Trump not to rush the pick, say people familiar with the matter.

Mr. Trump told associates over the weekend that he wants Mr. Flood, who is currently serving as White House special counsel, to succeed Don McGahn, these people said. Mr.

McGahn is planning to leave his role as top White House attorney after the Senate acts on the nomination of Judge Brett Kavanaugh to the Supreme Court.

Mr. Flood wants autonomy to hire his own staff and freedom to restructure the office as he sees fit, according to people familiar with the matter. One person characterized Mr. Flood's wishes for the office as: "I want to be able to run the show."

Inside the White House, chief of staff John Kelly is urging Mr. Trump to be deliberative about his final decision for a position that monitors ethical matters throughout the administration, interprets laws for the executive branch and is viewed as the chief legal protector for the office.

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U.S. NEWS

Industries to Lobby Against Trade Levies

By BRODY MULLINS
AND ANDREW DUEHREN

WASHINGTON—From California apple growers to Maine lobstermen, businesses are joining forces to try to persuade President Trump that tariffs are hurting U.S. industries.

On Wednesday, organizations representing thousands of companies in industries including retailing, toy manufacturing, farming and technology plan to announce they are cooperating on a lobbying campaign called Tariffs Hurt the Heartland to oppose tariffs on imports.

It is the latest sign that businesses are ratcheting up lobbying against tariffs that the Trump administration has imposed, or is considering, as Mr. Trump says he will defend American manufacturing jobs. As of June 30, nearly 450 entities employed lobbyists on trade issues—up from about 160 at the start of the year and

about 100 when Mr. Trump took office, according to lobbying-disclosure reports compiled by the nonprofit Center for Responsive Politics.

Few policy fights have triggered as big a jump in lobbying activity, although there are more lobbyists overall engaged on perennial issues such as taxes and health care. Some businesses are concerned about rising costs of imported materials; others, particularly farmers, about retaliatory tariffs imposed by China and Europe on U.S. exports.

At the Iowa State Fair last month, a lobbying group backed by the American Farm Bureau handed out “I Support Free Trade” buttons and urged farmers to sign posters proclaiming their opposition to tariffs.

Car manufacturers, auto dealers and vehicle parts makers together plan to run a campaign opposing new tariffs on the industry. And last week, the

trade association for retailers including Target Corp. and Walmart Inc. brought 150 small retailers to meetings with lawmakers to talk about how tariffs could hurt their businesses.

“Every trade group is much busier because there’s a lot more activity across all aspects of what trade groups do,” said Steve Orava, who leads the international trade practice at law firm King & Spalding in Washington.

Not all industry groups oppose Mr. Trump’s tariffs. The National Cattlemen’s Beef Association, which represents U.S. ranchers and beef producers, backs the president’s tough trade stance. “We support the president’s overall goal of tearing down trade barriers; we support trying to take them on,” said association spokesman Max Moncaster. China and the European Union currently ban imports of U.S. beef raised with hormones.

And some industries benefit from import duties. Domestic steel companies support Mr. Trump’s tariffs on foreign steel, which have boosted prices and profits.

But most trade-focused lobbying this year has been against tariffs. When the Office of the U.S. Trade Representa-

Groups representing thousands of U.S. companies plan to press Trump on duties.

tive took testimony on proposed tariffs in August, a majority of the industry representatives who participated said tariffs would hurt their businesses.

In a letter they plan to send to Congress on Wednesday, business groups will announce

their latest effort to make the case against tariffs. The group’s multimillion-dollar Tariffs Hurt the Heartland campaign aims to tell the stories of farmers and business owners dinged by import duties.

“Every sector of the U.S. economy stands to lose in a trade war,” said Matthew Shay, president of the National Retail Federation. The goal of the campaign is to “ensure Washington understands the real-world consequences of a trade war.”

The U.S. Chamber of Commerce, the National Association of Manufacturers, the Business Roundtable and the Koch brothers are running their own lobbying efforts to promote free trade.

The Trump administration is expected soon to impose tariffs on \$200 billion of Chinese imports, on top of tariffs already in effect on \$50 billion in goods from China. Mr. Trump has suggested even

more duties are in the offing.

The U.S. has also placed tariffs on steel and aluminum imports and is conducting trade negotiations with Europe, Mexico and Canada. China, the EU and other trade partners have announced tariffs of their own on American goods.

The unusual mechanism Mr. Trump is using to impose the tariffs has meant that many lobbyists can’t rely on the usual playbook. For most big policy changes in Washington, such as last year’s tax bill, Congress writes and votes on legislation, a drawn-out process that gives industries many opportunities to weigh in.

In this case, Mr. Trump is using an obscure part of trade law that permits him to impose tariffs unilaterally, sometimes in the name of national security. That is why many of the industries seeking to roll back or avoid tariffs are targeting the Trump administration alone.

Steelworkers Seek Tariff-Gain Share

By BOB TITA

Workers at two of the biggest U.S. steelmakers are demanding higher compensation as tariffs on foreign metal push prices and profits to their highest point in years in a buoyant economy.

Leaders for some 30,000 members of the United Steelworkers union say **United States Steel Corp.** and **ArcelorMittal SA** aren’t passing those benefits to their workers, who have gone without raises in recent years even as wages have started to climb more broadly.

President Trump has said the 25% tariff his administration placed on steel imports earlier this year aimed to bring back good-paying blue-collar jobs. “The steel industry is one of the great things to be talking about,” Mr. Trump told a crowd in North Dakota last week. “The manufacturing jobs are back.”

U.S. steel companies are some of the clearest beneficiaries of the Trump administration’s tariffs on foreign goods. The trade action has enabled them to raise prices in a strong economy that has boosted orders for steel.

The union’s demands could damp the sector’s newfound fortune. Higher costs for wages and benefits would pressure steelmakers’ profit margins that are only beginning to improve after many years of being squeezed by cheap imports.

U.S. manufacturers in general face rising costs, even as they benefit from lower corporate taxes. Higher input prices, including for steel, have weighed on their business. Also, wages are rising across the U.S. workforce as factories compete for a shrinking pool of available labor. Inflation is also picking up after years in low gear, putting pressure on employers to pay workers more.

“We feel we need some recognition and to share in the

profits of the company,” said Michael Young, president of the union local for U.S. Steel’s Midwest Plant in Portage, Ind.

The United Steelworkers union is in a contract standoff with both companies. Workers have authorized union leaders to call a strike against U.S. Steel, and say they could do the same at ArcelorMittal if an agreement isn’t reached soon. Contracts for both companies expired Sept. 1.

U.S. Steel said it doesn’t anticipate a strike. “Talks are ongoing, and we continue to work diligently to reach a mutually agreeable conclusion,” the company said. ArcelorMittal declined to comment on the strike threat.

U.S. Steel and ArcelorMittal account for 40% of the U.S. production capacity for flat-rolled steel used throughout manufacturing for products ranging from tin cans to car doors. The price of steel has risen by more than 30% this year, as the Trump administration’s tariffs on foreign steel have taken effect.

U.S. Steel has forecast a more-than-60% increase in adjusted pretax income this year, compared with 2017. ArcelorMittal, which has mills throughout the world, doesn’t issue a profit forecast for its U.S. operations.

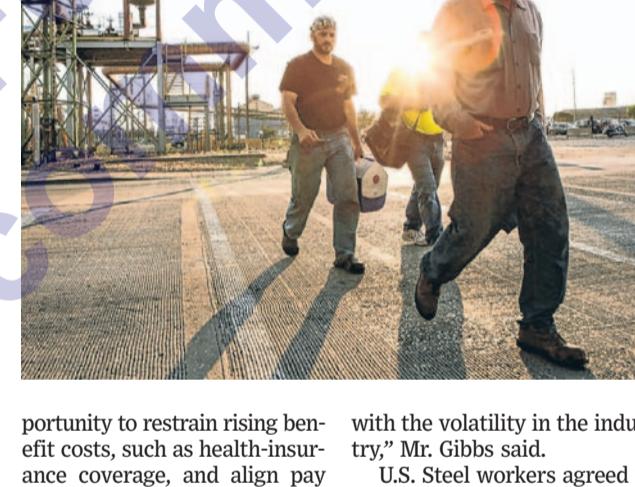
A strike at either company could push domestic steel prices even higher, putting pressure on equipment and vehicle manufacturers—such as Deere & Co. and Winnebago Industries Inc.—that have already raised prices this year to cover higher costs.

Industry analysts say U.S. Steel already has higher labor expenses and older, more complicated production processes than competitors such as North Carolina-based Nucor Corp., where the workforce isn’t unionized.

The contract negotiations give U.S. Steel executives an op-



Above, a United Steelworkers rally in Clairton, Pa., last month. Below, the start of work at a U.S. Steel plant in Granite City, Ill., in May.

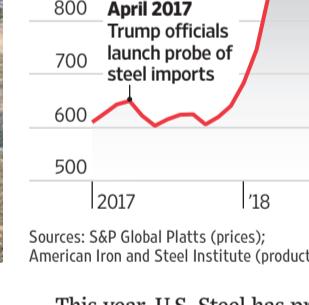


portunity to restrain rising benefit costs, such as health-insurance coverage, and align pay more closely with profits and demand, said Philip Gibbs, an analyst at KeyBanc Capital Markets.

“U.S. Steel wants and needs more labor flexibility to deal

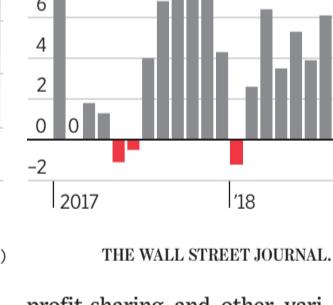
Duty-Bound

U.S. monthly price for hot-rolled coil steel



Sources: S&P Global Platts (prices); American Iron and Steel Institute (production)

Change in U.S. steel production from previous year



THE WALL STREET JOURNAL.

This year, U.S. Steel has proposed a six-year contract with a raise of 4% in the first year and 3% in each of the next two. Annual raises would drop to 1% in the last three years, with the addition of new bonuses pegged to pretax profit. The lowest annual base wage, excluding

profit-sharing and other variable pay, would rise to \$71,726 in 2024 from \$63,516 this year.

Union negotiators want U.S. Steel to provide bigger pay increases or drop a demand that workers pay part of their health-insurance premiums and higher co-payments.

China Courting U.S. Firms

Continued from Page One
a step in opening up a strategically important sector.

More wooing is likely this coming weekend. Vice President Wang Qishan is set to meet with a group of senior Wall Street executives from JPMorgan Chase & Co., Citigroup Inc. and Blackstone Group. His message, according to a Chinese official, will be it’s business as usual.

The tone is a marked shift from a few months ago when the Trump administration began ratcheting up threats of tariffs on tens of billions of dollars of Chinese products, and Beijing vowed to retaliate dollar for dollar. Back then, Mr. Wang warned U.S. business chieftains there would be corporate casualties. Mr. Xi told others that Beijing would “punch back” at the U.S.

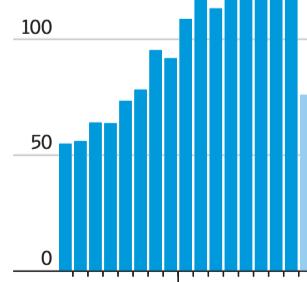
Now Chinese leaders are turning the cheek out of deepening concern that the spiraling trade battle could batter the

Money Trap

Beijing is trying to be more solicitous of U.S. businesses in order to prevent a flight of foreign capital.

Foreign direct investment

\$150 billion



economy and investment seen as critical to China’s future, according to other officials and government advisers.

It is “logical that they wouldn’t kill the goose that lays the golden egg,” said William Zarit, a consultant and chairman of the American Chamber of Commerce in China.

The two sides have also floated the idea of resuming high-level talks at some point in the near future, including an-

other Trump-Xi meeting before the end of the year, perhaps on the sidelines of one of the upcoming global summits they’ll both attend.

But there’s no sign of imminent compromise, and Mr. Trump continues to suggest that he’ll pursue a hard line against Beijing, even as he pursues trade truces with Europe, Canada and Mexico.

“We’re dealing with China, as you know,” Mr. Trump told reporters in the Oval Office Tuesday. “We’ve taken a very tough stand on China, I would say, to put it mildly.”

Because China imports so much less from the U.S. than the U.S. does from China, that has forced Beijing to threaten “qualitative” steps to retaliate.

Chinese officials effectively squelched Qualcomm Inc.’s bid to buy the Dutch firm NXP Semiconductors NV in July. Other American companies could see license approvals delayed or tighter regulatory scrutiny by officials responding to the strained relations between Washington and Beijing.

“It doesn’t take a central government directive for a local official to sense which way the political winds are blowing,” said Jacob Parker, vice president

of China operations at the U.S.-China Business Council.

China’s tit-for-tat strategy, originally devised to force Trump officials back to the negotiating table, so far has failed to pay off for the leadership.

Beijing is looking to U.S. companies to help it lobby the Trump administration for a negotiated settlement.

If the U.S. or other foreign businesses shelve plans for expansion or move production to other countries, that could compound Beijing’s efforts to arrest a slowdown in the world’s second-largest economy. It would also set back goals of moving the economy up the value chain and portraying itself as an upholder of global trading rules, said the government advisers and some Chinese corporate executives.

“China can’t keep talking about reform and opening-up without opening up to the U.S.,” said one of the advisers.

In recent conversations with officials at China’s Commerce Ministry, some big U.S. technology companies warned that they would be forced to shift manufacturing away from the mainland if the tensions last into this year.

Chinese officials sought to

reassure the U.S. companies by offering to help lessen the effects of tariffs, according to some officials and an industry expert with knowledge of the matter, though the Chinese side offered few details about how they would do so.

China also finds itself in greater need of foreign capital especially in sectors where domestic companies are lacking both the money and the know-how. For instance, not only has Beijing taken aircraft off its original list of products targeted for retaliatory tariffs, it is increasing purchases of airplanes from companies such as Boeing Co.

Boeing said Tuesday that Chinese airlines are likely to buy 7,690 planes valued at \$1.2 trillion over the next 20 years, up from 7,240 planes estimated by the company last year.

Similarly, China’s energy demands are swelling beyond the capacities of domestic companies to keep up. That helps explain why Beijing is showing willingness to allow wholly owned foreign projects in the sector instead of requiring foreign companies to partner with Chinese oil and gas producers.

—Jacob Schlesinger contributed to this article.

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WORLD NEWS

ISIS Remnants Targeted in Syria

U.S.-backed forces launch what could be a monthslong effort against militant group

By GORDON LUBOLD

WASHINGTON — U.S.-backed forces in Syria have begun targeting the last pockets of Islamic State fighters in the country.

The Syrian Democratic Forces launched what officials consider to be the third and final phase of an anti-Islamic State operation that started in May.

The latest phase aims to clear Islamic State elements in and around Hajin, in the Deir Ezzour area of eastern Syria, near Syria's border with Iraq.

U.S. military officials expect that this phase—which when complete would conclude a three-year effort to remove Islamic State from Syria—could take months.

The SDF, an amalgam of Kurdish, Arab and other fighters, are conducting the operations, with U.S. forces supporting them, U.S. military officials said.

"We will continue to support our SDF partners in our shared fight against ISIS in Syria, and we thank the SDF for the incredible contribution and sacrifices they have made on behalf of the international community," said Maj. Gen. Patrick Roberson, who oversees the operation.

The operation is taking place at the same time that the U.S. and others are watching to see if the regime of Syrian President Bashar al-Assad and its allies launch a large-scale attack on antigovernment rebels in Syria's northwest.

Even with a successful completion of the operation, the U.S. and its allies likely will have to combat Islamic State in other ways.

Analysts expect it to remain



Members of the Syrian Kurdish YPG militia, part of the U.S.-backed Syrian Democratic Forces, gathered in the town of Shadadi on Tuesday.

a viable militant group capable of conducting terrorist attacks even without territory from which to base those operations.

The completion of the anti-Islamic State campaign also raises questions about what the roughly 2,000 American military personnel in Syria will do afterward. The U.S. units now are in a train-advise-assist role, and not there to directly fight Islamic State forces.

President Trump had said as recently as April that he wanted to remove troops immediately after Islamic State was defeated. But Mr. Trump's advisers—including Defense Secretary Jim Mattis—have recommended maintaining a small force in Syria to ensure the extremist group doesn't

attempt a comeback.

Administration officials since have said that American forces would remain for now. That has left open the possibility that U.S. forces would refocus their efforts and serve

Even with a successful operation, allies likely will have to combat ISIS in other ways.

as a bulwark against Iran and Iranian-backed groups inside Syria.

Mr. Mattis declined to say on Tuesday what he is recommending to the president.

"I'm ready for the conversa-

tion, but that would be a decision by the president of the United States," he told reporters at the Pentagon.

Elsewhere in Syria, U.S. officials in Washington are watching for a possible Syrian-Russian-Iranian offensive against the rebel stronghold of Idlib province, where tens of thousands of Syrian regime opposition fighters are holed up. Mr. Assad has approved the use of chlorine gas in what is the rebels' last stronghold, according to U.S. officials.

Use of such weapons likely would prompt the U.S. and its allies to conduct another set of airstrikes against regime targets in retaliation. Officials have said privately that if a coalition force were to respond, it would be more massive than the first two sets of

strikes against the regime when it used chemical weapons.

Mr. Mattis declined to say what the U.S. would do.

"I'm not going to tell the world ahead of time what we're going to do," he said. "He's been warned and we'll see if he's wised up."

At the United Nations, international officials were trying to dissuade Syria, Russia and Iran from pursuing the offensive.

"It is absolutely essential to avoid a full-scale battle in Idlib," said U.N. Secretary-General António Guterres. "This would unleash a humanitarian nightmare unlike any seen in the blood-soaked Syrian conflict."

—Farnaz Fassihi
at the United Nations contributed to this article.

U.S. Warns Iran After Attacks In Iraq

By MICHAEL R. GORDON

The White House said Iranian-backed militias in Iraq had carried out "life-threatening attacks" against the U.S. consulate in Basra and the U.S. Embassy in Baghdad and warned Washington would hold Tehran responsible if there are future assaults.

"The United States will hold the regime in Tehran accountable for any attack that results in injury to our personnel or damage to United States government facilities," White House press secretary Sarah Sanders said on Tuesday. "America will respond swiftly and decisively in defense of American lives."

The statement followed an attack on Saturday in which several rockets were fired at the Basra airport, where the U.S. consulate is located.

At least one rocket also was fired at the heavily fortified Green Zone in Baghdad, where the U.S. Embassy is based, and mortar fire also struck the Green Zone earlier in the week. No Americans were injured and no U.S. property was hit in the attacks.

U.S. officials haven't made public any evidence that Iran ordered the attacks, and some U.S. officials said the Iraqi Shiite militias may have been acting on their own.

But the White House statement faults Iran for failing to stop the attacks, which it alleges were carried out by proxies Tehran has armed, trained and financed.

While some initial news reports suggested that the Basra airport was the target of the rocket fire, one U.S. official said it is clear that the real objective was the U.S. diplomatic mission there.

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WORLD NEWS

Turkey Suffers As Home Boom Loses Steam

BY GEORGI KANTCHEV

ISTANBUL—Zeynep Duzgunoglu lives in a tent at a sandpit in Turkey's megalopolis after agreeing to have her house razed two years ago.

"This was supposed to be my dream home," she said.

The 60-year-old retired seamstress, along with 1,000 families, was promised a roomy apartment in a string of new high-rise developments on the Asian side of Istanbul.

But the developer ran short of cash and Ms. Duzgunoglu's development, "Brooklyn Dream," remains a fantasy.

Turkey's construction boom has begun to unravel, threatening to deepen a currency crisis that has sent ripples through global markets and alarmed investors amid a broader emerging-markets sell-off.

Across Turkey, scores of construction projects have been canceled or frozen in recent months and dozens of companies are straining to pay their foreign-currency debts as the Turkish lira weakens, investors and executives in the sector said. Many firms are now selling below construction costs as Turkey's backlog of unsold houses has swelled to around two million, enough to cover four times average annual new sales.

"The construction sector in Turkey is sick, even on the verge of a coma," said Tahir Tellioglu, chairman of the Building Contractors Confederation of Turkey, which has 120,000 member companies, adding that "70% of all private construction work has stopped or slowed down."

With construction accounting for a big chunk of the economy and providing millions of jobs, a popping of the real-estate bubble would be particularly painful. It could jeopardize

a pledge by President Recep Tayyip Erdogan, who won a new five-year mandate in June, to foster greater prosperity.

Under his watch, Turkey became a construction site. The Turkish leader launched scores of infrastructure projects, including Istanbul's new airport, billed as the world's biggest. High rises, gated communities and luxury resorts mushroomed all over the country. When Mr. Erdogan took office in 2003, there were around 50 shopping malls in Turkey. Today there are over 400.

The fast expansion of the sector drew companies with little experience in the real-estate business. Textile and agriculture firms rushed to take advantage of cheap loans and attractive public-work contracts. Some firms have closed factories to build housing properties on their lots.

Mr. Erdogan's ambitions coincided with a torrent of liquidity unleashed by the world's top central banks following the 2008 financial crisis. As a result, many of the construction projects dotting Turkey and punctuating Istanbul's skyline were built on the back of cheap foreign-currency loans.

But with the lira having lost more than 40% of its value against the dollar this year, those loans have become much harder to service. At the same time, the cost of most construction materials priced in euros or dollars is skyrocketing.

Some contractors have resorted to starting new projects just to collect down payments and help pay for the losses from the previous ones, executives said. "That is a big Ponzi scheme," said Gokhan Tas, president for Turkey of real-estate brokerage Coldwell Banker. "There will be a crisis because of contractors going bankrupt."

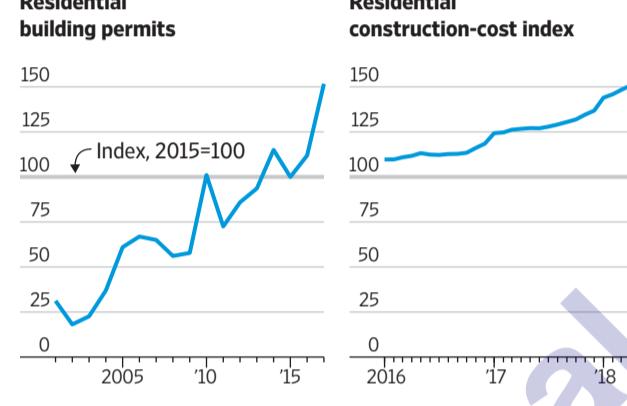
In the early 2000s, growth



Since February, Zeynep Duzgunoglu has lived in a tent at the site of a stalled high-rise development in which she had been promised a home.

Building Pressure

Turkey has endorsed a national construction boom, but rising construction costs have recently put pressure on the industry.



Notes: Excludes residences for communities; construction costs in national currency
Source: Eurostat

take out loans to build," said Avi Alkas, country chairman of real-estate consultancy JLL.

An average of 500,000 housing units were built every year between 1995 and 2005, which broadly covered demand, according to the Building Contractors Confederation. Last year, more than 1.5 million housing units were built, leading to a boom in unsold properties.

Now, the fall in the lira is adding to the squeeze.

To resuscitate the market, the government has started granting subsidies. In August, it began offering soft loans and a discount of 10% on 100,000 properties, while capping required deposits at 10%.

Ms. Duzgunoglu and her neighbors agreed to have their houses demolished in exchange for a temporary rental allowance and the promise of modern apartments. The developer, a company called Pana Yapi, was run by TV producer and writer Raci Sasmaz.

Last summer, Pana Yapi stopped paying the rental al-

lowances and told clients it didn't have enough cash to continue work on the project.

"The cash problem is a common problem for almost all companies in the sector," Mahir Sasmaz, general coordinator of Pana Yapi and spokesman for Mr. Sasmaz, said in emailed comments. "Of course, we are trying our best to sort out problems."

The spokesman said the TV producer had entered the construction industry as an investor, and later bought a struggling building firm to save the Brooklyn Dream project.

To avoid being a burden to her children, Ms. Duzgunoglu has settled in a tent on the Brooklyn Dream sandpit.

She worries about the approaching winter. "When I had my house, I wasn't a poor person," she said, reminiscing about her demolished home, with its small garden and a fig tree.

She took off her glasses to wipe a tear away.

"Now I am a beggar."

Catalans Keep Secession Hopes Alive



JOSEP LAGO/AGENCE FRANCE PRESSE/GETTY IMAGES
FOOT TRAFFIC: Hundreds of thousands of demonstrators filled Barcelona's main avenue to remind Spain's recently appointed prime minister, Pedro Sánchez, that many Catalans haven't abandoned their goal of eventual independence, despite a failed attempt to secede from Spain last autumn.

U.S. Military Looks to Athens As Tensions Flare With Ankara

BY NANCY A. YOUSSEF

ATHENS, Greece—The U.S. military is in talks to expand its operations in Greece, including using more air and naval bases here, signaling a potential move toward the eastern Mediterranean amid growing tensions with Turkey, officials said.

There are both geopolitical and geographical factors that make Greece an appealing site for the U.S. military, the officials said. Politically, U.S.-Greek relations are at an apex and both nations have concerns about their North Atlantic Treaty Organization partner, Turkey, U.S. officials said. Geographically, Greece has ideal weather for year-round flight training, and is home to both Greek and NATO bases.

Perhaps most importantly for the U.S., the Greek government as well as its leading opposition are receptive, U.S. officials said during a visit in recent days. Officials said they see an opportunity for increased use of Greek facilities and for staging more troops here on a temporary basis.

"The geography of Greece and the opportunities here are pretty significant," Marine Gen. Joe Dunford, the chairman of the Joint Chiefs of Staff, told reporters traveling with him, citing Greece's proximity to U.S. operations in Syria and North Africa.

The U.S. has begun expanding its use of Greek bases. This spring, unarmed MQ-9 Reaper drones began operating out of Greece's Larisa Air Force Base.

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FROM PAGE ONE

Crypto Guru Faces Gravity

Continued from Page One

firm. One investor is suing, suspecting he was underpaid when he moved to redeem his investment. Attorneys for Polychain and Mr. Carlson-Wee deny that.

Crypto fever, meanwhile, has broken. After capturing the attention of the investing world in 2017, bitcoin, the most well-known of a mushrooming collection of so-called digital assets, is down 55% this year. It recently traded for \$6,301, down from its peak of nearly \$19,280 in December.

"How much of it is luck, how much of it is skill and how much of it is luck disguised?" asks Fred Ehrsam, one of Polychain's first investors, who is now starting his own fund.

At the center of the maelstrom is Mr. Carlson-Wee, a Silicon Valley star who wears neon tracksuits, has five earings and routinely eats only a plate of refried beans, garlic and cheese for dinner. He is treated as an oracle by wannabe cryptocurrency moguls who mob him in public.

In interviews, he compared his relationship with cryptocurrency to romantic love, and likened the current investment opportunity to the early days of the internet.

Through each dip downward, he has continued buying, particularly stakes in businesses tied to bitcoin rivals such as the cryptocurrency ether. He manages Polychain's roughly \$650 million flagship fund—the world's biggest in crypto—from an Apple laptop in undisclosed, secret San Francisco warehouse offices.

'Like breathing'

"I want to emphasize how long I've been doing this," says Mr. Carlson-Wee, who turned 29 last month. "This is really just like breathing in and out for me."

This account of the windfall and subsequent struggles of Polychain and Mr. Carlson-Wee is based on multiple interviews with people close to the firm, as well as audits and other investor documents reviewed by the Journal.

Mr. Carlson-Wee's path to high-stakes investing began in Minnesota, in the suburbs of Fargo, N.D., where his parents were Lutheran pastors. In high school, Mr. Carlson-Wee wrote an SAT tutoring program in his spare time. He said he had few friends; his classmates voted him "most unique."

At Vassar College, he majored in sociology and against advice from his professors wrote a senior thesis on a virtually unknown digital currency named bitcoin.

Bitcoin is software that allows people to exchange value directly, without any government intermediary, essentially functioning as a digital form of money. It was created in 2008 by a person or people under the pseudonym Satoshi Nakamoto.

After graduation in 2012, Mr. Carlson-Wee became the first employee at Coinbase, a nascent cryptocurrency exchange. Until the morning of the interview, he owned only one pair of pants: jeans covered in sap

from a short stint as a lumberjack. A shoestring acted as the belt. His \$50,000 starting salary was paid in bitcoin.

In July 2016, Mr. Carlson-Wee quit to start one of the first-ever crypto funds out of an apartment he shared with seven roommates in San Francisco's gritty Mission District.

Marty McFly?

With a mullet, a wide collection of vintage windbreakers and a tendency to speak extemporaneously on esoteric topics, Mr. Carlson-Wee reminded some investors of the 1980s "Back to the Future" character Marty McFly.

The pitch worked: In December 2016, Union Square Ventures agreed to invest in the fledgling firm at a \$5 million valuation, a steep price considering its total assets under management were roughly the same.

Venture capitalist Ramtin Naimi took a stake in Polychain at the same time, and afterward took Mr. Carlson-Wee out to lunch. Over avocado toast, he asked the manager how large Polychain could grow.

"Fifty million dollars is a great target," Mr. Carlson-Wee responded. A few months later, Mr. Naimi repeated the same question. "I think \$400 million is really the right number," Mr. Carlson-Wee said.

Polychain was growing fast because cryptocurrency was suddenly mainstream. Hundreds if not thousands of startups were forming to use the blockchain, the software that underpins bitcoin. The blockchain is said to be able to help airlines track flights, banks settle accounts and grocers stock food, among other uses.

New, competing cryptocurrencies popped up rapidly via so-called initial coin offerings that could raise hundreds of millions of dollars instantly. The creators of some coins gave them away to Polychain, Mr. Carlson-Wee and other early adopters, hoping for the imprimatur of approval. Polychain would later sell some for profit.

Mr. Carlson-Wee spent hours each day at his computer, occasionally responding to strangers on social-media sites like Reddit, encouraging them to buy bitcoin and the like. More big names in Silicon Valley were beginning to invest in the fund including Sequoia Capital, Bain Capital Ventures and Peter Thiel's Founders Fund, all eager to get access and insight into the crypto phenomenon.

Around the summer of 2017, Polychain irked some of its ear-



JASON HENRY FOR THE WALL STREET JOURNAL

'This is going to be such an epic adventure either way...Like, if this whole thing collapsed, that would be crazy, you know?'

Olaf Carlson-Wee, 29 years old, runs the world's biggest crypto fund.

liest investors, including friends who had invested months earlier on little more than faith, when it demanded they each invest hundreds of thousands of dollars more. Some didn't have the cash, and were forced out. Mr. Carlson-Wee says the move was required as Polychain made changes to accommodate larger investors, and that only a small number of Polychain backers were affected.

Mr. Carlson-Wee was growing wary of onetime allies. He raged against an early backer, San Francisco firm Pantera Capital, which started a competing crypto fund while it still had access to Polychain's trading information. Mr. Carlson-

Wee blocked Pantera from receiving updates on Polychain and threatened to force them and other early investors to sell their stakes, before backing down under promise of a prolonged legal fight.

In a statement, Pantera said it "denies that it misused any confidential Polychain information or otherwise violated any obligation to Polychain."

In early November, Mr. Carlson-Wee paid for around a dozen employees to fly to an oceanfront resort in Cancún. The crypto market was soaring and everyone was relaxed, say attendees; one afternoon, some in the group skipped an iPhone back-and-forth across the pool as they debated whether the

device was waterproof. A few minutes later, the phone sank and was ruined.

Mr. Carlson-Wee blames a friend, Richard Craib, for the broken phone.

Second thoughts

Mr. Craib was among the early investors having second thoughts. He had invented his own coin, dubbed the Numeraire, which briefly made him wealthy on paper as investors including Polychain bid it up.

Polychain subsequently sold some Numeraire, depressing the value of Mr. Craib's holdings. Mr. Craib shortly after redeemed his investment in Polychain funds, for what he says were unrelated reasons.

Union Square Ventures, one of Polychain's earliest backers, was also debating its investment. Polychain was racking up millions in gains, but only on paper, and the digital currency was volatile.

At a panel discussion during Union Square's annual investor meeting in November, one attendee asked for the firm's thoughts on Polychain. "Oh, Olaf," responded Union Square partner Albert Wenger, inserting an extended pause, according to an attendee. "He's a bit of a gunslinger."

Union Square co-founder Fred Wilson says he doesn't recall Mr. Wenger making such a comment and says the firm still has faith in Polychain. Still, Union Square decided to pull some of its money in Polychain late last year, he says, in an ef-

fort to "de-risk the investment." He says Mr. Carlson-Wee is "a quirky guy" who "makes up his own mind and figures things out in his own head."

Mr. Carlson-Wee isn't bothered by bitcoin's daily churning. On a recent weekday afternoon, he left his cellphone in his dusty, black Cadillac Escalade for a 90-minute, technology-free hike to the site of an ancient volcanic crater in the Oakland, Calif., hills.

In between digressions on movie trailers (he won't watch them, fearing spoilers) and capitalism (in a natural, but not imminent, decline), he talked about how he doesn't consider himself a trader.

"One thing I want to emphasize is that as a trader, when something doubles, you sell half—or something like that," he says, making air quotes over the word "trader." At Polychain, he says, "We don't trade. We shift around positions."

Upended world

Mr. Carlson-Wee describes his approach instead as "long-term, thesis-driven investing." This philosophy, shared by blue-chip technology investors such as Andreessen Horowitz, is that cryptocurrency is only one branch of a larger spending of the digital world. Most existing online entities, from dating applications to enterprise cloud computing, will be replaced on a less-expensive, decentralized infrastructure, the blockchain.

The question for evangelists is which of the hundreds of competing blockchain platforms will reach widespread adoption. Last year, Mr. Carlson-Wee was largely placing a bet that his favored platform, Ethereum, would win out; more than one-quarter of Polychain's main fund was invested in Ethereum, according to its most recent audit.

Ethereum is down 74% this year, and Polychain's main portfolio is down by about 31% through the end of July, the latest figures available. In communications this year with investors, the firm defended its performance as better than the crypto market at large.

Investors in the fund credit a shift from assets such as Ethereum into less-liquid, more stable stakes in crypto companies internationally. That's a less-volatile bet but one that's harder to get out of in the case of an extended decline.

Since the start of the year, Polychain has blocked investors from redeeming their money immediately, instead putting investments into a so-called side pocket that now makes up more than half the fund. That means investors can't cash out fully even if they want to.

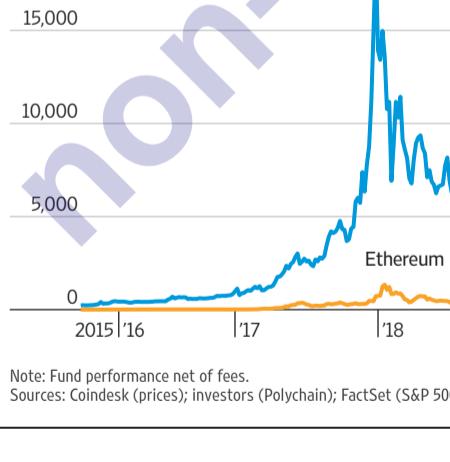
Mr. Carlson-Wee is rich either way. Unlike many firms that hold illiquid assets that are paid only when they sell investments, Polychain's main fund takes its fees every year on paper gains. Mr. Carlson-Wee started last year with just \$14,502 in the fund, and turned that into \$150 million of fees. He cashed out \$60 million, a move that raised concerns among investors about his commitment to his own fund.

He says he set aside money for family, and subsequently invested more in the firm's funds.

"If cryptocurrencies go to zero, we go to zero," Mr. Carlson-Wee said. "I don't think anyone is under any illusions that's not the case."

A Bumpy Ride

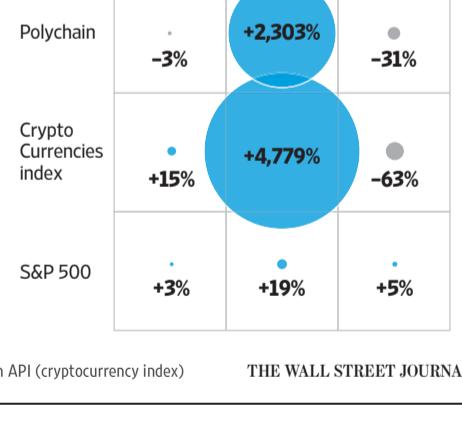
Bitcoin and cryptocurrency competitor Ethereum have fallen sharply in value...



Note: Fund performance net of fees.

Sources: Coindesk (prices); Investors (Polychain); FactSet (S&P 500); Coin API (cryptocurrency index)

...while the world's biggest crypto fund, Polychain Capital, weathers dramatic swings.



THE WALL STREET JOURNAL.

Wanted: Investment Manager

Continued from Page One

in many of South Korea's biggest public companies, the government-run pension service often casts the deciding vote in corporate decisions. Even though it oversees \$565 billion in assets, more than the annual gross domestic product of Belgium, the job pays roughly a third of a comparable private-sector job.

What really stinks, though, is the location. Last year, the NPS moved out of the bustling capital of Seoul to a government-backed "innovative city" about 120 miles south, surrounded by mountains, rice paddies and livestock and manure-handling facilities. With a population of 26,500, Jeonbuk Innocity is home to 12 public agencies and clusters of newly constructed apartment buildings within its 3.8-

square-mile turf.

Many employees hunker down during the workweek in shared apartments provided by the government and go back to Seoul on the weekends. "It's exactly like a college dorm," said one employee, who gets up early every morning to scout out opportunities online for jobs elsewhere. "It's getting quite isolated."

The new NPS headquarters, housed in a futuristic glass-walled building, sits near the country's Rural Development Administration and the National Institute of Animal Science. The institute succeeded last month in creating the world's first genetic map of a black bovine chicken, a species native to the region.

The region's pigsties and manure-reclamation facilities have led to more than 155 smell complaints in Jeonbuk Innocity this year, according to a provincial official. In March, the regional government installed "automatic microorganism sprays" in manure-handling locations near the town in an attempt to alleviate the malodorous assault.

In a speech last year, Kim Sung-joo, the NPS chairman who engineered the pension fund's move five years ago as a lawmaker, compared the rustic surroundings to the investment empire that Warren Buffett has built in Omaha, Neb. (Population: 447,000.)

If Mr. Buffett could do it, Mr. Kim argued, there's no reason why the NPS couldn't flourish in its new abode.

During the move south, the pension service lost more than a quarter of its money-management staff. Thirty of its posts—including chief investment officer and three of eight other senior roles—have remained vacant for months.

"I couldn't bear my life" at the new innocity, said one former employee who left immediately after the relocation.

The NPS declined to comment.

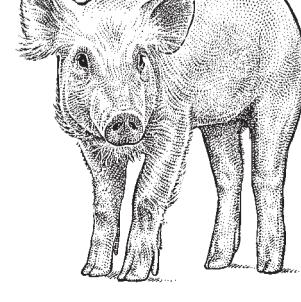
On Fridays, employees fill up buses lined up outside the pension fund's building that shuttle them about three hours back to Seoul, where many of their families opted to remain.

"Starting Friday evening, there's no one out on the

streets," said Lim Jin-hee, who runs a rice-soup restaurant near the headquarters. She had hoped the NPS relocation would help her business.

Some senior-level employees have reacquainted themselves with simple tasks they haven't had to do in years. With his family staying in Seoul, one executive taught himself to fix a simple breakfast of microwavable rice, fried eggs, kimchi and Spam. He has since left the fund.

The prolonged vacancies haven't gone unnoticed in South Korea's legislature, where one irate lawmaker recently won-


Welcome to the neighborhood

dered why it was so hard to find a suitable chief investment officer in a highly educated country of roughly 50 million people.

"Do we have to import somebody?" Kim Myung-yeon, a National Assembly member for the opposition party, asked NPS's chief executive officer at a recent meeting.

Almost 7,000 miles away, many New York hedge funds have willingly relocated to Connecticut in recent years, lured by relatively low taxes and good schools, all less than an hour by train from Manhattan.

Jeonbuk Innocity isn't exactly Greenwich, Conn. It is one of 10 planned cities across South Korea, built from scratch by the government to serve as homes for public institutions. The plan is part of a government campaign to spread South Korea's economic development, which is overwhelmingly concentrated in Seoul.

Last week, the head of South Korea's ruling party called for another 122 public entities, including financial institutions, to relocate to ru-

ral areas.

Private-equity and hedge-fund managers visiting South Korea used to make the NPS their first stop. Now, more of them are deciding to bypass it altogether, reckoning that a trip to Japan is a better use of their time.

The nearest city to Jeonbuk Innocity, Jeonju, is a 30-minute drive away. It is best known for its traditional Korean houses and its bibimbap, the country's famous mixed-rice dish.

The area "is not an investment hub," said Jayne Bok, the Hong Kong-based head of investments for Asia at Willis Towers Watson, a risk-management and advisory company.

After earning 7.3% in 2017, NPS's portfolio logged 0.9% in gains in the first half of 2018.

Even though it's hard to tie the move to the fund's performance, Kim Hoon-gil, a senior analyst at Hana Financial Investment Co. Ltd. in Seoul, isn't optimistic about the impact of the relocation. "If I had to venture a guess, I'd say it's not good," he said.

GREATER NEW YORK



FROM LEFT: CLAUDIO PAPAPIETRO FOR THE WALL STREET JOURNAL; TIMOTHY A. CLARY/AGENCE FRANCE PRESSE/GETTY IMAGES

Son Returns From College To Mark 9/11

By ZOLAN KANNO-YOUNGS

When Jake Campbell entered orientation at his dream school, the University of Michigan, this summer, he relayed a message to his college adviser: On Sept. 11, he would need to be in New York City for the 17th anniversary of the terrorist attacks on the World Trade Center.

"It's important for me to be back," he told the adviser.

At the annual memorial on Tuesday where the Twin Towers once stood, the ceremony followed its ritual of relatives taking turns reading the names

of the 2,983 victims before a crowd of mourners and officials, including Mayor Bill de Blasio and Gov. Andrew Cuomo.

For the 17-year-old Mr. Campbell and others his age who had a parent killed that day, the memorial was slightly different this year. Some had to return from college to the event that honors relatives they can't remember.

Mr. Campbell wasn't even a year old when his mother, Jill Maurer-Campbell, an administrative assistant in the South Tower, called to tell the family that the North Tower had been struck. She said "that

she'd call later and that she's fine," relatives told him.

But moments later, the South Tower—and the 78th floor where she worked—got hit. His mother died at the age of 31.

His maternal grandfather, Joe Maurer, a firefighter, and his father, Steven Campbell, a New York Police Department officer, spent the next days digging through rubble and exposing themselves to the toxic air that plagued much of lower Manhattan. "They were I guess living with the hope that she was out there somewhere," Mr. Campbell said. "It

was a powerful thing."

They recovered her wallet but never found her body. Mr. Maurer died in September 2014 from cancer that his doctors said he got from recovery efforts at Ground Zero.

In 2017, just five months before Mr. Campbell found out he was accepted into his top college choice in Ann Arbor, Mich., his father had a fatal heart attack. It is unclear if his death was related to his work after the 9/11 attacks, he said.

Mr. Campbell said he always imagined his father and grandfather joining him on move-in

day. "There were pieces missing when I moved in," he said.

The teenager said his family was always active with the 9/11 Memorial & Museum as he was growing up. Other relatives of victims of the attacks took notice. "They clearly instilled that sense of civic duty and civic pride in Jake," said Anthony Gardner, senior vice president of government and community affairs at the museum.

The children of victims "are perpetuating their loved ones' memory," said Mr. Gardner, whose brother was killed in the attacks. "They're walking in

their footsteps and they're keeping them present and alive."

This year's ceremony, without his father and grandfather, felt different for Mr. Campbell. He went with his maternal grandmother and spent time at the reflecting pool that marks where the South Tower stood and where his mother's name is engraved, feeling a new sense of loss.

After the memorial, he walked away to begin his journey back to school—but not before covering his mother's name with a sweatshirt that read, "Michigan Mom."

County Weighs Ending Jail Contract With ICE

By JOSEPH DE AVILA

Hudson County, N.J., will soon decide whether to end its contract with the U.S. Immigration and Customs Enforcement to house detained immigrants in the county jail, one of a growing number of municipalities to consider severing ties with the agency amid pressure from activists.

The choice hasn't been an easy one for Hudson County Executive Thomas DeGise, a Democrat, who proposed the change last week. Without the contract, the county jail, the Hudson County Corrections and Rehabilitation Center, would have to go through painful layoffs. Im-

migration lawyers say ending the deal would cause their clients to be moved farther away.

Mr. DeGise proposed phasing out the contract to house immigrants detained by ICE by 2020 at the latest, and believes the county can offset the loss of the money by offering addiction services to other municipalities and housing additional state inmates.

The contract, which dates to the 1990s and is expected to bring in \$12 million in 2018, was renewed in July by the county's Board of Chosen Freeholders.

"After what I have heard from state and federal leaders, I believe we have a consensus on how Hudson County can

exit the contract in a responsible manner," Mr. DeGise said.

The county's Board of Chosen Freeholders has pushed back a Thursday vote on the jail plan to October.

The Trump administration has ramped up arrests of immigrants, many with no criminal backgrounds, in the country illegally, triggering criticism of the jail contracts. Federal officials also have said they want to expand a network of detention facilities that can currently house more than 40,000 people at a time.

President Trump and other administration officials have said they want to keep immigrants facing deportation jailed

until their cases are complete rather than releasing them ahead of their court hearings.

An ICE spokeswoman said canceled contracts can hurt the agency's operations, adding that detainees and their families suffer the consequences too. "Instead of being housed close to family members or local attorneys, ICE may have to depend on its national system of detention bed space to place those detainees in locations farther away," she said.

Local governments nationwide are coming under pressure to terminate similar contracts with the immigration enforcement agency. The mayor of Atlanta signed an ex-

ecutive order last week to permanently stop the city's Department of Corrections from receiving ICE detainees.

In Hudson County, immigration lawyers pushed back on the possible change. A spokesman for the county said it chose to propose phasing out the contract rather than ending it sooner because of concerns from immigration attorneys.

Gregory Copeland, supervising attorney with the Legal Aid Society's immigration law unit, said canceling the contract wouldn't free ICE detainees and result in their detention in facilities farther away. That could be "potentially devastating to fight their cases," he said.

City Aims To Further Cut Lead In Schools

By LESLIE BRODY

About 9% of the 12,457 water fixtures in New York City schools that were found to have elevated lead levels about two years ago still don't meet state standards after efforts to address the problem, city officials said Tuesday.

That means 1,165 fixtures still need to be fixed, officials said. Outlets used only as cleaning sinks may be in use now but have signs posted warning they aren't for drinking, they said.

The city has replaced many fixtures and pipes leading to them, as well as taken other steps such as a weekly flushing protocol to prevent a buildup of lead in standing water.

The city's results stem from tests conducted in the 2016-17 school year, and retests in 2017-18, after repairs were made, of fixtures that initially showed elevated lead levels.

City Department of Education officials said 99% of the roughly 142,000 potential drinking water fixtures in the city's public schools tested at or below the state action level of 15 parts per billion.

"Water in New York City schools is safe for students and staff to drink, and all fixtures in DOE schools currently in use for cooking or drinking tested within the state's standard," Schools Chancellor Richard Carranza said. His office said it would retest all fixtures over three years. The Department of Education said there hasn't been a known case of lead poisoning due to water in city schools.

Music Society Gets \$5 Million Donation

By CHARLES PASSY

A California philanthropist has given \$5 million to the Chamber Music Society of Lincoln Center, the largest individual donation in the 49-year-old organization's history.

Ann S. Bowers, a Silicon Valley veteran, made the gift to support the society's CMS Two program, which provides young artists a three-season residency with the organization as a steppingstone for their careers.

In recognition of the contribution, CMS Two is being renamed the Bowers Program.

David Finckel and Wu Han, the society's co-artistic directors, said they got to know Ms. Bowers through their work at Music@Menlo, a chamber festival they founded

in the San Francisco area. Ms. Bowers, a chamber music fan, was eager to find ways to support emerging talent and the CMS Two program provided a good fit, they said.

"Enabling young artists to move their careers forward is an expression of my love of music," Ms. Bowers said in a statement. "I've seen the impact that the CMS program has had on so many young musicians, providing them unique and significant experience."

She declined to comment further.

In her professional career, Ms. Bowers held positions at Apple Inc. and Intel Corp. She also was married to the late Intel founder Robert Noyce.

The society, which has a \$9 million annual budget and

HIROYUKI TON/GETTY IMAGES



A 2016 performance by the Chamber Music Society of Lincoln Center, which is trying to boost its profile.

features 130 musicians in its 2018-19 season, has avoided the funding shortfalls and controversies that have rocked other cultural organizations in the city. It is trying

to boost its profile, including through increased touring.

The gift also comes at a time when chamber music is garnering more attention, say professionals in the classical

field. Chamber Music America, a national service organization, notes that since 2000, its membership ranks have increased by 48% to 977 ensembles.

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CRIME

Stabbing Suspect Breaks Down in Court

A suspect in the stabbing death of a 16-year-old Connecticut boy sobbed during his initial court appearance and a brawl broke out after the courtroom was cleared.

Shyheim Adams, 18, of Hartford, is charged with manslaughter in the death of Justin Brady, who was found stabbed in the front yard of a home in Enfield, Conn., just after midnight Monday.

Mr. Adams and the victim were involved in a dispute and met up to fight after exchanging text messages, according to court documents. During his court appearance Tuesday, Mr. Adams dropped to the floor in tears.

There were several outbursts from teens attending the arraignment and fights erupted outside after the judge ordered the courtroom cleared.

Mr. Adams is being held in lieu of \$750,000 bond.

—Associated Press

ANIMALS

Giant Anteater Born At Bridgeport Zoo

Connecticut's only zoo has announced the birth of a baby giant anteater.

The Beardsley Zoo in Bridgeport says the anteater was born July 30, is a male and now weighs 9 pounds. The zoo didn't announce the baby's name yet.

The parents, father EO and mother Pana, were brought to the zoo in 2015 with the hopes they might start a family. They had their first baby in 2016. Mochilla is now in residence at Alexandria Zoo in Louisiana.

The Beardsley Zoo says Pana and baby are in seclusion most of the day. Female anteaters give birth to one offspring at a time and the baby rides on the mother's back for the first months of life.

The public can follow the baby's growth on Facebook and Instagram.

—Associated Press

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THE ACCESSORIES ISSUE

BOY GEORGE

THE CULTURE CLUB STAR ON HIS BOLD COMEBACK

3 NY 101

METRO MONEY | By Anne Kadet

City Venues That Are All the Rage



Two entrepreneurs think they are offering just what New Yorkers need: Rage rooms where patrons can let out their anger. Both are conveniently located near Penn Station—the galaxy's most enraging transit hub.

The Rage Cage, opened last month, is just a few blocks from the Wrecking Club, which opened last year. At the Rage Cage, customers pay \$45 to \$120 to come in and smash dishes and electronics. Packages at the Wrecking Club, meanwhile, range from \$25 for a "Hit It and Quit It" 15-minute option to \$245 for an "Extra Mad House" half-hour session for up to six participants.

I'm not especially ill-tempered, so before visiting these outfitts, I posted on Facebook seeking an angry friend to come along, and was bombarded with responses. "I'm in if you need, and I'm Irish!" wrote one.

I chose my pal Virginia, a Brooklyn native, because I know her rage is real. Sure enough, she showed up at our first stop, the Wrecking Club, furious about a dispute with a friend and a fight with her sister. "Plus, I'm aggravated with the heat, aggravated with the damn subway system and aggravated with life in general," she fumed.

Having booked our session and signed waivers online, we donned a protective jacket and pants, work gloves and a construction helmet with a face shield, all provided by the venue.

Our room, a windowless affair with a tile floor and metal walls, was set up and waiting. I'd sprung for the \$50 "Short & Sweet" package, a 15-minute session that included an HP OfficeJet Pro printer and several buckets of dishes.

"We can't hit each other,



all right?" said Virginia.

Then she let loose, shattering mugs and dishes with a baseball bat before going after the printer with a sledgehammer, tossing F-bombs with every blow. I laughed and laughed. "Sorry I broke everything," she said, when the dust cleared. "I got carried away."

"I'm feeling really good," she added.

I whacked the printer and smashed several mugs myself. It was super satisfying.

Wrecking Club founder and co-owner Tom Daly, a former accountant, says he came up with the rage room idea on his own and only later learned there were similar venues in other cities—and one that operated in New York City in the 1970s.

He chose his location in a former restaurant because it was the only place he could

rent. When you're opening a rage room, he says, not many landlords want your business. "Beggars can't be choosers."

Virginia and I next walked two blocks north to the Rage Cage, housed in the basement of an office building.

While the storefront Wrecking Club had a grungy, post-apocalyptic feel, this place was brightly lit and sparkling clean. We were escorted to a high-ceilinged room with a concrete floor and plywood-reinforced walls. Our \$75, 30-minute "Double Trouble" package included a PS2 gaming console, office phone, keyboard, dishes, VHS tapes, mouse, gaming controller and laptop.

Alas, it took just 15 minutes to bust through everything. And while we both felt lighter after our rampage, Virginia noted she could

smash stuff at home, free. She had once taken a hammer to a television set.

I imagined it must be difficult to run a business catering to folks as angry as Virginia. But Mr. Daly said most come for the fun and novelty.

He sees a lot of couples on dates, bachelorette parties, birthday celebrations and families with children.

The tough part: Sourcing up to 200 pieces of used electronics to smash every week, he says. Most purchases are one-off deals from someone, say, clearing an office.

The Rage Cage owner and founder, Jeffrey Yip, agrees. The former software-support specialist says that while he is negotiating with suppliers in China, he's currently buying dishes from IKEA and 99-cent stores. He finds used electronics on eBay and

Craigslist. A nonworking keyboard might cost \$2, he says of the going rates, a busted office printer between \$4 and \$10.

After everything is smashed to smithereens Mr. Yip says he and his friends bring the remains to the nonprofit E-waste Warehouse in Brooklyn, which sells salvageable items and recycles the rest. Mr. Daly says he recycles all his trash.

Mr. Yip, who estimates his startup costs at \$35,000, says he pays four times the typical rate for property insurance and a hefty sum for liability insurance.

So is there room in the city for two rage rooms? Both owners are hopeful. "In the U.S., New York City needs it the most," Mr. Yip says.

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WORK & FAMILY | By Sue Shellenbarger

The Rare Workers Who Thrive on Negative Feedback



CAROLE HÉNAFF

Many people hate getting negative feedback and avoid dishing it out too, fearing it will spark anger, dejection or even tears.

But some people actually want and even seek out criticism at work. Who are these people?

Recent research sheds light on their inner life. People who thrive on feedback tend to be strivers who believe they can improve their skills and abilities. They've embraced personal goals so compelling that they see criticism as a tool for helping reach them, rather than a setback. They have close friends at work, and they also tend to be strong on both self-control and self-awareness.

Sales trainer Cheri Spets Farmer says she realized years ago that her colleagues noticed her shortcomings before she did. She recalls struggling in a new sales job and asking a co-worker, "What do you think I'm doing wrong?" Ms. Farmer was surprised when her colleague, without thinking, immediately told her to focus more on selling the company's special promotions.

"That was my lightbulb moment," says Ms. Farmer, who owns her own Columbia, S.C., sales-training consulting firm. She realized that if you don't ask, you may be the last person to see your own weaknesses. She has requested critiques from colleagues

and clients ever since.

It's natural to resist criticism. Some people feel so threatened by a critical appraisal that they start avoiding the colleague who delivered it, a recent Harvard Business School working paper shows.

"The difference between the highly self-aware and the rest of us is that they push through that discomfort and ask for feedback anyway," says Tasha Eurich, an organizational psychologist and author of "Insight," a book on self-awareness.

Managers can help employees by setting an example and asking for feedback themselves.

People who take criticism well are often fortified by a belief that they can get smarter and better at their job through effort, according to a 2017 study co-written by Kris Byron, an associate professor in managerial science at Georgia State University. Those who see intelligence as a fixed trait they can't change are more likely to feel threatened if their manager doesn't provide the affirmation they desire.

Christopher Molivadas often

asks his bosses what he can do better. If they respond that he's doing fine, he pushes for specifics. "You have to really probe for feedback and let them know that you welcome it," says Mr. Molivadas, a regional market director in Washington, D.C., for JLL, a real estate services firm. When he was told at one point that he got too focused on details and didn't spend enough time on big-picture problems, he set out to learn about strategic thinking. He read books, asked subordinates for feedback and worked with a coach, Tim Allard.

"The guy is a learning machine," says Mr. Allard, co-owner of Odyssey Inc., a Charlottesville, Va., business and executive consulting firm. People who seek negative feedback "want to be the best version of themselves. They're internally motivated to grow," Mr. Allard says.

People who have close ties with others at work tend to seek tougher reviews, and to make changes in response, according to a 2017 study led by Stacey Finkelstein, assistant professor of marketing at Baruch College in New York.

Brian Binke, president and CEO of Birmingham Group, a Berkley, Mich., executive search firm, has formed longstanding friendships

When You Get Negative Feedback

- Stay calm and listen
- Say thanks for the feedback
- Take time afterward to recover if needed
- Reflect on the criticism when you feel ready to do so
- If you don't understand it, ask a trusted colleague for help
- Decide whether changing is worth the effort
- Make specific plans for changing your behavior

with several other search-firm owners. "We challenge each other to do better," Mr. Binke says. When he asked recently for feedback on how he was managing costs, his colleagues' critique led him to change how he assigned duties to some staffers.

Mr. Binke sees the criticism not as a put-down, but as a vote of confidence—as if his friends were saying, "I know if you just put your mind to it, you can fix this," he says.

Experts in their fields tend to be motivated by criticism, and to see it as a sign of how well they're progressing toward their goals, according to a 2011 study co-written by Dr. Finkelstein. Novices are more likely to seek praise, and to

interpret it as a sign of whether to remain committed to the goals they've set, the study shows.

Robin Camarote was stung recently by a potential partner's heated critique of a proposal she'd written. The broadside left her shaken. But it also motivated her to redouble her energy and focus, says Ms. Camarote, a Falls Church, Va., communication and change-management consultant.

"There's that little sting, that feeling of, 'I'll show you,'" she says. When she later received positive feedback on the proposal from a mentor, she realized the criticism had been more useful, says Ms. Camarote, author of "Flock," a book on leadership.

Dr. Eurich recommends taking time to reflect on criticism before responding.

Loni Freeman was startled when her boss on her first job out of college years ago said she often interrupted others and finished their sentences for them. She denied it, but he insisted she did. She ran the critique by a friend, and when he agreed with her boss, Ms. Freeman resolved to start listening more carefully to others.

"That was a turning point for me," says Ms. Freeman, vice president, human resources for SSPR, a public-relations agency in Colorado Springs, Colo. "It was a bit hurtful, but I also saw how much I grew."

Managers can help employees by setting an example and asking for feedback themselves, says Rachel Ernst, a vice president at Reflective, a San Francisco performance-management company.

Giving appraisals early in the day, when employees' self-control hasn't been depleted by fatigue or stress, may improve the chances of their taking it well, according to a 2016 study led by Rachel Ruttan, an assistant professor of organizational behavior at the University of Toronto.

Managers also should stress employees' ability to learn and change, according to a 2018 study by Elissa Adame, an assistant research professor at Arizona State University. Rather than telling them not to make any mistakes, consider saying, "I'm giving you these comments because I have high expectations of you, and I know you can reach them."

BURNING QUESTION

WHAT'S THE BEST WAY TO STORE A CAR?

BY HEIDI MITCHELL

STORING A CAR might seem as simple as parking it in the garage and throwing a tarp over it. But that's no way to treat such precious machinery, says Michael Prichinello, director and co-founder of the Classic Car Club Manhattan, a members-only luxury-car-sharing and social club. He details the ideal steps to take before putting an automobile away for an extended period, and explains why water is the nemesis of any steel four-wheeler.

Drain the Beast

The first thing an owner should do before putting a car away for more than six months is change the oil and the filter. Mr. Prichinello, who opened the New York City outpost of the London club in 2005, suggests running the car for about an hour to get its juices circulating. "Go get a pizza," he says. "Then on your way home, fill the tank with gas so there is less opportunity for condensate in the tank." To prevent the petrol from congealing into the consistency of lacquer, Mr. Prichinello suggests picking up a small bottle of gasoline stabilizer and putting that in the tank as well.

At the storage spot, open the hood and disconnect the battery, then remove the spark plugs. "Take some motor oil and pour about half a cap into each of the cylinders to keep any water repelled from the

metal before putting the spark plugs back in," he says. Then plug in a trickle charger and attach it to the battery. "That keeps a little bit of current in the battery, so you know it will start when you're ready," says the car club co-owner, who has helped many members store their own vehicles.

Spring Cleaning

A thorough washing, inside and out, is essential, says Mr. Prichinello. Road grime and dirt lead to scratches, which can rust when exposed to moisture, "but a clean exterior coated in wax can create a barrier from water," Mr. Prichinello says.

He also advises owners to vacuum diligently. "Mice love to chew on the wires of a car that's sitting around, and changing your wire harness is one of the big nightmares of owning a car," says Mr. Prichinello, adding that old pretzel crumbs can lure vermin. Natural seats should get a rubdown with leather conditioner so the material doesn't dry out.

Mr. Prichinello tells his club members who are storing vehicles to check the tire pressure, then put their car on a jack stand just a few inches off the ground to prevent a future "flat spot" on the rubber tires. He likes to buy a roll of plastic or foil vapor barrier—a building material sold at home-improvement stores—and place it on the concrete floor of a garage to help prevent moisture buildup, since "concrete is a big sponge."

He also recommends removing the wipers so the rubber doesn't corrode and stick to the windshield. Then open the windows a crack. "Otherwise you're creating a little terrarium in there," he says. He also tells car owners to wrap the circumference of the vehicle in a strip of cheap foamboard to prevent dents from seasonal toys that may also wind up in the garage.

Additionally, Mr. Prichinello cautions, don't activate the parking brake. "The brake material will fuse to the brake disk, which will hamper your braking capabilities," he says. Then, cover the car up. Serious gearheads might consider investing in a Carcoo, a pricey protective layer that blows up like

an air mattress and puts the car, literally, in a bubble.

A Cool, Dry Place

"The key to storing a car is knowing who your enemy is, and your enemy is moisture," says Mr. Prichinello. When a car is operated daily, the fluids inside and out move around, which keeps them in a state of suspension.

"But when a car sits around, liquids like coolant will eventually start to separate into solids—and water," he says. Since a car is mostly made of metal, it's important to keep away that moisture, and thus rust.

Any car can handle being stored almost indefinitely, Mr. Prichinello

says, as long as the environment is right. Ideally, the car should be kept in a temperature-controlled space rather than outdoors, where temperature fluctuations can cause hoses, gaskets and other rubber parts to expand and contract and eventually break. If an owner must store a car outside, Mr. Prichinello suggests having someone turn it on monthly to keep the fluids moving. In the meantime, he recommends stuffing a rag into the exhaust pipe and the intake valve "to keep mice and moisture and leaves from getting in."

Inside or out, a snug but breathable car cover is imperative, he says. "It's like a Gore-Tex jacket that keeps debris and moisture off the car and allows air to circulate."

Bringing It Out of Hibernation

Check the tire pressure, disconnect the trickle charger, reattach the windshield wipers, and take the car off the jack stands. Then gently move the car out of a confined space before firing it up—since the oil from the spark plug holes will burn off and blow smoke out of the exhaust, Mr. Prichinello says.

Don't worry if the vehicle creaks a little bit once it's restarted, but be gentle, says Mr. Prichinello. If it's an older car, consider pumping the gas a little, but not enough to flood the engine. If it doesn't start right away, "shoot a little brake cleaner into the carburetor," he says. "Then let the car's heart pump a little, and allow it to slowly come back to life."



A car can be stored almost indefinitely in the right conditions, an expert says.

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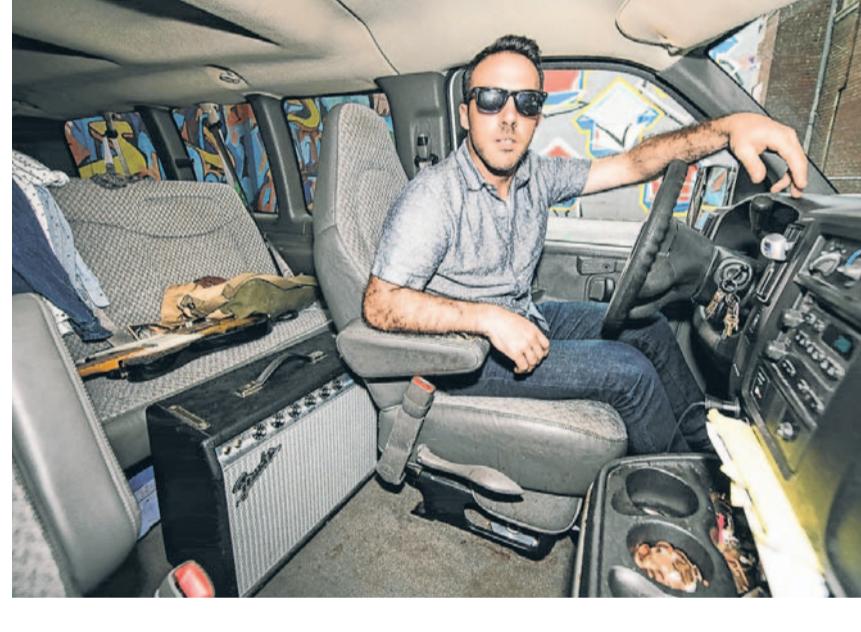
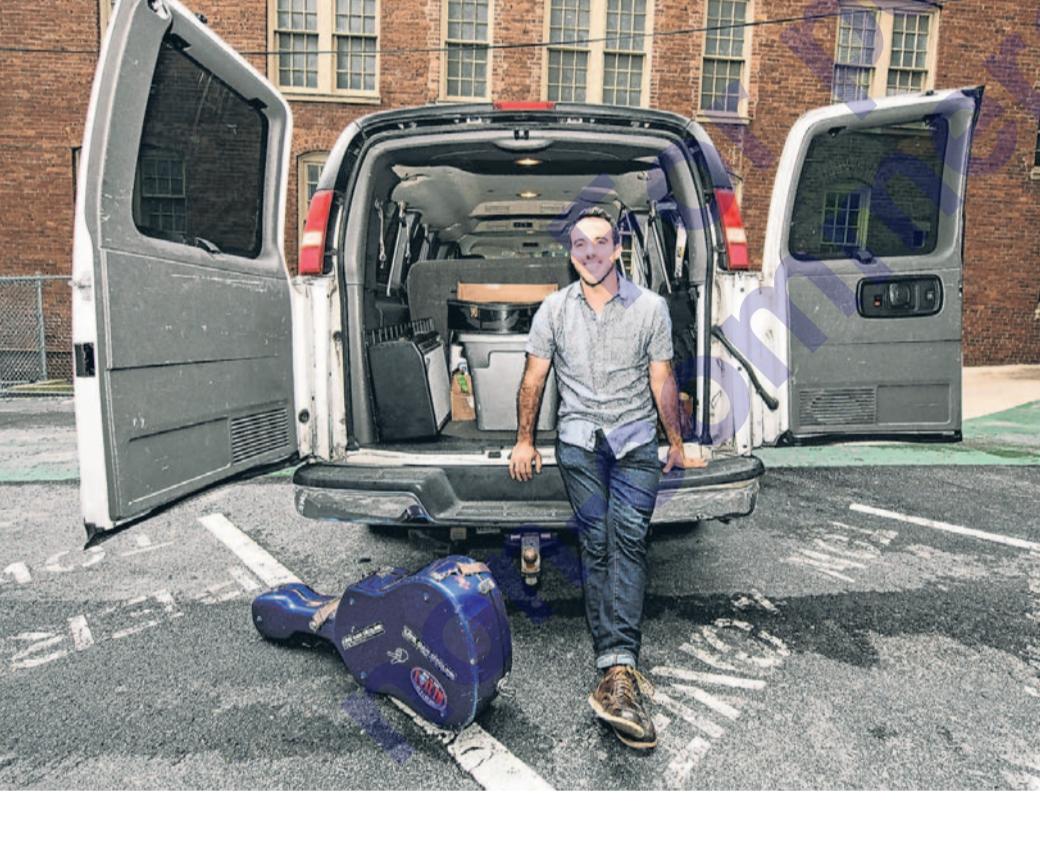
MY RIDE | By A. J. Baime

A Musician's 'Dream' Transportation

Road warrior Ben Danaher comes up with songs while behind the wheel of his 2007 Chevrolet Express touring van



Ben Danaher on stage in Nashville, above, and at right, in grey shirt, with fellow musician Michael Webb. Mr. Danaher uses his white 2007 Chevrolet Express touring van to travel between gigs. In the van, below, Mr. Danaher can stash all his gear, sleep at night in a pinch and think up songs while driving.



YVE ASSAD FOR THE WALL STREET JOURNAL

Ben Danaher, 34, a singer-songwriter from Nashville, Tenn., on his 2007 Chevrolet Express touring van, as told to A.J. Baime.

Years ago, I had a band and we were playing 200 shows a year, mostly in Texas. We had four guys in a pickup, and it got to be, like, holy cow, we are going to kill each other. I had a friend who owned a car dealership in Dallas. I told him I needed a van and he had a used one on the lot. So in 2010, I bought my Chevy Express.

To me, the van was part of the dream, because going from town to town, playing songs for people—that is what hard-working musicians do. This is what my dad did, and that is how he met my mom. They were skeptical because of his experiences in the music industry. Even up to recently, my mom has sent me applications for teaching jobs.

In the past few years, I have been all over the country—sometimes with a band, sometimes alone. I have an air mattress so I can sleep in the van when there's not enough money for a hotel room. The van now has close to 250,000 miles on it. It also has its own identity on social media. People take selfies with it in front of music venues.

Earlier this year, a photographer friend named Breanna Fylstra shot live videos of me and musi-

cian friends playing songs in the back of the moving van. One showed me with Mike Daly, who plays pedal steel guitar for Hank Williams Jr.'s band. If you know anything about pedal steel, you know how hard it would be to play one in a moving van, but Mike pulled it off beautifully.

Around that same time, I was at home in Nashville and I parked on the street overnight. Somebody hit the van and knocked off the side-view mirror. I had just gotten my first write-up in Rolling Stone, and a friend drove up and said, "Hey man, I'm so proud of you!" All the while, I was putting the side-view mirror back on my vehicle with electric tape. Pretty glamorous, right?

This week I have gigs five nights in a row, in Texas and Tennessee. That is hundreds of miles of driving, and I will do what I always do on road trips—write songs in my head while I am at the wheel. I don't have to think about anything but music. It's all right there, right in front of me.

—Contact A.J. Baime at Facebook.com/ajbaime.

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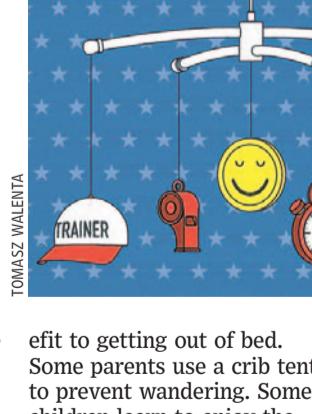
WORK & FAMILY MAILBOX | By Sue Shellenbarger

SOLVING SLEEP PROBLEMS

QI enjoyed your Aug. 28 column on sleep training. So many parents have this problem and try so many methods that don't seem to work. Did you encounter any advice on retraining toddlers once they learn to climb out of the crib? —E.S.

A: Even children who have been sleeping well develop a will of their own by this stage and rebel against bedtime routines. Many parents try what they call a silent return to sleep: Gently pick your child up and place him back in the bed or crib in a bland, emotionless way, without speaking, cuddling, scolding or explaining to him that everyone needs sleep. This keeps him from popping out of bed because he wants more social contact.

The child's behavior may worsen for a while, but if you do this consistently, most children learn there's no ben-



efit to getting out of bed. Some parents use a crib tent to prevent wandering. Some children learn to enjoy the comfort of these enclosed spaces.

For a helpful approach to setting up and enforcing sleep rules for children of all ages, see "Healthy Sleep Habits, Happy Child," by Marc Weissbluth, an emeritus professor of clinical pediatrics at Northwestern University. Also, check out the website of Craig Canapari, director of the Yale Pediatric Sleep Center and a pediatrician at Yale-New Ha-

ven Children's Hospital in New Haven, Conn., at drraigcanapari.com. Other helpful books include "The Happiest Baby on the Block," by Harvey Karp; "Solve Your Child's Sleep Problems," by Richard Ferber, and "The Sleep Lady's Good Night Sleep Tight," by Kim West.

QI was interested to see in your column on sleep training a doctor's recommendation that parents talk with their pediatricians about problems getting their babies to sleep. Don't parents do this? —S.D.

A: Most parents do discuss sleep problems with

their pediatricians. A doctor's exam is essential in ruling out potential medical causes of sleep problems, and pediatricians often provide helpful sleep-training advice. But many parents say that while pediatricians are typically concerned and encouraging, they're often too busy to address specific questions, and the advice they offer tends to be general in nature.

Solving sleep issues often requires weighing a variety of factors and making several changes at once, such as altering nap and feeding schedules, establishing new bedtime routines or equipping the nursery with room-darkening shades or white-noise machines. That's why many parents turn for help to coaches who can discuss household routines, babies' behavior and potential solutions in detail, or to books that can address a range of problems.

LIFE & ARTS

EXHIBITION REVIEW

An Exhibition to Tickle You 'Pink'

A show at the Museum at FIT tackles the vivid history of the mutable color

BY LAURA JACOBS

New York

IN MANY LANGUAGES pink has never been graced with its own name. In English, "pink" was first a flower—genus dianthus—and in 18th-century France the word *rose*, as distinct from *rouge*, came to mean "a very pale red." Tint it with yellow, blue or brown and the shades of pink proliferate into realms peachy, purplish or fleshy. In mid-20th-century America, for the first time in history, pink was aggressively marketed as female—a self-fulfilling prophecy meant to put postwar women (and their daughters) in their place: at home, having babies. Pink has always been the color of cupid, of the mucous membrane and sexual arousals both sanctioned and unsanctioned. It can also be as pure as a petal. Pink is uniquely polymorphous.

How pink has been articulated in shades symbolic, trendy and politically charged

Hence the free-wheeling title of the Museum at FIT's ebullient new exhibition—"Pink: The History of a Punk, Pretty, Powerful Color." Curated by Valerie Steele, the museum's director and chief curator, the exhibition explores pink as it has been articulated since the 1700s, in shades symbolic, trendy, ethnically identified and politically charged. The guid-

ing spirit of the show is captured in a comment from the eminent color historian Michel Pastoureau, which appears in wall text: "There is no transcultural truth to color perception," he writes. "It is society that 'makes' color, defines it, gives it meaning." If colors are social constructs, the range of meaningful pinks displayed here suggests it may be the most "constructed" color of them all.

In the downstairs space just outside the Special Exhibitions Gallery, the viewer is welcomed by one of the most famous pink dresses of our time, the powder-puff-pink, princess-line gown that Gwyneth Paltrow wore when she won her Oscar for best actress in 1999. Designed by Ralph Lauren to channel Grace Kelly, an actress who became a real princess (if an unhappy one), the gown positioned Ms. Paltrow as Hollywood royalty, playing into Tinseltown fantasies of transformation. With just one dress, Ms. Steele conveys the complex expectations that live in even the simplest pink.

On the far wall of this space, approximately 35 ensembles offer a chronological sweep that begins in the 1800s, when male and female dress became bifurcated in the West—men were limited to the somber hues of commerce, while women were butterflies in a garden party of vivacious color. These selections, Ms. Steele says in a video that previews the show, look "at what you might call the typical Euro-American view of pink today, that it's a feminine color." Here we see iconic pieces through many design generations: Coco Chanel and Cristobal Balenciaga, Givenchy and Yves Saint Laurent, Stephen Burrows and Stephen Sprouse. Norman Norell's satin coat dress (Traina-Norell, 1950), a bishop's cassock cut in geranium-pink silk, is shimmeringly divine in every sense of the word.

Between the entry doors to the larger gallery, a diorama recreates the girl-culture experience of JeongMee Yoon's photograph "Jeeyoo and Her Pink Things" (2007). With hundreds of toys arranged in a dizzying blizzard of pink plastic, it presents a "pinkification"

Gwyneth Paltrow wearing a Ralph Lauren dress, right; afternoon dress in silk taffeta (1857), below; corset (1880s), bottom right; Charles James dress (1937)



that may be abhorrent to adults, but acts like a scary serotonin in little girls.

In the Special Exhibitions Gallery, where about 50 garments are grouped thematically, Ms. Steele complicates the image of pink. Here we see the Pompadour pink of the 1700s, a genderless shade happily worn by both men and women. Elsa Schiaparelli's influential Shocking pink, represented by a vintage gown from spring 1947 and one from a recent Maison Schiaparelli collection (fall 2015-16), is an evocation of the Southern Hemisphere, its flora, fauna and sun-kissed people all rolled up into a rich fuchsia. The pinks of Spain (a tenebrist's bright cape from 2000), Morocco (a man's hooded cape in madder-pink wool, 1980) and sub-Saharan Africa (Mimi Plange's pale-pink leather sheath dress from spring 2013, its trapunto stitching mimicking the intricate patterns of scarification rites) all attest to the global ubiquity of pink.

A grouping of flower and Venus pinks (Charles James, Christian Dior), and gowns of flesh pink



(John Galliano, Thierry Mugler), speak to the ingenue's blush and dishabille in the boudoir. More explicit are pieces from the new millennium: 2016's magenta-pink Pussy hat; a 2018 T-shirt bearing the pink triangle, symbol of LG-BTQ activism; and Janelle Monáe's 2018 "Vagina Pants," a Georgia O'Keeffe whorl of deepening roseate shades in satin and tulle, designed by Duran Lantink for Ms. Monáe's music video "PYNK." Nearby stands a ripped

Punk-pink dress from Zandra Rhodes (1978) and Harlem rapper Cam'ron's 2003 hoodie, printed with a picture of him in his "Killa pink" mink. Stunning is the corset-like body armor from Storytailors (2011), its beige-pink sections laced together with magenta ribbon. St. Joan meets the Bride of Frankenstein, it reads like a martyrdom to femininity.

When you leave "Pink" you'll be seeing the color everywhere; you may also remember pinks from your past. I've never forgotten something that happened to my best friend in the late '70s, while riding the elevated train into Chicago. Young and beautiful, she had tied back her hair with a big pink grosgrain bow—hot pink. On the train, out of the blue, she felt a sharp tug that jerked her head. With one yank another young woman had undone the bow. Was my friend looking just too privileged in her prettiness? And would the bow have been as maddening if it were any other color but pink?

Pink: The History of a Punk, Pretty, Powerful Color
The Museum at FIT, through Jan. 5, 2019

Ms. Jacobs writes about culture and fashion for the Journal.

MUSIC REVIEW

ALLURINGLY RESERVED

Ethan Iverson and Mark Turner team up on an austere and elegant album

BY MARTIN JOHNSON

AT LONG LAST, Ethan Iverson is no longer leading a double life. For most of this century he has had conflicting musical identities. For one, he was a member of the Bad Plus, one of the most popular groups in jazz; the rambunctious group was sometimes promoted as a power piano trio and often did its best to act as if subtlety were an enemy. For another, he created ambitious and abstract works for intimate ensembles, and he blogged enthusiastically about jazz, often highlighting underappreciated elements of the genre's history. Late last year, the Bad Plus announced that Mr. Iverson would be leaving. Since playing his final gig with the trio on New Year's Eve (pianist Orrin Evans has succeeded him), he has increased his individual recording and gigging as well as his blogging, and he has begun writing about music for the New Yorker. He has gone from one of jazz's leading popularizers to one of its leading geeks.

"Temporary Kings" (ECM), a duet session with the outstanding

saxophonist Mark Turner, is Mr. Iverson's first release since his departure from the Bad Plus, and it reflects the gulf between his independent activities and the sound of his erstwhile band. The music is austere and elegant and belongs to the growing field of chamber jazz. The sounds draw you with their reserve; the spaces between the notes often have as much impact

The release, 'Temporary Kings,' belongs to a growing field known as chamber jazz

as the notes themselves. Some of the recording is reminiscent of the subdued complexities of the Lennox Tristano/Warne Marsh "Cool School" approach to jazz, developed in the '50s.

The nine performances on the 54-minute recording—six composed by Mr. Iverson, two by Mr. Turner, plus a cover of Marsh's "Dixie's Dilemma"—seem to divide

into three segments. The first third of the recording, which features three Iverson works, is contemplative. The Cool School influence is apparent in the restraint and gentle abstractions, but there's a liveness to the players' interactions. Each musician responds to the other and tugs the music in striking directions.

The second third is less opaque. The pace picks up and the tone lightens for "Dixie's Dilemma," which echoes the Jerome Kern/Oscar Hammerstein II standard "All the Things You Are." Mr. Iverson performs solo on his "Yesterday's Bouquet," a wistful ballad. "Unclaimed Freight" borders on playful.

The recording's final three pieces are clear and precise, with both rumitative and straight-ahead aspects. Mr. Turner's composition "Myron's World" flows gracefully, his saxophone lines augmented by Mr. Iverson's impressionistic piano. The pianist's "Third Familiar" is haunting, and the recording comes full circle at the conclusion with Mr. Turner's "Seven Points," a slow, tender meditation.

Mr. Turner, who is 52 years old, and Mr. Iverson, who is 45, met in

the early '90s when they were frequent participants in jam sessions in New York. They are half of the Billy Hart Quartet, which has released three widely acclaimed recordings, and they write for each other. Mr. Iverson's "Turner's Chamber of Unlikely Delights" appears on this album. Mr. Turner's "Iverson's Odyssey" appears on the first release by the Billy Hart Quartet. Their rapport highlights the new recording.

Mr. Turner is a cerebral saxophonist and an excellent duet partner; he also appears on the stun-



ning "Faroe" (Sunnyside), an August release with Danish guitarist Mikkel Ploug. In the press release for "Temporary Kings," Mr. Iverson says that Mr. Turner's playing makes him listen harder, which is an apt comment about what both men do for their audience. The duo will tour the Midwest and Northeast Sept. 13-20, including an appearance at the Jazz Standard in New York on Sept. 18. They will tour the West Coast in October.

Mr. Johnson writes about jazz for the Journal.

SPORTS

BASEBALL

How Shohei Ohtani Visualized His Success

The Japanese two-way sensation turned to a technique called the Harada Method

BY JARED DIAMOND

As a sophomore at Hanamaki Higashi High School in the Iwate Prefecture of Japan, Shohei Ohtani set a goal for himself: to become the nation's premier baseball prospect by the time he graduated.

To achieve it, he turned to the Harada Method, a personal-growth technique created by Takashi Harada, a former middle-school teacher in Japan. Following the method's guide, Ohtani identified eight key areas in which he felt he needed to develop, both as an athlete and as a person. From there, he narrowed his focus even further, pinpointing eight specific ways he believed would allow him to make the necessary improvements, all in service of his larger aim.

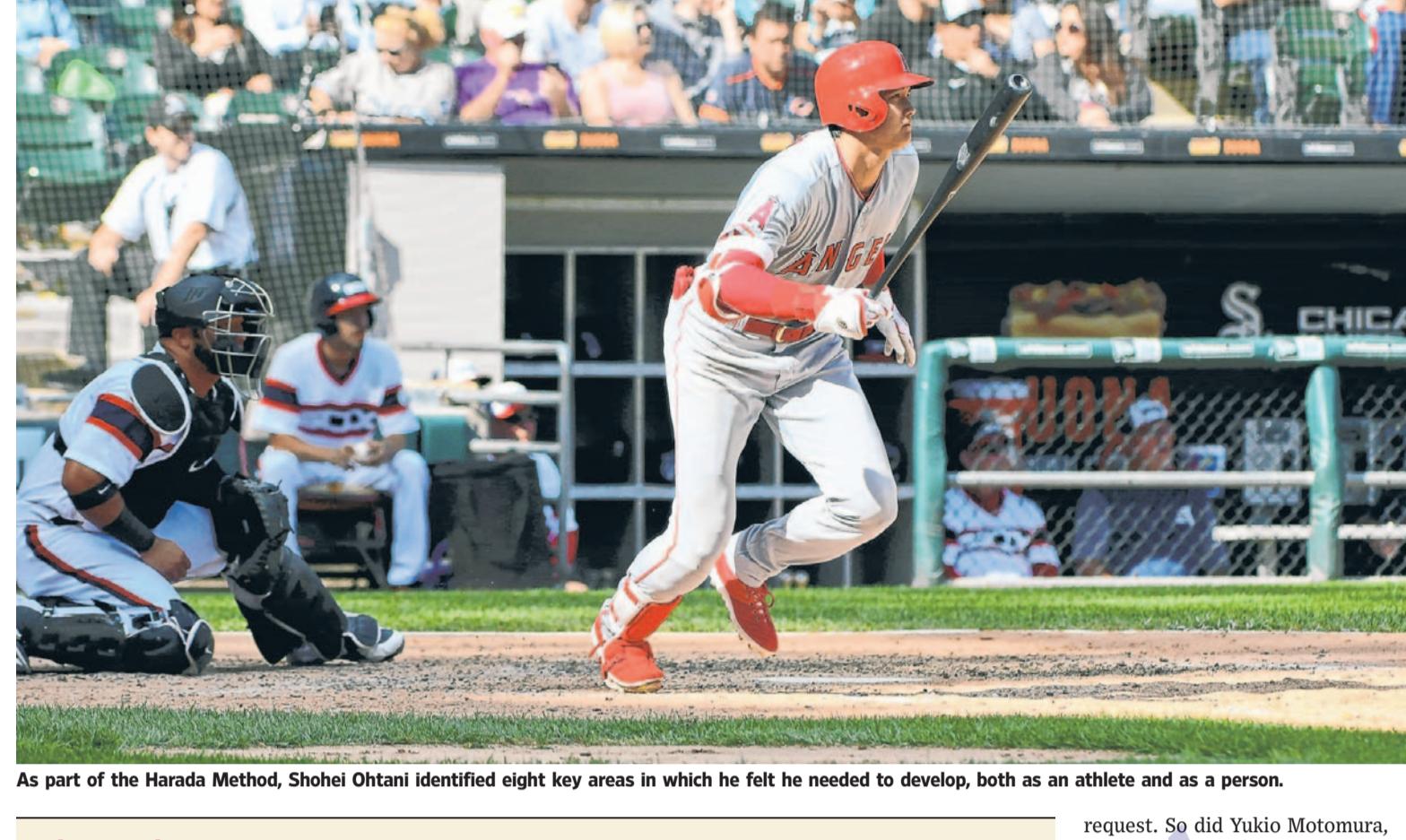
Some were obvious: He wanted to increase his fastball velocity to 99 mph by strengthening his shoulder, bolstering his lower extremities and adding weight to his wiry frame. He hoped to refine his control by stabilizing his windup and finding a consistent release point in his delivery.

Others were a bit more esoteric. For instance, Ohtani thought he would have better luck if he read more books, cleaned his room better and picked up litter. He wrote all of this down on an 9-by-9 grid that Harada calls the 64 Chart.

Ohtani wasn't alone in following Harada's teachings. Over the past two decades, Harada has trained more than 90,000 people in his method, working with managers from companies like the clothing retailer Uniqlo and the Japanese brewery Kirin. He also taught Hiroshi Sasaki, the high-school baseball coach who passed it on to Ohtani.

Since then, the 24-year-old Ohtani has accomplished considerably more than he outlined on his first 64 Chart eight years ago. He has emerged as a sensation in his rookie season with the Los Angeles Angels, establishing himself as a potentially historic talent capable of doing something unseen for a century: thriving simultaneously as a starting pitcher and an everyday hitter.

Before an elbow injury sidelined him in June, Ohtani posted a 3.10 ERA in his first nine outings, striking out 61 batters in 49⅓ innings. The health issue hasn't slowed him down at the plate, where he entered Tuesday with a .294 batting average, a .970 OPS (on base plus slugging) and 19 home runs in 262 at-bats.



MATT MARTON/REUTERS

As part of the Harada Method, Shohei Ohtani identified eight key areas in which he felt he needed to develop, both as an athlete and as a person.

What Is Ohtani's Future As a Two-Way Player?

.970 OPS (on base plus slugging) and 19 home runs in 262 at-bats. Those numbers put him in a club previously occupied only by a man named Ruth.

But a pitching injury means that Ohtani almost certainly needs Tommy John surgery, and the news has sparked an onslaught of fresh debate over his future. Angels general manager Billy Eppler says the team would resume using Ohtani as a two-way player after he recovered from surgery in 2020.

Others, however, have different ideas. Much of the conversation has revolved around whether Ohtani should back off from pitching altogether and transition into an everyday position player. On a recent MLB Network panel—one that featured this reporter—Dan O'Dowd, the Colorado Rockies' longtime former GM, advocated for a plan where Ohtani

mostly plays in the outfield, with selected appearances as the Angels' closer.

All of these ideas make logical sense. Eliminating all or most of Ohtani's pitching responsibilities limit his exposure to more arm injuries and allow him to play in every game, instead of four days a week. Maybe the cold, harsh reality supports taking such an approach and would benefit both Ohtani and the Angels in the long term.

But that would deprive us of the magic of watching Ohtani accomplish the impossible. Consider a week in early April, when Ohtani homered in three straight games, then threw seven one-hit frames with 12 strikeouts as a pitcher. Who knows whether anybody else in our lifetimes will possess the ability to do that?

—Jared Diamond

Ohtani will likely undergo Tommy John surgery after the season, which would keep him from returning to the mound until 2020, but the Angels expect him to serve as their designated hitter next season.

Before Ohtani, no major-league player had thrown 50 innings and blasted 15 home runs in a single season since Babe Ruth in 1919. Now, Harada considers him one of his greatest success stories.

"I believe this was a big pillar for Ohtani to become what he is now," Harada said in an interview. "And he's still continuing to use it."

Harada devised the method

while working at Matsumushi Junior High School in Osaka, where he served as a physical education teacher and a counselor. He was inspired by a trip he took to Europe in 1994 as part of an educational delegation, where he saw the teaching philosophies of countries like Finland.

At that time, he said, Japan's educational system "heavily focused on memorization and testing memory," whereas Finland "focused more on visualizing your future and working toward that visualized goal."

That became the basis of the Harada Method, which he used to help transform a struggling school

in a poor neighborhood into a track and field powerhouse, before opening the Harada Education Institute in 2001.

"This is a method to become a self-reliant person," Harada said.

Angels officials confirm that Ohtani practiced the Harada Method. But the extent to which he still does, if at all, is difficult to nail down—because almost nobody will talk about it. Ohtani declined to comment for this article, sticking with his season long policy of turning down one-on-one interviews.

Sasaki, Ohtani's old high-school coach who first introduced him to the method, declined an interview

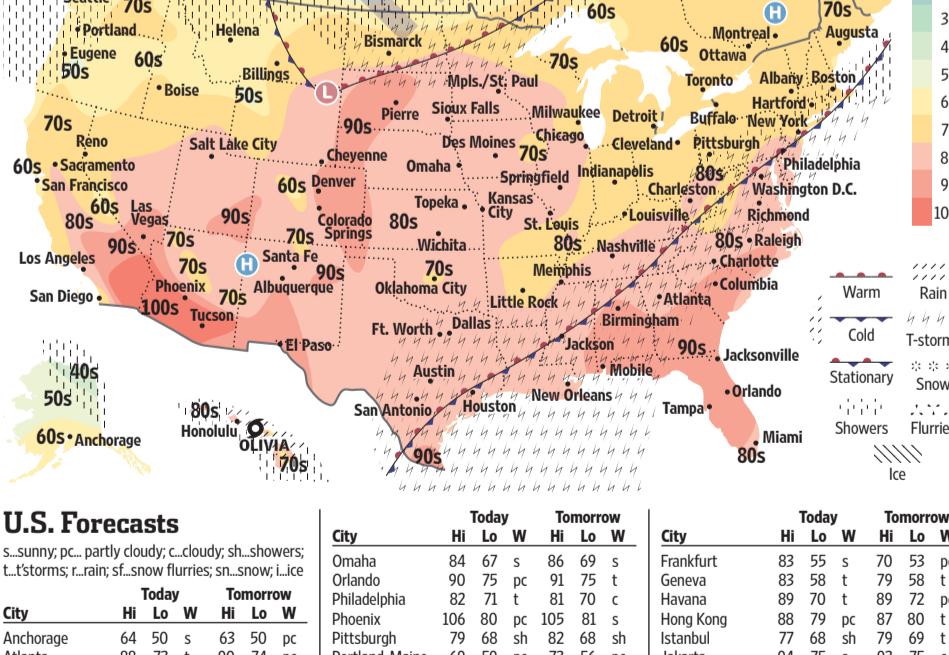
request. So did Yukio Motomura, who instructed Ohtani in the Harada Method on his Japanese team, the Hokkaido Nippon-Ham Fighters. (In an email, a member of Harada's staff said, "We have no idea why Sasaki sensei declined an interview," adding that, "Director Motomura has taught Harada Method not only to Shohei [Ohtani], but every single player in Nippon-Ham!").

Harada said that Ohtani filled out about 15 more 64 Charts after his initial one, to reflect his updated goals. Ohtani was even more captivated by the Harada Method Long-Term Goal Form, which has students come up with tangible and intangible reasons for pursuing a goal, both for one's self and for society. It also has sections to write daily tasks and routines to achieve the goal, as well as a place for anticipated obstacles and potential countermeasures.

For now, the Harada Method remains mostly unknown outside of Japan, though one man wants to change that. Norman Bodek, a disciple of Harada who initially shared Ohtani's first 64 Chart with The Wall Street Journal, is currently working to create a smartphone app dedicated to teaching the Harada Method in English and Japanese.

"Ohtani is our superstar," said Bodek, who used to teach a class at Portland State University on Japanese management practices. "Everybody can't become the best baseball player in the world, but everybody can become the best that they can become."

Weather



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Tomorrow Hi Lo W W

City	Hi	Lo	W	Hi	Lo	W
Anchorage	64	50	s	63	50	pc
Atlanta	88	73	t	90	74	pc
Austin	84	73	c	85	74	t
Baltimore	83	70	t	83	72	t
Boise	73	48	pc	73	45	pc
Boston	72	65	c	73	64	c
Burlington	78	60	pc	80	61	pc
Charlotte	87	71	t	89	73	sh
Chicago	80	60	s	78	60	s
Cleveland	75	65	c	81	66	c
Dallas	82	72	pc	87	73	pc
Denver	93	59	s	93	56	s
Detroit	77	61	pc	80	62	pc
Honolulu	85	77	r	86	77	sh
Houston	82	74	t	84	75	t
Indians	74	61	pc	79	62	pc
Kansas City	81	66	s	84	67	pc
Las Vegas	99	75	s	98	74	s
Little Rock	78	66	c	87	69	pc
Los Angeles	81	62	pc	82	64	pc
Miami	89	77	t	89	77	t
Milwaukee	76	60	s	75	60	s
Minneapolis	83	66	c	83	71	s
Nashville	85	67	pc	90	68	pc
New Orleans	89	76	t	89	76	t
New York City	78	70	t	78	68	c
Oklahoma City	79	68	pc	83	67	pc

International

City	Today	Tomorrow	Hi	Lo	W	Hi	Lo	W
Amsterdam	62	48	r	64	52	pc		
Athens	85	70	s	83	68	t		
Baghdad	112	81	s	115	82	c		
Bangkok	94	78	t	92	78	t		
Beijing	85	65	c	87	66	pc		
Berlin	78	54	pc	65	53	c		
Brussels	68	52	pc	69	48	pc		
Buenos Aires	64	50	c	69	50	pc		
Dubai	102	86	s	99	89	s		
Dublin	60	48	pc	60	50	pc		
Edinburgh	58	49	pc	58	46	t		

The WSJ Daily Crossword | Edited by Mike Shenk



WANNA BET? | By Ed Sessa

Across	27 Invigorate	58 Plummet
1 Honoree of a Philadelphian temple	31 Economic benefit of decreased defense spending	59 Appearance of a crow, perhaps
5 Noted trash can resident	35 Girl rescued by Uncle Tom	60 Natalie Dessay delivery
10 Gather in	37 "Go ahead, ask"	61 Calypso's father
14 Lymph gland	38 Rooster, in Rouen	62 Flecked horse
15 Linguistics expert on a 1960s series	39 Old-fashioned sweets	63 Chuck, e.g.
16 Key	44 Pastoral people of Tanzania	64 New Yale students of 1969
17 Tip	45 Rich sponge cake	65 Rice to read
18 Movie theater fixture	46 Clinton's VP choice	Down
20 Dumbfounded exclamation	50 Dominant	1 Speechless, perhaps
22 Lamb piece	54 Crapshoots, or what you can find in 20-, 31- and 39-Across	2 Next year's juniors
23 Malibu, for one	58 Bath buggy	3 Suggestion box input
24 Bath buggy	61 Bath buggy	4 Risqué recording

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

5 Smart answer?	33 Cinephiles may have it bookmarked
6 It may not be worn when it's worn	34 Designer Wang
7 Part of Miss Muffet's diet	35 The Liberty Tree, for one
8 Nickname of the links	36 Through
9 Ludacris production	40 Kind of cluster on some military awards
10 Turned red, say	41 Mashhad money
11 "Monday Night Countdown" network	42 One of the woods
12 Bass offerings	43 Box opener
13 Apiece	47 Bartender on "The Love Boat"
19 Animal also called a forest giraffe	48 Acknowledge nonverbally
21 Banks on the runway	49 Go paperless in April, say
25 Stage start	51 "The Lion King" meerkat
26 Chi exchange	52 Main
28 Strongman's pride	53 Tubular pasta
29 El primer número	54 Pink-to-red
30 Without delay, briefly	55 "The Grapes of Wrath" figure
31 Influential D.C. groups	56 Show interruption
32 Color	57 Toy truck seller

Previous Puzzle's Solution

OPINION

CBS and the Function of Severance

BUSINESS WORLD
By Holman W. Jenkins, Jr.

Let's face it: CBS, to protect its reputation, must be seen as the hand of justice denying its now-departed CEO his promised \$180 million exit package over his alleged sexual abuses. But we all know the company would much rather pay Les Moonves his sack of gold and be done with it.

Public corporations dangle lucrative severance in front of their hirelings not for the fun of it, but to discourage powerful CEOs from clinging to their jobs past their usefulness to shareholders, and then to ensure that they remain jolly and pleasantly disposed toward the company once on the outside.

Mr. Moonves did a reputably excellent job in his 23 years as an executive for the company. During his decade-plus run as CEO, he kept the CBS broadcast network on top in the ratings wars. But his departure was becoming convenient in any case, regardless of the repulsive sexual misconduct allegations that arrived in two separate installments of the *New Yorker* magazine, the latest coming this past weekend.

He was already at terminal loggerheads with the company's controlling shareholder, Shari Redstone. Their battle had turned ugly. There were lawsuits and corporate maneuvers aimed at stripping Ms. Redstone of her voting power. Plus personnel is policy: While the two fought over who was running the company, CBS was not adapting to the insistent realities of the on-demand, streaming revolution as aggressively as shareholders might have wanted.

Now CBS doesn't want to find itself in the sad position of hoping Mr. Moonves is so consumed in #MeToo disrepute that he won't have time to become a credible and embittered critic of the management that kicked him out. Mr. Moonves needed to go, but the board and Ms. Redstone also needed to patch things up on his way out the door. A large exit payment is one accepted formality for doing this. Ditto now-jeopardized agreement that would have allowed Mr. Moonves a continuing role as a developer of programming for CBS.

In the months ahead, expect CBS to wriggle and wrangle for ways to deliver at least some of these terms to Mr. Moonves, despite the results of a pending internal investigation into any misbehavior while he was employed at CBS.

For her part, Ms. Redstone had already desisted from pushing a merger of CBS and Viacom that Mr. Moonves had not embraced. The two companies were one as recently as 2005. She controls both.

With Mr. Moonves's departure, she now has formally agreed not to raise the idea again for two years. In the current context, please understand that this means the opposite of what it seems to mean. A merger can now go ahead without being sullied by charges that Ms. Redstone is using CBS shareholders to bail out her struggling investment in Viacom.

Why the company is not glad to save \$180 million by refusing to pay off Les Moonves.

CBS no longer is as central to the nation's cultural life as it once was. The current drama, although it features sex, money and bigger-than-life Hollywood personalities, has not riled up the public the way it once might have.

To say the same thing another way, neither are options exactly rich on the ground for giving the company an exciting future. AT&T has already scooped up rival Time Warner and has its hands full integrating it. Verizon has waved off any interest in buying CBS as a me-too content strategy.

Regulators living in the past would be unlikely to countenance a purchase of CBS, owner of one of the Big Four broadcast networks, by a fellow network owner such as

Fox, Disney or Comcast. As noted in a previous column, that leaves Amazon as the most interesting potential buyer—or perhaps Jeff Bezos from his personal piggy bank.

Why Amazon? Because it may want a broadcast partner for a foray into big-time professional sports, such as the NFL, which it could offer as a sweetener for its Prime streaming customers. Because Viacom and CBS own various rights to the "Star Trek" franchise, which the space-addled Mr. Bezos and many others might covet.

Why, alternatively, would Mr. Bezos be tempted to do a deal with his personal funds? Because CBS, on the strength of its news division, once home to Ed Murrow, Walter Cronkite and Mike Wallace, is still thought of as the Tiffany network in some quarters. Mr. Bezos might see a way to revive the prospects of the news division in the streaming age. The world's richest man doesn't need a gusher of profits. As with his ownership of the Washington Post, Mr. Bezos appears to seek the kind of influence that comes from being known as the guardian of respected, traditional news reporting.

Expect a CBS-Viacom recombination in the near term. After that, unless somebody like Mr. Bezos has interesting plans for the company, CBS's future will probably be less fun to write about than its past.

Will Florida Take a Left Turn?

POLITICS & IDEAS
By William A. Galston

With a Bernie Sanders-backed progressive facing off against a populist conservative favored by Donald Trump, the Florida gubernatorial race might turn out to be a dry run for the 2020 presidential election. But first, it could set the stage for a long-overdue debate among Democrats.

The Democratic nominee, Tallahassee Mayor Andrew Gillum, advocates Medicare for all, increasing the state corporate tax rate to 7.75% from 5.5%, and boosting the minimum wage to \$15 from \$8.25. In a statement issued during the primary campaign, Mr. Gillum endorsed "a comprehensive immigration overhaul that includes abolishment of ICE in its current form to be replaced with a more compassionate and focused agency that actually keeps us safer."

The Republican, Ron DeSantis, who recently resigned his seat in Congress, supports President Trump's agenda down the line. He sports a 100% rating from the National Right to Life Committee, 94% from the Club for Growth, and 93% from the National Rifle Association. At the other end of the spectrum, he receives 0% ratings from the NAACP and the Human Rights Campaign and 3% from the League of Conservation Voters. His website fea-

tures endorsements from Sean Hannity and Mark Levin as well as the president.

Florida is the nation's third-largest state and one of the fastest-growing. Its population is extremely diverse: nearly 26% Hispanic and 17% African-American. And it has become the most hotly contested state in presidential elections. In the five races from 2000 through 2016, the Democratic candidates have averaged 48.8% of the vote and Republicans 49.3%. In each election since 1996, the winner in Florida has prevailed nationally.

Recent gubernatorial contests have been just as competitive. In 2010 Republican Rick Scott defeated Democrat Alex Sink by 48.9% to 47.7%. In a hard-fought re-election race four years later, Mr. Scott prevailed over former Gov. Charlie Crist by 48.1% to 47.1%. Exit polls after the 2014 contest showed that turnout had fallen short of expectations in virtually every group that was key to a Democratic victory.

These narrow defeats formed the backdrop to this year's Democratic primary. Progressives argued that nominating business-friendly candidates favorable to suburban voters was a failed strategy. The alternative was to select a candidate who could inspire urban-based racial and ethnic minorities to go to the polls along with unmarried women and young progressives. Such a candidate could counterbalance the large white majorities

Republicans typically run up in small towns and rural areas, especially in the Panhandle.

Andrew Gillum is that candidate, and much is riding on how he does. If he can mobilize his base without scaring away too many moderate and suburban voters, he will be the next governor of Florida. More than that, he will have blazed the trail for progressives seeking the Democratic presidential nomination.

A lot is riding on Andrew Gillum, the progressive nominee for governor.

For decades, center-left Democrats have deployed a strategic argument against more-progressive candidates: Nominating someone squarely on the left guarantees defeat. A Gillum victory would reshape the debate, undermining the claim that a progressive candidate can't develop broad appeal. It would demonstrate that in today's polarized party system, mobilizing voters with intense preferences is more effective than persuading voters with more muted views. If this kind of appeal works among Democratic midterm voters, who are less likely to turn out in nonpresidential years, then it should work even better when the presidency is at stake. And because the winning Obama coalition has

moved left, the party must do so as well.

Stripped of their strategic arguments, centrist Democrats would have to argue their case on its merits. They would point out, for example, that single-payer health care is impractical and unaffordable. Abolishing Immigration and Customs Enforcement has nothing to do with enacting sound immigration reform. A \$15 minimum wage would eliminate more opportunity than it would create. Social insurance and antipoverty programs can't be sustained without economic growth, and there can be no growth if government treats businesses as the enemy.

The critique of President Trump is even clearer. The U.S. economy can't be decoupled from the world, which is why it's so counterproductive to pull the plug on agreements such as the Trans-Pacific Partnership. American democracy also benefits from a strong international culture of liberalism, which is why cozying up to autocrats is self-defeating.

If Americans don't believe that, despite its mistakes, the U.S. is a force for good in the world, how can we defend the sacrifices we must make to build peace, security and progress for others and a safer world for ourselves?

The Democratic Party needs to wage this debate. But it won't happen unless a center-left candidate with substance and courage steps forward to join it.

Beijing's Power Grab in a Train Station

By Gerard Gayou

President Xi Jinping declared last year that modern China's principal contradiction is between unbalanced, inadequate development and "the people's ever-growing needs for a better life." Hong Kongers can point to a different dichotomy: increasing economic development at the cost of ever-shrinking political freedom.

Hong Kong's West Kowloon Terminus opens Sept. 23, when high-speed bullet trains will shoot through the first rail tunnel connecting Hong Kong and mainland China. The now two-hour trip to Guangzhou will take 48 minutes. The project promises to transform travel within South China's Pearl River Delta, an economic powerhouse central planners hope can rival San Francisco's Bay Area.

But a novel customs co-location arrangement within the station lays Hong Kong's political autonomy across the tracks. One quarter of the

massive terminus will be leased by Hong Kong authorities to their mainland counterparts to allow passengers to pass through both immigration portals in one station. Hong Kong officials say that's necessary to fulfill the project's economic potential; otherwise, passengers would have to hop

off and on again when the train crosses the border.

But mainland officials won't merely be granted immigration authority in their corner of Kowloon. They will enjoy a range of powers, the argument goes, to prevent the terminus from becoming a hideout for fugitives from the mainland. Authorities 15 miles from the border will have the power to enforce Chinese law.

The prospect of mainland officers in Hong Kong is unset-

ting, but the bigger concern is Beijing's legal waffling over why this doesn't contravene the city's Basic Law, a mini-constitution meant to guarantee Hong Kong a high degree of autonomy as a "special administrative region." Article 18 states that domestic Chinese law won't apply to Hong Kong. Beijing claims the terminus is excluded because its scope is limited—Hong Kongers don't have to use the station if they don't want to.

The Hong Kong Bar Association argues this reasoning "completely bypasses and emasculates" Article 18, because "the fact that a law may not have immediate practical consequences for a person unless they step into a particular arena does not mean that the law does not apply to all persons." Such an argument renders the Basic Law "irreparably breached," the association said in December. And by Beijing's logic, why couldn't jurisdiction over Hong Kong be carved up until more city blocks follow mainland stat-

utes than Basic Law?

The joint checkpoint will be challenged in Hong Kong court this October, but there's almost no chance Beijing will tolerate judicial scrutiny of a policy already approved by its highest legislative body. Mainland legal scholar Tian Feilong dismissed the review's prospects in the *South China Morning Post*, writing that the Hong Kong judiciary's primary purpose is "maintaining order under the Basic Law without compromising the sovereignty, security, and developmental interests of the state."

For years, the question hanging over Hong Kong hasn't been whether its degree of autonomy will diminish, but how. The joint checkpoint—and its justification—shows how the Basic Law could be hollowed out under the guise of maintaining public order and promoting economic development.

Mr. Gayou is an assistant editorial page writer at the Journal.

BOOKSHELF | By David A. Shaywitz

How to Make Up Your Mind

Farsighted

By Steven Johnson
(Riverhead, 244 pages, \$28)

When American intelligence experts learned in August 2010 that an Osama bin Laden confidant had entered a fortified compound in the remote Pakistani town of Abbottabad, they launched an extensive evaluation and planning process that culminated in the successful May 2011 raid by U.S. special forces.

For Steven Johnson, the heroes of this mission weren't just the brave soldiers who executed it but also the planners who learned from previous mistakes—the failed hostage rescue of 1980, for instance—and ran an exemplary two-phase decision-making process. As Mr. Johnson explains in "Farsighted," mission planners first systematically widened their thinking to define their options as broadly as possible, seeking a "full-spectrum appraisal of the state of things and a comprehensive list of potential choices." Then they coned down the alternatives by playing out multiple scenarios, exploring all the ways the mission could go wrong. The process was so thorough that the only neglected item was a ruler to confirm bin Laden's height. A tape measure was included, tongue in cheek, on the plaque that Gen. William McRaven received from President Obama commanding the strategist for his planning skills.

Decades of behavioral economics research and shelves of popular literature have by now convinced us that the human mind is beset by cognitive biases, leading us to misunderstand the past, misconstrue the present and badly foresee the future. But according to Mr. Johnson, the author of several books on innovation and culture, we shouldn't despair. Yes, it's difficult to rein in our faulty intuition and domesticate uncertainty, but even so—as the bin Laden raid shows—there are tools that can improve our ability to make decisions.

Mr. Johnson is explicitly focused on real-life decisions that (ideally) involve serious deliberation—the kinds that managers and executives must make and also, at times, each of us in our own lives: whether a sales team should launch a new product; whether a jury should convict or acquit; whether a couple should marry. He is less interested in the abstract experiments—Would you choose \$900 for sure or a 90% chance to get \$1,000?—that he says constitute the foundation of behavioral economics.

When faced with complex choices, Mr. Johnson notes, we tend to frame problems in a narrow fashion. To defend against this tendency, he counsels an expansive mapping exercise, with participation from as broad and diverse a group as possible. People at the "fringe" can be especially helpful, offering suggestions that would never occur to those acculturated to the party line.

It's difficult to rein in our cognitive biases and faulty intuitions, but there are tools that can improve our ability to make decisions.

But a diversity of viewpoints isn't enough. Citing the legal scholar Cass Sunstein, Mr. Johnson observes that, although "groups often possess a rich mix of information distributed among their members," when they assemble "they tend to focus on shared information." Thus it is important to design a process that exposes "unshared information"—by meeting individually with stakeholders, for instance, instead of merely convening a town hall. Similarly, he cites research revealing that two-thirds of organizational decisions never contemplate more than a single option. There is a "gravitational pull toward the initial framing of the decision." To overcome it, he suggests considering what might be done if the presumptive path forward were suddenly blocked.

Is it possible to predict with any precision which option is most likely to succeed? Mr. Johnson points to a few strategies, including scenario planning, in which you systematically explore how different versions of the future might play out, and simulations: commandos practicing for a raid, for instance, or weather forecasters using mathematical models. "Uncertainty can't simply be analyzed out of existence," he concedes. "It is, on some fundamental level, an irreducible property of complex systems." What scenarios and simulations can offer, he says, is a way to "prepare you for the many ways that the future might unexpectedly veer."

At some point, of course, a decision must be made. Mr. Johnson highlights specific methods of arriving at a particular choice: Linear value modeling, for example, weighs the relative importance of different goals, while a bad-outcomes approach examines worst-case possibilities. Ultimately, though, once all the information is on the table, the best approach may be an instinctive one. "Give your mind the free time to mull it over," he suggests. "Go for long walks, linger in the shower a little longer than usual, let your mind wander."

Mr. Johnson starts to lose steam toward the end of "Farsighted" as he discusses the challenges of making high-stakes global decisions. How should we respond, as a planet, to the challenges of addressing climate change, communicating with alien life forms or managing computers with superintelligence? The answer seems to be: by convening diverse experts and hoping for the best. By the time we reach the book's last chapter, he has transitioned from the global to the personal: He deliberates whether to move his family to California, and our interest flags.

But it's also in this final gasp that Mr. Johnson seems to speak from the heart, revealing his passion for literature—in particular, George Eliot's "Middlemarch." Great novels matter, he writes, because "they let us experience parallel lives, and see the complexity of those experiences in vivid detail." They allow us to see "choice in all its intricacy. They map all the threadlike pressures; they chart the pathways as the choice ripples through families, communities, and the wider society." Thus Mr. Johnson reminds us that, fundamentally, choices concern competing narratives, and we're likely to make better choices if we have richer stories, with more fleshed-out characters, a more nuanced understanding of motives, and a deeper appreciation of how decisions are likely to reverberate and resound.

Dr. Shaywitz, a physician, is a venture capitalist in Silicon Valley.

OPINION

REVIEW & OUTLOOK

You Can't Bribe Susan Collins

After the undignified theatrics at Brett Kavanaugh's confirmation hearings last week, it was hard to imagine that the opposition to this competent Supreme Court nominee could get any more embarrassing. Well, how about a campaign to trade a Senator's vote for political donations?

A crowdfunding website is trying to strong-arm Senator Susan Collins, the Republican from Maine, by giving more than \$1 million to her 2020 opponent—unless she opposes Judge Kavanaugh. Donors are asked to make a financial pledge and then enter their credit-card information. As of Tuesday afternoon, 37,425 people had put down \$1,041,878.

The fine print makes clear the quid pro quo: "Your card will only be charged if Senator Susan Collins votes for Kavanaugh's confirmation to the Supreme Court." To avoid the money bomb, all Ms. Collins must do is vote "no."

It isn't clear this is even legal. We're all for citizens exercising their free-speech rights, including campaign donations, for or against political candidates. But federal law defines the crime of bribery as "corruptly" offering "anything of value" to a public official, including a Member of Congress, with the intent to "influence any official act." The crowdfunding in this case are offering something of value—withholding funds from her opponent—in return for a Supreme Court confirmation vote.

"I have had three attorneys tell me that they think it is a clear violation of the federal law on bribery," Ms. Collins says. "Actually, two told me that; one told me it's extortion."

She adds that her office hasn't "made any kind of decision" about whether to refer the matter to prosecutors. But her astonishment at the strategy is clear: "It's offensive. It's of ques-

tional legality. And it is extraordinary to me that people would want to participate in trying to essentially buy a Senator's vote."

Another pressure tactic, one Ms. Collins says she finds "incredibly offensive," is "the out-of-state voicemails being left on the answering machines of my state offices."

Many of the messages are profane. "In one case—and we are going to turn this over to the police, but unfortunately, of course, the person didn't leave a name or number—but they actually threatened to rape one of my young female staffers."

The Senator's office also has been receiving coat hangers in the mail, a grisly attempt to insinuate that a Justice Kavanaugh would restrict abortion rights. About 3,000 have arrived so far. "I am pleased to say," Ms. Collins says with a small chuckle, "we had a group that has a thrift shop that helps low-income women ask us for 300 of the hangers. So at least 300 of them have gone to a very good cause."

Even diehard opponents of Judge Kavanaugh must recognize the unseemly nature of this bid to intimidate a U.S. Senator. Not that it will work. "I'm going to do what I think is right," Ms. Collins says. "I am going to cast my vote—as I have done on all of the other Supreme Court nominees that I've been called upon to consider—based on his qualifications, his character and integrity, judicial temperament, his record, and his respect for the rule of law and fidelity to the Constitution."

Some two-thirds of Maine voters supported Ms. Collins in her last election, so opponents will have their work cut out in 2020. Meanwhile, the next time progressives complain about the menace of money in politics, remind them of their failure to object to the crowdfunding bribe offered to Senator Collins.

California's Carbon Exorcism

Gov. Jerry Brown on Monday signed a bill requiring that 100% of California's electricity be generated by renewables like wind and solar by 2045. The price of his green virtue won't be cheap.

"California is committed to doing whatever is necessary to meet the existential threat of climate change," the Governor declared. "California has been doing stuff that the rest of the world is hoping to get to one day."

That "stuff" is costing Californians dearly. See the nearby chart tracking residential electricity rates since 2011. Plunging natural gas prices—the wholesale price has fallen 28% since 2011—due to the shale drilling boom have curbed electricity rate increases in most states.

But California has moved most aggressively against fossil fuels, and what do you know? Its electric prices have risen the most in the country outside of New England, which suffers from a natural gas shortage due to inadequate pipeline capacity.

Since 2011 California's electricity rates have surged 30% compared to an 8% increase nationwide and 15% in Washington. Rates in some states like Florida (-3%) and New Jersey (-2%) have fallen modestly. Seven years ago California's electricity rates were 27% higher than the national

average. Today, they are 53% higher.

California's 100% mandate will require utilities to pay even more for new renewable generation, battery storage and transmission. The state will need about 200 times more energy storage than it currently has to compensate for gas-fired plants. Green cross-subsidies also drive up retail electricity prices. For instance, utilities pay rebates to homeowners with solar

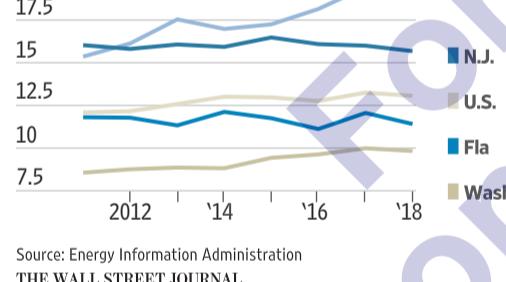
panels in addition to compensating them at the retail rate for surplus energy they remit to the grid.

Liberals say Californians won't pay more for electricity because efficiency mandates will reduce consumption. But low-energy appliances are more expensive and can, well, backfire. Customers have complained that tankless water heaters in larger homes require additional equipment to expedite hot-water delivery that can end up driving up energy costs.

Gov. Brown has also directed the California Air Resources Board to develop a plan to achieve "carbon neutrality" by 2045 so that the state emits as much carbon dioxide as it removes. This would literally require everyone to drive electric cars and farmers to develop technologies to capture cow flatulence—long after Mr. Brown has stopped exhaling CO₂ himself.

Californians Pay More

The residential cost of electricity in cents per kilowatt hour, June 2011-June 2018



Source: Energy Information Administration
THE WALL STREET JOURNAL.

The Failure to Help Taiwan

The U.S. recalled its ambassadors to El Salvador, the Dominican Republic and Panama on Friday, which prompted a cryptic warning from Beijing of all places not to "gesticulate" or make "thoughtless remarks." So why are American and Chinese diplomats jousting in Latin America?

The answer is Taiwan. In the last 15 months Beijing has convinced the three countries to drop diplomatic recognition of the island and establish relations with mainland China. The U.S. recalled its ambassadors to signal that it will downgrade ties with countries that switch. Only 17 nations now recognize Taiwan, and several of those are wavering.

China's diplomatic campaign is part of a larger effort to force Taiwan to accept reunification. Chinese leaders have threatened war if there is no progress toward this goal, and Chinese military forces are conducting maneuvers around the island. Taiwanese understandably refuse to give up their de facto independence or their hard-won democracy.

The U.S. show of solidarity with Taiwan is welcome, and perhaps the démarche will deter more diplomatic defections. But the Trump Administration could do much more to help the island. For example, in June the U.S. opened a new de facto embassy in Taipei. Taiwan's friends in Congress requested that a cabinet-level official attend the ceremony. But after China threw a tantrum, the U.S. was represented by the assistant secretary of state for educational and cultural affairs.

The U.S. is also failing to sell Taiwan the

arms it needs to defend itself, a requirement under the 1979 Taiwan Relations Act. A modest package of \$1.4 billion in arms was approved last year, but that had been put in motion by the Obama Administration. No significant new sales are under consideration.

Congress passed a defense spending bill last month calling for arms sales, joint training and exercises, and visits by senior U.S. officials to Taipei. The Taiwan Travel Act, passed unanimously and signed into law in March, urges exchanges at all levels of government.

But the Administration has failed to follow up. China-friendly officials held over from the Obama Administration were an early obstacle, in particular the acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton. She retired last month and her expected replacement, former Air Force Gen. David Stilwell, may be more forward-leaning on Taiwan. The bigger problem is President Trump's belief that he can charm President Xi Jinping into helping with other priorities such as North Korea and trade.

Moves to engage Taiwan or bolster its defense may cause fireworks in Beijing, but that is because Beijing has learned that its threats work. Li Kexin, then a counsellor at the Chinese Embassy in Washington, last December responded to a proposal for U.S. Navy port calls to Taiwan: "The day that a U.S. Navy vessel arrives in Kaohsiung is the day that our People's Liberation Army unifies Taiwan with military force." The U.S. shelved the idea, and Beijing promoted Mr. Li to deputy chief of mission.

Trump bows to Beijing when it protests U.S. help for Taipei.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

OPINION

LETTERS TO THE EDITOR

Kavanaugh Brings Out the Swamp Creatures

Regarding your editorial "The Kavanaugh Hazing" (Sept. 4): The Democrats charge that Judge Brett Kavanaugh plans to elevate executive power over power of the legislature and judiciary and therefore will be inclined to protect President Trump if Robert Mueller's investigation concludes that Mr. Trump committed a crime. A primary reason Democrats wanted access to all George W. Bush administration Kavanaugh documents was to find a smoking gun.

Supreme Court justices must be impartial in ruling on constitutional checks and balances, with no political considerations influencing their votes. So one might expect Justice Ruth Bader Ginsburg to recuse herself from any case pertaining to President Trump's executive authority. During the 2016 presidential race she publicly labeled him a "faker" who "really has an ego." If Mr. Trump did win the White House, she said it would be time "to move to New Zealand." Justice Ginsburg might think that helping clear a path to impeachment of President Trump is preferable to leaving the Supreme Court and moving to the other side of the world. Supreme Court confirmation hearings for nominees of Republican presidents have become embarrassing and shameful spectacles of hypocrisy and incivility.

BILL GREENE
Williamsburg, Va.

What I saw in the Senate hearings was blatant campaigning. These "hearings" had little to do with getting information to make decisions but were rather taxpayer-paid opportunities for politicians to demagogue for the next elections, pandering to the usual special-interest groups. They have already made their decisions regarding Judge Kavanaugh. Would there be less electioneering if these procedures weren't televised?

CHUCK COLVIN
Birmingham, Ala.

It's a shame the confirmation pro-

cess is so partisan. At least Judge Kavanaugh got a hearing, unlike Judge Merrick Garland. That Republican gambit truly represented extreme partisanship at its most destructive to our country.

KENT BEYDA
Los Angeles

The Senate hearings on the Kavanaugh nomination were a classic example of the swamp in action and demonstrate why most of us are completely disgusted with our government. The really sad part is that every senator knew five minutes after Judge Kavanaugh's nomination how he or she was going to vote.

NELSON J. SPRAGUE
Brookings, Ore.

Regarding your editorial "Cory Booker and Democratic Norms" (Sept. 7): Sen. Booker found out the problem with the "Pelosi Rule." If you don't read your material before you act on it, you end up at the very least with egg on your face. The email that Sen. Booker thought was going to show Judge Kavanaugh to be racist turned out to prove just the opposite. So why were Democrats demanding all the extra paperwork if they weren't going to read it?

TERRY A. LARSON
Seffner, Fla.

There should be an amendment to the Constitution saying that when there is an opening on the Supreme Court, the president has 30 days to nominate someone, and the Senate has 90 days from the nomination to vote on confirmation. If no confirmation vote takes place within 90 days, the president's nominee is automatically confirmed. All confirmation hearings should be done behind closed doors with no cameras, no TV.

President Obama would have gotten a vote on Merrick Garland and President Trump would get a vote on Brett Kavanaugh without all the political drama.

PATRICK L. PITINARO
Macedon, N.Y.

Anonymous Author Doesn't Inspire Confidence

Regarding your editorial "The Anonymous Resistance" (Sept. 7): My first and only reaction to the anonymous New York Times op-ed was: "Thank God." To me, and no doubt millions of Americans across the political spectrum, it was immensely reassuring.

ROBERT HUTCHINGS
Des Moines, Iowa

Elliot Richardson resigned as attorney general of the U.S. in 1973 in response to Richard Nixon's firing of special independent counsel Archibald Cox. His resignation was grounded on personal integrity and principle. The author of the Times piece should follow Mr. Richardson's honorable example. Until this happens, serious doubt will exist about the authenticity of the article and the truthfulness of the New York Times.

THOMAS H. JONES
Roswell, Ga.

I think the purpose of the op-ed is to feed the public the narrative that not only is President Trump a danger to the republic, but that his own people are working "to steer the administration in the right direction until—one way or another—it's over." It doesn't take much imagination to realize that one of the ways it might be over is via impeachment. If the Democrats win the House, impeachment is all but a certainty. But what of the Senate? The lesson of President Clinton's impeachment trial was well learned by both parties. The facts don't matter, public opinion is what counts.

JAMES EWART
Renfrew, Pa.

Those of us who are gravely concerned about an amoral leader without principles occupying the White House cannot be written off as "anti-Trumpepers." We are pro-integrity, pro-democracy and pro-truth. We believe the president is a danger and should be ousted, regardless of whether the economy is booming. We, as a country, are more than our economy. We are stewards of our environment; we are leaders in diplomacy; we support the weaker members of our society; we respect immigrants and we have a commitment to the truth, because without truth, we are nothing.

CHERYL L. RANDALL
Albany, N.Y.

It is hard to figure out who is more lacking in character and judgment: President Trump or the anonymous author of the New York Times op-ed.

BRUCE HAND
Medina, Wash.

Pepper ... And Salt

THE WALL STREET JOURNAL



P. BYRNES.

OPINION

Unions Have Stakeholders, Too

By Richard A. Epstein

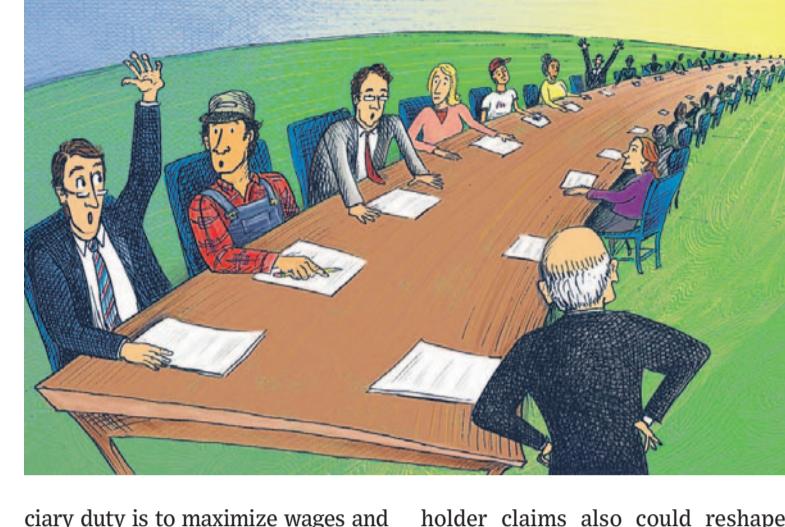
American corporate law provides that boards of directors are chosen solely by shareholders, to whom the directors owe an exclusive fiduciary duty to maximize shareholder value. That simple proposition has generated benefits not only for shareholders but also for workers, suppliers, customers, bondholders and communities.

This historical success is not good enough for Massachusetts Sen. Elizabeth Warren. She believes that corporate boards should owe fiduciary duties to all these other "stakeholder" groups. She proposes to fix that supposed defect in the current legal setup through her Accountable Capitalism Act, which would mandate that every new and existing corporation with \$1 billion or more of annual revenue obtain a federal charter.

Elizabeth Warren wants to make companies give board seats to employees. Where does her logic lead?

That charter would come at a steep price. The corporation would be required to hold elections in which employees would fill 40% of board seats—enough to give them a blocking position on any major transaction. Similar protections could easily extend to other stakeholders.

One way to test the soundness of this principle is to ask whether it could be extended to noncorporate governing bodies. Start with labor unions, which are currently governed by boards chosen by union members. These boards' sole fiduciary



BARBARA KELLEY

duty is to maximize wages and benefits for members of the bargaining unit, as they see it. But union boards give short shrift to nonunion groups. The 2018 Supreme Court decision *Janus v. American Federation of State, County and Municipal Employees* held that under the First Amendment public-sector unions may not charge fees to workers who opt out of union membership and nonetheless are bound by union contracts. These nonunion workers are surely stakeholders. Under Ms. Warren's theory, they deserve a voice on all the union boards. Perhaps non-members should fill 20% of the seats on union boards. Why not reserve seats for managers as well?

Other groups could join the queue. Public-sector unions have huge effects on local communities. Let a union strike the school-bus company, and families have to scramble to make other arrangements for their children, some of whom are disabled. Local parents and taxpayers belong on union boards, as do their employers and mortgage lenders.

This same woolly notion of stake-

holder claims also could reshape nonprofit boards and even governmental institutions. Universities could be required to set aside board seats for local residents, alumni, potential applicants, prospective employers of graduates, and of course university employees. Hospitals could have required seats for drug addicts and chronically ill patients. Churches could be required to put apostates and atheists on their boards. Seats in the Massachusetts Legislature could be reserved for people from other states, and in Congress for aliens.

If Ms. Warren's proposal made business sense, surely some entrepreneur would by now have sought a corporate charter that says, explicitly and upfront, that it will reserve 40% of its seats to her band of stakeholders once it has \$1 billion in revenues. Any takers? It is sheer institutional hubris to impose, nationwide no less, a bizarre institutional structure that no one anywhere has ever tried voluntarily. So much for treating states as laboratories for democracy.

Rejecting Ms. Warren's pie-in-the-

sky legislation does not leave corporate boards indifferent to feedback from these different stakeholders. They want and need that information—but only by contract that decides who becomes a stakeholder and on what terms.

Take employees. Any good management team knows that employee input and buy-in is critical for business success. Management does not want labor law to choke off communications with workers. But it does, and that mistake should be undone. How? By undoing the two objectionable features of the National Labor Relations Act.

First, repeal Section 8(a)(2), which forbids the formation of company unions, inserted in the NLRA solely to insulate ordinary trade unions from competition. Company unions by design wield no market power, so that they cannot organize strikes or slowdowns. But they can facilitate the flow of useful information to make workplace operations more efficient, for the benefit of management and labor.

Second, repeal the rule that today allows labor unions, as the exclusive bargaining representative, to block any direct communications between employees and the firm on such key matters as benefits, pension and workplace rules.

The basic analysis here applies across all boards. No one can serve two masters, so that fiduciary duties need a single focus. Other stakeholders then have their voices heard by contracting with the company. De facto nationalization of all corporations is not needed to close any communication gaps between management and labor.

Mr. Epstein is a law professor at New York University, a senior fellow at the Hoover Institution and a senior lecturer at the University of Chicago.

Carbs, Good For You? Fat Chance!

By Nina Teicholz

The U.S. government's nutrition advice since 1980 has mainly been to increase consumption of carbohydrates and avoid fats. Despite following this advice for nearly four decades, Americans are sicker and fatter than ever. Such a record of failure should have discredited the nutrition establishment. Yet defenders of the nutrition status quo continue to mislead the public and put Americans' health at risk.

A widely reported study last month purported to show that carbohydrates are essential to longevity and that low-carb diets are "linked to early death," as a USA Today headline put it. The study, published in the Lancet Public Health journal, is the nutrition elite's response to the challenge coming from a fast-growing body of evidence demonstrating the health benefits of low-carb eating.

Dietary dogma's defenders continue to mislead the public and put Americans' health at risk.

The authors relied on data from the Atherosclerosis Risk in Communities study, or ARIC, which since 1987 has observed 15,000 middle-aged people in four U.S. communities. Funded by the National Institutes of Health, ARIC may seem robust study, but it is based on a thin data set. Researchers' food questionnaires typically feature between 100 and 200 dietary items, but participants in this study were queried on only 66. Popular foods such as pizza and energy bars were left out, with undercounting of calories the inevitable result. ARIC calculated that participants ate only 1,500 calories a day—starvation rations for most.

Further, the ARIC participants' eating habits were tracked only twice, from 1987-89 and 1993-95. After 1995 the study's participants were assumed to have continued eating the same diet for the next 15 years. During that time the Mediterranean diet craze hit and the junk-food industry exploded, yet ARIC captured none of these effects.

Diet questionnaires are inherently unreliable since people tend to under- and overestimate food quantities to make their diets look better. The Lancet authors' treatment of the data also falls short. They make no mention of adjusting their results for alcohol consumption, for example, which is a critical factor in longevity.

It gets worse. The authors threw out any data on carb consumption from subjects who "developed heart disease, diabetes, and stroke" before the second diet visit, "to reduce potential confounding." They don't reveal how much evidence was dropped, but this seems like it would be the most relevant portion of any study about the relationship between carb consumption and disease.

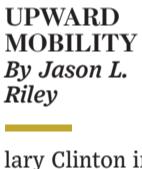
Randomized controlled clinical trials are considered the scientific gold standard because they can demonstrate cause and effect, which ARIC's associational data can't. The authors of the Lancet study give short shrift to the more than 70 such trials that have looked at the health effects of a low-carb diet. While grudgingly acknowledging the "beneficial short-term weight loss and improvements in cardiometabolic risk" from high-fat/low-carb diets, the authors claim without evidence that such diets have been "hypothesized to stimulate inflammatory pathways, biological aging, and oxidative stress."

The Lancet authors, in recommending a "moderate" diet of 50% to 60% carbohydrates, essentially endorse the government's nutrition guidelines. Because this diet has been promoted by the U.S. government for nearly 40 years, it has been tested rigorously in NIH-funded clinical trials involving more than 50,000 people. The results of those trials show clearly that a diet of "moderate" carbohydrate consumption neither fights disease nor reduces mortality.

Lancet Public Health (a separate journal from its more prestigious parent, the Lancet) charges contributors an "article processing fee" of \$5,000. The journal publishes papers that need to be distributed "quickly" to "advance public health policies." What exactly was the rush here? Given the lack of rigor, it seems the paper's purpose was not to help people eat better and live longer but rather to quash public interest in low-carb, high-fat diets. Needlessly scaring people away from diets with established health benefits could endanger the public.

Ms. Teicholz is a science journalist, author of "The Big Fat Surprise," and executive director of the Nutrition Coalition.

Third Time's the Charm for Obama in Midterms?



Barack Obama's return to the campaign trail may be just what Republicans need with eight weeks left until the midterm elections.

Democrats are hoping the former president can energize voter blocs that didn't support Hillary Clinton in 2016. He will appear in campaign videos, lend his name to fundraising mailers, and give stump speeches. For a taste of what's to come, on Friday Mr. Obama called the Trump administration "a threat to democracy" and accused President Trump of "capitalizing on resentment" and pandering to white supremacists. Even the Washington press corps noted his brazenness. "The sight of a former president going directly after his successor," reported the Hill newspaper, "was like nothing previously seen in modern political history."

Mr. Obama is perpetuating the same political division he denounces, and it's possible that such rhetoric will have the intended effect of jazzing up Democratic voters down the stretch. But the potential danger for Democratic candidates is that Mr. Obama's prominent campaign presence may also rile up an even larger number of Trump supporters.

It's still anyone's guess whether Mr. Trump can convince members of his base to go to the polls and pull the lever for Republicans nationwide when he's not on the ballot. What we do know is that Mr. Obama has been recruited to do something he was never that good at while president: getting other Democrats elected.

Mr. Obama won the presidency in 2008, but Democrats lost their House majority in the 2010 midterms. He won re-election in 2012, but his party lost the Senate two years later. In both midterm elections, the president proved unable to transfer his personal appeal to other Democrats

running for office. He fared no better in trying to pass the baton to Mrs. Clinton two years ago.

During the Obama era, Democrats in state government went the way of their counterparts in Congress. According to the National Conference of State Legislators, the Democrats lost a net 13 governorships and 816 state legislative seats on Mr. Obama's watch, which is more than any president's party since Eisenhower. As the political website FiveThirtyEight once observed, "Barack Obama won the White House, but Democrats lost the country."

Despite this track record, Democrats are turning to Mr. Obama because he remains the biggest star in the party. They're also turning to him because they believe his brand of identity politics is the best way to beat Mr. Trump. Earlier this summer, Mr. Obama implored his fellow Democrats to "engage with people not only who look different but who hold different views." Apparently, he had second thoughts.

Between now and Election Day, Mr. Obama will not spend a lot of time reaching out to voters who once supported him and later swung to Mr. Trump. Instead, his focus will

be on those minorities and progressives who could not abide Mrs. Clinton and who have little interest in colorblind political appeals. The Democrats' read on 2016 is that external circumstances beyond their control cost Mrs. Clinton the election. They continue to fault Russian interference and fake news, not a

The former president didn't have much success helping other Democrats get elected in 2010 or '14.

flawed campaign strategy that was more focused on Mr. Trump's personal shortcomings than on the concerns of his supporters. Tapping Mr. Obama to help them over the finish line this year is in keeping with this interpretation.

But several political scientists with whom I spoke this week viewed Mr. Obama as an answer to a problem that may not exist. They also warned that Democrats could be underestimating how divisive a figure the former president remains, de-

spite being adored by the party faithful. "The attitudes of Trump supporters toward Obama haven't really changed," said Emily Ekins, director of polling at the Cato Institute, whose research has focused on Trump voters. "He's still very polarizing among them. It's possible that Obama could be a net benefit, but he could also have more of a motivating effect on the conservative side."

The unusually strong Democratic turnout in this year's primary elections is the best indication that Democrats may not need the former president's urging to vote this year. Even if Mr. Obama helps his party at the margins in a few swing districts, it's long been clear that Mr. Trump alone is doing more than anyone in the country to motivate Democrats.

Mr. Obama's re-emergence gives Mr. Trump a legitimate target that he didn't have before. Hillary Clinton effectively ran for a third Obama term. The country, in a sense, rejected both of them, and Mr. Obama's return is a reminder of that. How ironic would it be if the former president inadvertently continued to damage Democratic prospects even after leaving office?

God Said, 'Be Fruitful and Multiply'

By Robert C. Hamilton

boys zipped through the crowd on scooters like dive-bombers on a mission, with *tzitzis* (knotted fringes) and *peyes* (long side-curls) flying in the air.

Israelis are taking Genesis 1:28 seriously. The Jewish state's fertility rate is 3.1, far above replacement.

Where I had started, the airport was hushed and gray, a space designed for efficiency. Its unadorned industrial motif was utilitarian, if not nihilistic. At my departure gate, I found a vibrant and chaotic scene, alive with color, noise and frolicking kids. I relaxed. As a pediatrician, I recognized the messiness; I work in that universe each day.

My experience vividly displayed how two countries, Belgium and Israel, view children. Israel treasures them. According to a 2018 report from the Organization of Economic Cooperation and Development, the fertility rate for Israeli women stands at a robust 3.1, nearly double the level of most European nations. The Belgian fertility rate is 1.7, well below the replacement rate of 2.1.

Israel's high fertility is a complex phenomenon, but it seems to arise from cultural norms sustained by religion. The Israeli Democracy Institute reported in 2017 that ultra-Orthodox Haredi Jewish women bear an average of 6.9 children. But at only 12% of the population, Haredi fecun-

dity cannot explain the entire story. In fact, the rise in the Israeli birthrate since the late 1990s has been driven by the non-Haredi population. Orthodox women have a fertility rate of 4.2. The rates for "traditional religious" and "traditional not so religious" Israel women are, respectively, 3 and 2.6. Even secular ones exceed 2.1, up 15% in the past 15 years. Arab Israelis likewise have a high fertility rate, around 3.1, but by 2017 Israel's overall Jewish fertility rate had surpassed it.

This norm of childbearing reflects a consensus among Israel's communities. Collective beliefs about life, liberty and the pursuit of happiness inform each citizen's personal choices, and inevitably affect the nation's demography.

Nations that don't recognize children as central to a good life will face serious economic consequences. Without enough young workers, aging societies will struggle to support the sick and elderly. These troubles await not only Belgium but also Japan, China, most of Europe and even the U.S.

My experience in Brussels was a glimpse into tomorrow. Despite the political challenges Israel faces, I'm bullish on its future. It celebrates life. Belgium, on the other hand, looks old and fading. As a Jewish sage once put it, "A child without parents is an orphan, but a nation without children is an orphan people."

Dr. Hamilton practices pediatrics in Santa Monica, Calif., and is author of "7 Secrets of the Newborn" (St. Martin's, 2018).

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WORLD NEWS

Orban Loses Ally Ahead of Sanctions Vote

European center-right group says Hungarian leader eroded democratic norms

BY VALENTINA POP AND DREW HINSHAW

STRASBOURG, France—Europe's center-right establishment unexpectedly dropped its support for Hungarian Prime Minister Viktor Orban, raising the likelihood the country would be censured in the European Parliament.

In a parliamentary debate on Tuesday with Mr. Orban on the rule of law in Hungary, several top EU lawmakers said he had gradually eroded the post-Communist country's fledgling democracy since coming to power eight years ago.

It was the first time in Mr. Orban's long-running disputes with the EU that the influential European People's Party—the largest group in the EU Parliament, which includes the party of German Chancellor Angela Merkel—dropped its support for Mr. Orban.

"We see evidence of clientelism, corruption, conflicts of interest and no serious investigations being undertaken in Hungary," said German EPP lawmaker Ingeborg Gräßle,



Hungary's Prime Minister Viktor Orban accused the European Parliament of 'Communist-style behavior.'

who chairs the Parliament's committee in charge of checking how EU funds are being spent.

Other party leaders criticized Mr. Orban's government policies of curtailing media freedom and silencing critics in academia and in nongovernmental organizations.

The Hungarian leader has in recent years become a model for parties seeking tougher anti-immigration policies in Europe, after he erected a fence on his country's borders and curtailed migrant rights.

Those polices also came in for criticism by European leaders, who accused his government of discrimination against minorities and ruthlessness toward migrants that they say are kept in detention and sometimes aren't fed.

"We can't watch idly as the Hungarian government destroys fundamental freedoms," said German Social-Democrat Petra Kammerevert.

With the EPP turning on Mr. Orban, a vote scheduled for Wednesday is likely to start a

similar attempt initiated last year to censure Poland over its legal standards. If all EU governments agree in coming months, the procedure could result in the EU stripping Hungary of its voting rights.

There likely isn't enough of a consensus among European governments for that step to take place. Still, the vote adds to the stigma facing Mr. Orban: Even like-minded leaders on Europe's right, sympathetic to his tough-on-borders nationalism, say they are uneasy about

the changes he has made to his country's constitution.

The EPP's leader, Manfred Weber, said he would vote for the sanctions procedure to be triggered. "I didn't see a readiness of the Hungarian prime minister to contribute to a solution," Mr. Weber said.

Mr. Orban defended his policies and accused Parliament of "Communist-style behavior" in trying to dictate how the country is run. He said the split within the EPP wasn't about democracy but about migration. In his view, the decision to trigger the sanctions procedure against Hungary was decided in Berlin because Ms. Merkel is trying to cobble together support for a "pro-migration coalition" with the center-left and with French President Emmanuel Macron, who isn't affiliated with any pan-EU party.

Mr. Orban vowed to "fight against being flooded by migrants, even if we are a small country and not as powerful as the chancellor."

Tuesday's events in the European Parliament ran against Mr. Orban's wager that hard-right parties would rise to power on the continent, drawing inspiration from the "illiberal state" he says he is building in Hungary. Last year, Mr. Orban predicted a "year of re-

bellion" in which illiberal parties would take the helm of Europe's biggest powers, such as France and Germany.

Instead, such parties have mainly gained in opposition. Centrist and center-right parties from the Netherlands to Austria have tilted toward Mr. Orban's position on immigration. But some have also grown uncomfortable with his vision of a sweeping shift toward an illiberal Europe.

"I think he's daydreaming. It's not going to happen," said Eva Balogh, a retired professor of Hungarian history at Yale University. "I think they are tired in the European Union, year after year after year, hearing complaints about him."

The European Commission, the bloc's executive branch, represented by former Dutch Foreign Minister Frans Timmermans, supported the recommendation to trigger the sanctions procedure.

If approved on Wednesday by two-thirds of the EU Parliament's 751 members, the sanctions procedure carries little more than political stigma. The bloc would struggle to impose sanctions, such as a suspension of Hungary's voting rights. Mr. Orban can count on Poland to veto any sanctions against his country, as he has promised to do the same in return.

WORLD WATCH

UNITED KINGDOM

Carney to Remain At Bank of England

Bank of England Gov. Mark Carney agreed to stay on at the central bank until 2020 to help steer the economy after the U.K. exits the European Union.

His decision came as senior officials from London and Brussels reiterated they hope to agree within two months on terms of the U.K.'s withdrawal from the EU.

The Treasury and the BOE said Mr. Carney extended his term to January 2020 to offer investors continuity during the exit and give the government more time to select a successor. The U.K. is set to leave the EU in March.

—Jason Douglas

AFGHANISTAN

Suicide Bomber Kills Dozens of Protesters

A man wearing an explosives vest waded into a throng of demonstrators protesting alleged brutality by a regional police commander and blew himself up, killing dozens of people and wounding more than a hundred.

The Nangarhar province affiliate of Islamic State didn't comment on the attack. The Taliban denied involvement.

A Nangarhar health official said 33 protesters were killed and 128 people were wounded. The toll was expected to rise.

The blast was directed at a political demonstration in which several hundred people blocked a highway from the provincial capital Jalalabad to Torkham, on Afghanistan's border with Pakistan. They were demanding the government arrest the police commander in the Achin district, Bilal Padshah, whom they accuse of extortion, looting and murder, allegations he has denied.

—Craig Nelson

MEXICO

President-Elect Plans Raises in Worker Pay

President-elect Andrés Manuel López Obrador is preparing legislation to overhaul Mexico's collective-bargaining system in a bid to improve wages, while helping comply with labor-rights provisions of a recent trade pact with the U.S., a top aide said.

Mr. López Obrador aims to effectively ban so-called protection agreements, or collective contracts signed without worker consent, by requiring unions to show they have the backing of at least 30% of workers before signing a contract, said Luisa María Alcalde, who will be labor minister when Mr. López Obrador takes office Dec. 1.

Meanwhile, the Workers' Party is still struggling to compensate for its founder's absence on the campaign trail.

Mr. Haddad, a former São Paulo mayor, has begun to inherit some of his political godfather's popularity, rising to 8% from 5% over the past two weeks in BTG's poll.

—Juan Montes

Xi, Putin Hold Joint Culinary Exercises in Vladivostok



A TASTE OF RUSSIA: As Chinese and Russian troops held joint military maneuvers, the first time Moscow has invited a country outside a circle of former Soviet allies, Chinese President Xi Jinping and President Vladimir Putin enjoyed Russian pancakes with caviar and shots of vodka in Vladivostok, where Mr. Xi was attending an economic forum.

One Stabbed, One Jailed: Rivals' Fates Jolt Brazil Race

BY SAMANTHA PEARSON

SÃO PAULO—Even as unorthodox politics becomes the new norm across much of the world, Brazil's presidential race is emerging as particularly unusual: One of the top two contenders is campaigning from a hospital bed and the other from a police cell.

Right-wing candidate Jair Bolsonaro, 63, was stabbed in the gut on Thursday by a leftist religious fanatic in a knife attack that almost killed him. The former army captain is expected to remain bedridden for at least a week and off the campaign trail until the October elections.

Meanwhile, Luiz Inácio Lula da Silva, a former president celebrated on the left and Mr. Bolsonaro's chief rival, has been campaigning from a police cell in southern Brazil where he is serving a 12-year corruption sentence. Having been declared ineligible by Brazil's electoral court, on Tuesday he transferred his candidacy to running mate Fernando Haddad, but political operatives say he will remain the Workers' Party's de facto candidate, calling the shots from his cell.

That leaves the most visible symbols of right and left largely absent from Brazil's high-suspense presidential campaign, even as they remain

the most popular figures among voters.

"The political center has crumbled in Brazil, like it has in so many other places, and this is what we have been left with," said Eduardo Mello, a professor of politics and international relations at Brazil's Getúlio Vargas Foundation.

Just as Mr. da Silva has garnered support by presenting himself as a victim of an elitist judicial system and political coup, Mr. Bolsonaro's suffering has also inspired sympathy, with his popularity surging to 30% after the attack from 24% two weeks earlier, according to a new poll by FSB Pesquisa for BTG Pactual Bank released Monday. That puts him in position to come out on top in the first round of voting on Oct. 7, though not to win enough votes to avoid a runoff later in the month.

At a time of profound voter disillusionment with the establishment, the sidelining of the two most prominent politicians could be a blow to Brazilian democracy, said political scientist Leonardo Barreto of Factual, a Brasília-based consulting firm. Voters are hung up on the soap opera-like details of the personalities competing in the race, he said, instead of hearing public policies debated at a time when the economy is barely growing and crime is rampant.

Such an unorthodox campaign "is terrible for Brazil," Mr. Barreto said. "It's possible that the very result of the election will also be questioned afterward, and this is very problematic for a young democracy like Brazil."

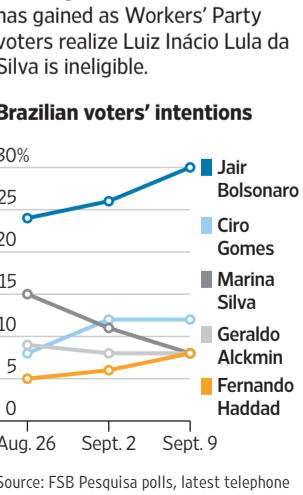
Mr. da Silva, 72, was convicted in July last year for accepting a beachfront apartment as a bribe in Brazil's vast Car Wash graft scandal. He was banned from taking part in the elections under a law

barring convicted politicians from running for office. His party's goal now, observers say, is to elect enough of its members to congress in October to force the Supreme Court to free Mr. da Silva or release him to home arrest.

Mr. Bolsonaro was forced to undergo emergency surgery to his intestines last week after a man with reported mental-health problems plunged a knife into his abdomen during a campaign event.



Presidential candidate Jair Bolsonaro in his São Paulo hospital room on Saturday.

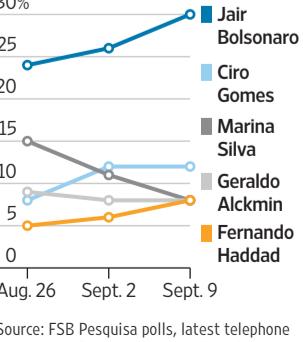


THE WALL STREET JOURNAL.

In Flux

Right-winger Jair Bolsonaro's popularity has risen since his stabbing, and Fernando Haddad has gained as Workers' Party voters realize Luiz Inácio Lula da Silva is ineligible.

Brazilian voters' intentions



THE WALL STREET JOURNAL.

The two men have very different answers to Brazil's plethora of problems, which range from a bulging budget deficit to deep income inequality and more than 60,000 murders a year. Mr. Bolsonaro proposes privatization of state assets, looser gun laws and hard-line policing. Mr. da Silva wants generous government handouts for the poor and higher taxes for the rich.

Both men now face the challenge of winning hearts and minds in a country of 210 million people from the confines of their living quarters.

Mr. Bolsonaro has already passed the campaigning baton on to his three eldest sons, Eduardo, Flávio, and Carlos. Posting pictures to Twitter of the lacerated and bloodied T-shirt their father was wearing when ambushed, his sons have called on supporters to take to the streets in his name.

"Each one of us is Bolsonaro," his son Flávio shouted to his followers at a weekend campaign event on Rio de Janeiro's Copacabana beach.

Meanwhile, the Workers' Party is still struggling to compensate for its founder's absence on the campaign trail.

Mr. Haddad, a former São Paulo mayor, has begun to inherit some of his political godfather's popularity, rising to 8% from 5% over the past two weeks in BTG's poll.

—Juan Montes

BUSINESS & FINANCE

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S&P 2887.89 ▲ 0.37%

S&P FIN ▲ 0.12%

S&PIT ▲ 0.84%

DJ TRANS ▼ 0.17%

WSJ \$IDX ▼ 0.06%

LIBOR 3M 2.334

NIKKEI (Midday) 22571.76 ▼ 0.41%

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Alibaba Finds Partner in Russia

Stake in Mail.Ru is part of e-commerce push, geopolitical bonding of neighbors

Chinese e-commerce giant **Alibaba Group Holding** Ltd. agreed to take a 10% stake in one of Russia's biggest tech players—a commercial tie-up that comes as both countries move to strengthen geopolitical bonds.

The stake in **Mail.Ru Group** Ltd., one of Russia's earliest and most prominent internet firms, would be worth about \$484 million, based on

Mail.Ru's market valuation Monday. The company's global depositary receipts, traded in London, finished almost 12% higher Tuesday after the deal was disclosed.

By Anatoly Kurmanayev in Vladivostok, Russia, and Stu Woo in London

The transaction is part of a broader venture—unveiled Tuesday on the sidelines of a China-Russia summit—that is aimed at creating what Alibaba and its new Russian partners say will be the biggest online-shopping platform in the country.

The investment is modest for Alibaba, and targeted at a relatively small e-commerce market. Still, it represents an unusually high-profile strategic partnership between Chinese and Russian tech giants. Both Alibaba and Mail.Ru have been instrumental in building local alternatives to the Western-built internet, dominated by U.S. tech companies like Facebook Inc. and Amazon.com Inc.

Mail.Ru started out in the late 1990s as a simple email service but has grown to be a colossus of the Russian internet. It owns Russia's most popular social network, Vkon-

takte. Through Vkontakte and other social networks and platforms, Mail.Ru claims it reaches 90% of Russia's internet users at least once each month.

The deal with Alibaba was disclosed in Vladivostok, Russia, as Russian President Vladimir Putin met there with Chinese leader Xi Jinping. Russia and China have recently forged closer ties as both countries face mounting antagonism from Washington. Chinese and Russian troops began joint military exercises in Russia's Far East on Tuesday.

The two countries' eco-

nomic and commercial relationship has lagged—relegated in large part to Chinese investment in natural-resource plays and purchases of hydrocarbons and other commodities. The Mail.Ru deal adds a small but significant technology partnership to that mix.

"Russo-Chinese cooperation in tech is one of the most promising avenues for bilateral relations," said Kirill Dmitriev, head of the state-owned Russian Direct Investment Fund, one of the investors in the new joint venture.

Apart from the geopolitical overtones, the deal represents

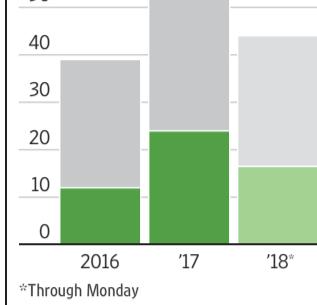
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Answering the Call

Issuance of U.S. structured notes registered with the Securities and Exchange Commission, by type

Auto-callable Other

\$60 billion



*Through Monday

Source: mtn-i

THE WALL STREET JOURNAL.

FANG Stock Play Can Fall Short

BY BEN EISEN

Investors looking to reap the gains of highflying technology stocks while avoiding the risk are finding they can't do both.

Citigroup Inc., UBS Group AG and Royal Bank of Canada are among the banks that this year have issued more than \$1 billion of a type of structured notes linked to one or more of the four FANG stocks: Facebook Inc., Amazon.com Inc., Netflix Inc. and Google parent Alphabet Inc. Issuance has more than doubled this year through mid-July from a year earlier, according to mtn-i, a London firm that tracks private debt markets.

The notes are often sold to mom-and-pop investors seeking higher-yielding alternatives to government debt, which is reliably safe. Offering documents say that buyers can earn fixed payouts of as much as 25% of the purchase price annually without taking on the risk of outright common-share ownership.

Yet many of these FANG-

Google Gets Rare Support In Europe

BY SAM SCHECHNER

LUXEMBOURG—The European Union's executive arm on Tuesday joined **Alphabet** Inc.'s Google and a group of free-speech advocates to oppose expanding the bloc's "right to be forgotten" beyond European borders.

In arguments before the EU's top court, the executive arm as well as countries including Ireland and Greece argued that a global application of the right would stretch the EU's privacy laws beyond their intended scope—echoing at least some of Google's arguments.

"We don't see extraterritoriality" in EU privacy law, said Antoine Buchet, a lawyer for the European Commission during questioning by EU judges. "It's intellectually difficult to enter into that logic and give a universal effect to removals."

The EU's right to be forgotten allows individuals to request removal of search results for their own names that include personal information, such as the person's home address or details of criminal convictions.

The executive arm's declaration before the EU's top court, known as the Court of Justice, came as part of Google's appeal of a 2015 order from France's privacy regulator, the CNIL, to extend the EU's right to be forgotten to all of its websites, no matter where they are accessed.

A nonbinding opinion in the case from one of the court's advocate generals is expected on Dec. 11, with a decision coming in following months.

The CNIL-Google case has taken on additional significance as a bellwether for attempts by EU countries and others to enforce their own laws overseas. The issue is arising more frequently in the digital age because data stored in one place could be subject to laws—such as those governing criminal proceedings, hate speech or privacy—in the event the information is accessed halfway around the world.

The support of the commission for even part of Google's position is notable because of the legal battles the EU's executive arm and Google are waging on other topics. The commission has twice fined Google on antitrust grounds, for a total of about €6.76 billion (\$7.85 billion). Google has appealed or said it would appeal the rulings, meaning the cases could eventually return to the Court of Justice.

Under the right to be forgotten, established by the same court in 2014, search engines must balance requests for data removal against the public interest in keeping the results linked to a person, for instance, in the case of politicians. When links are removed, the information isn't eliminated from all searches, only those for the requester's name.

Since 2014, Google has re-

Major U.S. indexes have recovered from the global selloff that began in late January, while Chinese stocks and a benchmark emerging-markets index have slipped into bear-market territory.



The Bear Mauls Another Market

Hong Kong's stocks fell into a bear market Tuesday, another casualty of an international selloff driven by trade

By Saumya Vaishampayan, Michael Wursthorn and Steven Russolillo

tensions, a stronger dollar and worries about the resilience of developing economies.

It is the latest sign that stocks around the world are feeling the pressure of the trade fight, exposing the global market's fragility to the spar-

ring between the U.S. and major trading partners in Europe and Asia.

To date, major U.S. indexes have mostly stood their ground, hitting new highs late last month, amid strong economic data and corporate earnings. The S&P 500 and the Dow Jones Industrial Average both rose 0.4% Tuesday, while the Nasdaq Composite added 0.6%.

But resurgent trade tensions have knocked the S&P down 0.5% so far this month, putting it on pace for its first monthly loss since March.

And shares of several big

American conglomerates, including heavy-equipment maker Caterpillar Inc., car maker General Motors Co. and aluminum-products maker Arconic Inc., have tumbled more than 20% from their recent highs, meeting the common definition of a bear market.

Hong Kong's Hang Seng Index reached the same milestone Tuesday, following China's benchmark Shanghai Composite in June and MSCI's flagship emerging-markets index last week. Investors have been feeling pain particularly in Turkey and Argentina as in-

dexes in those emerging markets have struggled against the rising dollar.

The overseas selloff deepened Tuesday after reports that China plans to ask the World Trade Organization for permission to impose sanctions on the U.S., which just a week earlier said tariffs on an additional \$267 billion in Chinese goods were ready to go. Trade negotiations between the European Union and U.S. haven't

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INSIDE



NEW ROBOTS SEE HOW TO MAKE THE SAUSAGE

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HEARD ON THE STREET | By Dan Gallagher

In This Chip Deal, Size Matters

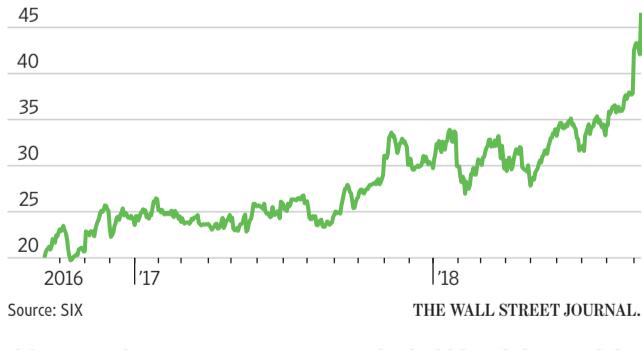
 Renesas Electronic Corp.'s \$6.7 billion acquisition of Integrated Device Technology Inc. is its largest purchase ever. Whether the chip deal goes through may hinge on it being small enough to escape notice.

Japan's Renesas, one of the largest suppliers of chips to the auto industry, said Tuesday it would pay \$49 a share in cash for IDT. That represents a premium of nearly 30% over IDT's share price from late August, just before Renesas announced that the two were in talks. IDT's chip products are used in areas like autonomous driving systems, boosting Renesas's presence in that hot market.

The deal makes sense and integration should be smooth. However, this also is a deal in the sensitive area of semiconductor chips at a time of growing trade tensions between the U.S. and China. That feud already has iced two major chip deals

Driven

Integrated Device Technology's share price



Source: SIX

this year. The U.S. government killed Broadcom's \$117 billion bid for Qualcomm, while Qualcomm's \$44 billion bid for NXP was called off after Chinese authorities failed to approve it after nearly two years.

Renesas says it doesn't anticipate trouble from China because only about 10% of IDT's revenue comes from there. Christopher Rolland of brokerage Susquehanna says that IDT's exposure to China "leaves it right

on the bubble of the need for regulatory review." On the U.S. side, Renesas got regulatory approval for its acquisition of chip maker Intersil last year.

The deal may succeed for two other reasons. Renesas is from Japan, which has deep business relationships with both the U.S. and China, and the price is a fraction of the value of the two failed deals. This might be one of the few international tech deals to sneak by this year.

linked notes fail to produce returns anywhere near that stated range, according to an analysis of securities filings by The Wall Street Journal. Many times, the upfront fees that banks collected were higher than the total returns earned by investors.

That is partly because the notes—dubbed “auto-callable” because a rise in the stock price contractually triggers their redemption—are often redeemed in less than a year, and sometimes in as little as a month. In many cases, the auto-callable provision leads investors to earn scant returns and receive their money back long before the stated term of the investment.

When Citigroup sold \$16.3 million of auto-callable notes tied to Amazon.com shares in mid-February, the firm advertised a 10% potential annual coupon for three years. Three months later, Amazon shares were up more than 20%—but the note was called, meaning that investors who purchased it received a total payout of 2.5%. The bank collected 3.5% in fees, according to calculations by Joe Halpern, a former structured-notes trader and chief executive at asset management firm Exceed Investments.

Citigroup declined to comment.

“These products give these great teaser yields, and I think people have been drawn to it,” Mr. Halpern said. Then, many of “these things will be called after the first quarter.”

In the first quarter of 2018, banks issued 275 FANG-linked auto-callable notes, totaling

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Cancer-Clinic Startup Attracts \$200 Million

BY MELANIE EVANS

Private-equity firm **General Atlantic** has agreed to invest \$200 million in a startup that aims to manage independent cancer-treatment clinics, the latest sign investors see opportunity in the health-services sector.

The investment makes General Atlantic the majority owner of **OneOncology**, a startup that launched this month. Its founders, three cancer-treatment practices in Tennessee and New York, are the other owners and its first customers.

In return, the practices it acquires will receive an ownership stake in OneOncology.

Health-care services has emerged as an attractive investor target. At nearly \$2 billion in the first six months of the year, investment in the sector has surged toward the 2015 high of \$2.61 billion, Dow Jones VentureSource data show.

General Atlantic, of New York, invested earlier this year in Landmark Health LLC, which takes care of chronically ill patients at their homes.

The private-equity firm takes stakes in companies with the potential for strong growth, and sees high demand for cancer care given the prevalence of the disease and complexity of its treatment, said General Atlantic Principal David Caluori.

The heavy capital needs and high profit potential has driven hospital consolidation, said Jeff Vacirca, a OneOncology director who is chief executive of New York Cancer & Blood Spec-

ialists, a cancer-treatment group that is one of the startup's owners.

Better-capitalized hospitals have been buying up the cancer-doctor practices, and businesses such as McKesson Corp.'s US Oncology unit are getting paid to run them.

OneOncology aims to provide an alternative to the other suitors, according to board members. The startup plans to acquire the assets of additional cancer practices, hire their nonclinical employees and use its heft to negotiate better terms for business services.

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BUSINESS NEWS

Auto Sales In China Sputter On Trade Tensions

By TREFOR MOSS

SHANGHAI—Chinese auto sales fell in August for the second successive month, as market saturation and weak consumer confidence combined to slow the world's biggest car market.

Vehicle sales fell 3.8% to 2.1 million last month, the government-backed China Association of Automobile Manufacturers said on Tuesday. That followed a 4% drop in July.

The decline reflects uncertainties about the Chinese economy against a backdrop of worsening U.S.-China trade tensions, said Xu Haidong, assistant secretary-general of the manufacturers' association. Sales growth has particularly weakened in smaller Chinese cities, where consumers are typically less affluent and are more sensitive to price rises or economic uncertainty, Mr. Xu said.

Sales are also likely being hurt by a government crackdown on peer-to-peer lending,

Ford Motor said its sales in the country fell 36% in August from a year earlier.

according to analysts, which makes it difficult for some consumers to access credit.

Ford Motor Co. said its China sales fell 36% in August year-over-year to 62,683 vehicles, continuing a string of bad monthly results for the U.S. auto maker.

Ford executives have said that new product launches are expected to trigger a turnaround, but probably not before 2019.

General Motors Co. recently stopped reporting monthly sales figures in China, but its local partner, **SAIC Motor**, said sales were down at both of its joint ventures with GM in August.

Sales at SAIC-GM, which builds Buick, Cadillac and Chevrolet vehicles, were down 4% at 158,616 vehicles, while sales at SAIC-GM-Wuling, which builds cars under local Chinese brands, fell 6% to 145,515 vehicles.

In contrast, **Toyota Motor** Co.'s sales increased by 23% to 133,000 in August, and by 12% in the first eight months of the year.

Toyota also reported that Lexus sales jumped 59% in August, as its premium brand benefited from price cuts enabled by China's recent reduction of auto tariffs to 15% from 25%. U.S. imports don't benefit from that reduction, however, with Beijing having slapped a punitive 25% tariff on U.S.-built vehicles in retaliation for new American tariffs on foreign cars.

The August numbers add to more concerns about a second-half slump in China's auto market, a turnaround after vehicle sales rose 5.6% in the first six months of 2018.

Passenger-car sales declined 4.6% to 1.79 million in August, putting pressure on auto makers that have been struggling to deliver growth in China this year. Commercial-vehicle sales increased 1.1% to 313,000.

The sport-utility-vehicle segment, which has grown at double-digit rates for several years, is finally nearing saturation point, said Yale Zhang, managing director of Shanghai consultancy Automotive Foresight.

Rising gasoline prices and falling confidence among Chinese consumers mean that some people are delaying purchasing decisions, especially when it comes to upgrading to a costly SUV.

"Now that the SUV segment has slowed down, there's really no growth point in the China market," said Mr. Zhang, who forecasts that the auto market will grow by no more than 1% this year.

—Lin Zhu in Beijing contributed to this article.



Food makers are combining advances in laser vision with artificial-intelligence software so robots can do certain tasks done by humans such as inspecting toppings on pizzas.

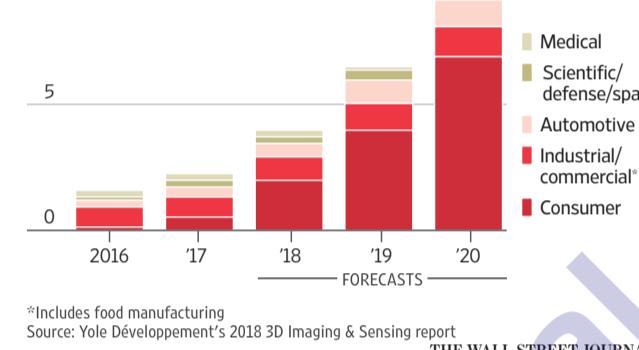
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Robots Gain a New Sense: Sight

By NATASHA KHAN

2020 Vision

Revenue in the 3-D imaging and sensing market, by segment



THE WALL STREET JOURNAL.

milliseconds, or about 100 times as fast as a human, said Bob Hosler, chief operating officer of the U.S. subsidiary of Osaka, Japan-based **Keyence** Corp., one of the biggest companies in the vision-products field.

"You can do more with a robot that can see," said John Keating, a senior director at Natick, Mass.-based **Cognex** Corp., which makes vision sensors used by global manufacturers, including food processors.

Vision-sensing devices can be used all through the sausage-making process, from measuring to inspecting for defects to quality control on the final product, Mr. Hosler said.

Food manufacturers have been early adopters of new technologies ranging from canning devices to bread slicers, and vision automation has been used for tasks such as reading bar codes and sorting packaged products. Some companies now are finding the technology valuable because

robot eyes outpace the human eye at certain tasks.

For years, **Tyson Foods** Inc. used sensors to map chicken fillets so they could be cut to the precise specifications required by restaurants that need them to cook uniformly. But exposure to the high pressure, high temperature water kept causing equipment failures.

Now technical improvements, tougher materials and declining prices mean the company can integrate vision technology in facilities including the new \$300 million chicken-processing plant in Humboldt, Tenn., said Doug Foreman, who works in technology development at the Springdale, Ark.-based food company. The technology could help optimize the use of each part of the bird, he added.

Tyson is investing in a manufacturing automation center to further explore the application of vision technology, the company said.

Hudson's Bay Sets European Merger

By ANTHONY SHEVLIN AND SUZANNE KAPNER

price of C\$10.78," said Land & Buildings founder Jon Litt.

Mr. Litt urged Hudson's Bay to eventually sell its stake in the European joint venture once synergies are realized and said it should "remain vigilant in monetizing assets as long as the company's shares continue to trade at a material discount to net asset value."

The company, which earlier this year rejected a €3 billion offer from Signa for all of Kaufhof, has been paring back its operations, which consist of Saks Fifth Avenue, Lord & Taylor and Canada's Hudson's Bay chain.

The company has struggled as department stores lose ground to online retailers, fast-fashion sellers and off-price chains.

Ms. Foulkes, who joined Hudson's Bay as chief executive in February, has said there are no "sacred cows" when it comes to fixing the business.

She reiterated that sentiment in an interview on Tuesday, saying "everything is on the table."

But she also said that deal making will likely play a smaller role going forward.

"What I have to focus on next is driving the operating results of the North American retail business," particularly Lord & Taylor and Saks Off Fifth, which have struggled, she said.

Hudson's Bay recently agreed to sell e-commerce fashion seller Gilt Groupe to Rue La La; it is closing as many as 10 Lord & Taylor stores; and will no longer occupy its flagship store on Manhattan's Fifth Avenue, having sold it last year to WeWork Cos.

The moves mark a reversal for Chairman Richard Baker, who built up Hudson's Bay through a series of acquisitions and in the past few years tried unsuccessfully to buy Macy's Inc. and Neiman Marcus Group.

Shares in Hudson's Bay closed down 1.9% at 10.58 Canadian dollars on the Toronto Stock Exchange on Tuesday.

50%

Share of Hudson's Bay's German real-estate assets to be sold

The deal will join Germany's two biggest department-store chains—Karstadt and **Galeria Kaufhof**, which Hudson's Bay bought for \$2.7 billion in 2015—under one company with combined annual revenue of more than €5 billion.

Hudson's Bay has been under pressure from activist investor Land & Buildings Investment Management LLC to sell assets and make better use of its real estate against increasing losses.

Hudson's Bay's planned sale of its European business at a value of C\$8.71 (US\$6.62) per share confirms our thesis that the company's real-estate value is likely more than double that of its current share

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PERSONAL TECHNOLOGY | By Joanna Stern

Willpower Eased iPhone Addiction



One day with my iPhone: 310 notifications. 210 iPhone pickups. 55

minutes in Messages. 42 minutes on Twitter. 2 eye-rolls from the barista when I failed to look up (because, Instagram). 1 email from my mom stating, "Your phone is your best friend."

And that was just last Thursday—2½ months after I began using Apple's new Screen Time controls on my iPhone. Thanks for the ... help, Apple.

On Wednesday, Apple is expected to announce three brand new iPhones. Shipping with them will be this software, designed to help us use them less. (You won't need a new iPhone to get Screen Time; as part of iOS 12, it will be available soon for all devices currently running iOS 11.)

Why would the company encourage that? The optimistic outlook: Mr. Cook and Co. want to save humankind from becoming smartphone zombies. The pessimistic outlook: It's paying lip service to investors and users who are angry about what its trillion-dollar business has done to our attention spans, society and children.

My livelihood depends on knowing as much as there is to know about technology. During the past year, however, an overload of work coincided with an increase in my family's head count. In between meetings, emails and early mornings (or late nights) with my son, Instagram was a calming place, Twitter gave me something else to worry about, and texting gave me a way to vent.

I formed bad habits—ones that only stand a chance to be broken with an act of conscious willpower.

Screen Time is based on



Turning off the colors on an iPhone's screen is an effective way to discourage use of the device.

the idea that if you're aware of how much time you spend on your devices, you'll do it less. It presents loads of information about your usage, and you can set time limits on specific apps so you're locked out of them.

Just one little problem: For those of us who compulsively check our phones—sometimes even when crossing the street—Apple's lock is like Scotch tape on a pack of cigarettes. If you're not super addicted, though, there's hope.

Screen Time isn't an app—it's hidden in Settings. It provides charts and graphs about your daily and weekly usage—how often you picked up the phone, how long you spent in certain apps, etc.

Setting app-specific limits—say for Twitter—is a confusing, clunky process. When you tap App Limits, you can cap usage for categories such as Social Networking, Games and Entertainment. But setting limits for a specific app is differ-

ent: Tap the graph that shows your daily usage, select one of your most used apps, then tap Add Limit.

How much app time is too much app time? The best advice I got on limit-setting came from Arianna Huffington, who now runs Thrive Global, a startup focused on combating stress and burnout. "If you are spending three hours on 'Fortnite' or Instagram, I recommend setting the limit at 2 hours and 45 minutes to start," she said. "Not 30 minutes. That will never happen; it will just lead to disappointment and frustration."

I set my limits between 45 minutes to an hour on Twitter and Instagram and set my phone to go into Downtime—shutting down all apps and notifications you'd rather not see—at 11 p.m.

Except... when I'd see the screen reading "You've reached your limit," more often than not, I'd hit the Ignore-Limit button that pops up right below it. You have

two choices: Ignore the limit for the rest of the day or for just 15 minutes.

Google's similar Wellbeing tool—still in beta and available only to Android 9.0 users with Pixel phones—is more aggressive in policing your limits. When I hit my limit on Twitter, I had to go into Settings to add more time. That four-tap process was a far better deterrent than Apple's.

Even better, Google's Wind Down feature puts the phone into grayscale mode. Yes, your phone looks horrible without any color, but that's the point. You can also turn your iPhone screen to grayscale, but it's buried deep in Accessibility settings, and it isn't on a timer. Still, I've found no better way to stay off my phone.

After a few weeks using Screen Time, I all but forgot about it. Tapping Ignore Limit became routine. But then in August, as I went to get 15 more minutes of Twitter, I realized the control would have to come from

within me, not my phone.

I decided to book an appointment with David Greenfield, an assistant clinical professor of psychiatry at the University of Connecticut School of Medicine and founder of the Center for Internet and Technology Addiction.

Dr. Greenfield explained that the part of my brain that wants to ignore the limit isn't the same part that set the limit. "The cognitive side of your brain isn't processing it, but the limbic or animalistic side in search of pleasure is," he said.

Even realizing that, I wasn't able to get as much out of Screen Time as I've gotten from Dr. Greenfield's suggestions:

- Setting my phone in grayscale for chunks of the day has reduced how frequently I pick it up, and how long I spend in visually appealing apps. (My usage dropped 26% after going gray, says Screen Time.)

- Understanding how my relationship with technology affects my relationship with loved ones motivated me to respect basic limits—no phone at dinner, during face-to-face conversations, playtime with my son, etc.

- Placing the phone out of sight curbs my desire to check it.

- Learning how my use of technology might affect my son's development has made me want to set a better example.

I'm just starting on this journey, and I hope to let you know how it turns out. In the meantime, give Apple's Screen Time or Android's Wellbeing a try when the latest OS hits your phone—especially if you're upgrading this season: the bigger the screen, the bigger the self-control challenge.

Google Gets Support In Europe

Continued from page B1
ceived 722,000 requests to remove more than 2.7 million links from searches for individuals' names. Among those links it has processed, the company has removed about 44% and opted to keep the others.

Google on Tuesday argued that national norms about the balance between privacy and free speech vary, and that the EU shouldn't impose its view on others. "The global delisting system proposed by the CNIL is in our opinion unthinkable," said Patrice Spinosa, a lawyer for Google, adding that such a decision "would lead to endless legal conflicts with states that don't recognize the 'right to be forgotten.'"

The CNIL argued that global application of the right to be forgotten is necessary to protect the privacy rights of Europeans. A lawyer for the French regulator said it is possible to sidestep the geolocation technology that Google currently uses to limit application of the rule to Europe. More broadly, the CNIL argued that Europeans' personal information deserves protection under EU law even if it is accessed outside the region.

Jean Lessi, a lawyer for the regulator, said if the right to be forgotten isn't applied globally, the EU's data-protection bubble would become nothing more than an umbrella. "It's about guaranteeing the rights of Europeans," he said.

Among Google's backers in arguments on Tuesday were Microsoft Corp., whose Bing search engine would be affected by the ruling. Four foundations and consortia of human rights groups, including Wikimedia Foundation Inc., which operates Wikipedia, the crowdsourced encyclopedia, and Reporters Committee for Freedom of the Press, also backed Google.

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BUSINESS NEWS

Airbus is equipping one of its cargo ships with the kite-like Airseas 'Seawing' device. The ship will set sail in 2021, bringing parts from Europe to a Mobile, Ala., plant.

Airbus Tries to Sail Into Future

Jet maker will use wind power on cargo ships to cut costs and emissions

BY ROBERT WALL

European plane maker Airbus SE, in a bid to trim its logistics costs, is turning to wind power on the big oceangoing cargo ships it uses to move aircraft parts around the world.

The world's No. 2 aircraft manufacturer after Boeing Co. said it would equip one of its three roll-on, roll-off vessels with new sail technology that operates essentially like a kite.

The massive, 5,382-square-foot sail should help Airbus save more than €1 million (\$1.2 million) in annual fuel spending and cut carbon-dioxide emissions by about 8,000 metric tons a year.

The device is the latest in an array of technologies shipping companies are using to cope with rising fuel costs as the International Maritime Organization implements rules to reduce pollution at sea. The IMO, which sets standards for the shipping industry, is targeting a 30% improvement in energy efficiency in the global fleet.

Denmark's Maersk Tankers recently installed nearly 100-foot-tall cylinders that harness

wind power on one of its tankers. The technology could cut 7% to 10% of a ship's fuel use under certain conditions.

The marine unit of Britain's Rolls-Royce Holdings PLC also has considered working on sails for ships, although currently the business is focused more on other technologies, such as battery energy storage.

Airbus tested a smaller version of the sail last year before deciding to install the device on its cargo ship, the Ville de Bordeaux. The upgraded vessel will set sail in 2021 to bring parts from Europe to Mobile, Ala., where Airbus assembles some of its popular single-aisle planes, said Benoit Lemonnier,

head of logistics and transport for Airbus.

The device, which developer Airseas calls a Seawing, should cut fuel burn about 20% and reduce carbon-dioxide emissions by about the same amount during the roughly 13-day journey, Mr. Lemonnier said. The savings are part of Airbus's effort to boost the competitiveness of the U.S. facility.

Airseas, a Toulouse, France-based spinoff of Airbus, has held talks with other shipping companies to use the technology, says Vincent Bernatets, who left Airbus last year to set up the venture. The company has developed a larger, 10,764-square-foot sail for larger ves-

sels. Mr. Bernatets said the company had three letters of agreement with big shipping firms to develop the system. He didn't identify those companies but said Airseas is working on converting those deals into contracts.

In addition to the kite, the system includes weather sensors that alert the ship captain when to deploy the device and how to route the ship to take advantage of winds, Mr. Bernatets said. Once the system is deployed, the captain can throttle back power of the on-board engine.

Airseas projects a five-year payback period for users for the upfront investment.

State Agencies Still Clinging To Mainframe Computers

BY ANGUS LOTEN

A backlog of legacy software applications has many state government agencies clinging to costly mainframe computers, despite growing pressure to shut them down, according to the National Association of State Technology Directors.

Among other issues, a key concern is the growing loss of state workers who know how to operate these often aging tech tools—whether they are drawn to the private sector or simply retiring, the national trade group said.

"Difficulty retaining and hiring mainframe support staff, and increasing costs, are the primary drivers for states moving applications off mainframe platforms," the group's researchers said in a report analyzing the results of a survey of state information-technology officials nationwide.

The survey, conducted in conjunction with the National Association of State Chief Information Officers, included responses by IT officials in 38 states, including California, Georgia, Kentucky, Massachusetts, New York and Texas.

Among these states, officials reported an average of 21.6 agencies using mainframe computers managed by a central IT department, with 11% reporting more than 30.

The types of agencies using mainframe computers included departments of motor vehicles, social services, finance, accounting, Medicaid eligibility and taxes, the report said.

Mainframes, which are large-capacity computers typically used by big corporations to handle data processing and administrative tasks, first appeared more than 50 years ago. As such, they are often seen as a relic of the digital age.

Yet many large private-sector firms continue to use mainframes for both internal and customer-facing applications, especially in the banking, insurance and health sec-



A worker with an IBM mainframe computer in Poughkeepsie, NY.

tors.

International Business Machines Corp. in July reported strong gains in its decades-old mainframe business, which pushed second-quarter systems revenue 23% to \$2.18 billion.

In an earnings call that month, James Kavanagh, IBM's chief financial officer, called mainframes the "most enduring platform that you've seen out there."

The loss of skilled mainframe operators isn't limited to the public sector. A study earlier this year by Forrester Research, conducted for Compuware Corp., found that enterprises that use mainframes have lost an average 23% of specialized mainframe staff over the last five years, while 63% of those positions remain unfilled.

Beyond a brain drain, managing these older systems is becoming problematic as state IT hubs face tighter budgets seeking to "maximize efficiencies while doing more with less," according to state funding trends, researchers said.

Mainframe computers are generally more costly to operate, compared with the cloud or with other on-demand services, with per-user costs rising as more agencies seek newer, cheaper alternatives, the report said.

The need to support legacy applications—cited by 95% of state IT officials—was a primary reason for retaining

mainframe computing power.

On the upside, researchers found, most state IT officials don't expect agency demand for mainframe computing power to grow in the future.

Many officials said that they are already moving away from managing their own mainframes in-house, either by outsourcing all mainframe services to third-party managers or by taking a hybrid approach with outside vendors.

Still, others said the use of mainframe computers is unlikely to be entirely phased out soon.

To cut costs, a handful of states are joining together to share mainframe resources, wherever possible.

Some also are looking at adopting a mainframe-as-a-service by billing agencies based on their consumption of mainframe resources.

These and other internal IT issues can have an impact on public services.

A recent analysis of 400 state-government websites offering online services such as driver's license applications, tax payments or business registrations found that 99% failed at least one basic performance measure.

The issues included slow page-load speeds, a lack of mobile tools and features or accessibility issues, among others, according to the Information Technology & Innovation Foundation, a technology and public-policy think tank.

Arby's Ads Target Younger Customers

BY ALEXANDRA BRUELL

Arby's wants you to know that it doesn't just "have the meats."

It also has the bread for sandwiches, and not just the roast beef sandwiches it's known for, but sandwiches of all kinds.

The fast-food chain is spelling out this message in a new ad campaign, with the tagline, "Arby's. We Have The Meats...for Sandwiches."

Up to now the Arby's brand, which has been around for over 50 years, has appealed mostly to older consumers, said Arby's marketing chief Jim Taylor. The new campaign is an effort to reach younger consumers who may have believed Arby's was a roast-beef-only zone and have a taste for different products.

"Sandwiches is a category that's huge," Mr. Taylor said. "Younger people don't eat roast beef as much. We want to bring in some younger consumers who love sandwiches."

The campaign from creative ad agency Fallon stars a "head of sandwiches" character who bemoans the fact that "people still think Arby's is just roast beef," even though it has 17 other sandwiches, from the Smokehouse Brisket to the Turkey Gyro.

The campaign will launch in the U.S. across TV and digital platforms.

Arby's, which is majority owned by private-equity firm Roark Capital Group, has been working to diversify its offerings.

It recently acquired Buffalo Wild Wings Inc. in a deal valued at \$2.9 billion, forming the new umbrella company Inspire Brands Inc.

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 MITSUI FUDOSAN

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THE PROPERTY REPORT

World Trade Center Still Has Space

Main skyscraper is about 20% vacant four years after opening; 17 years of rebuilding

By PETER GRANT

Restoring the World Trade Center's office market has been slow going.

The emotionally fraught rebuilding of the signature 1,776-foot tall One World Trade Center skyscraper and three other towers was delayed for years by political and financial battles. More recently, leasing has been hampered by a New York office market that has been weaker than expected for this late stage in the economic cycle.

The rebuilt One World Trade Center has struggled more than the other towers on the site to fill its 3.1 million square feet of office space. About 20% of the building remains empty four years after it opened.

Executives with the Durst Organization, which is an owner, say business has been challenging partly because the site has had an unfinished feeling. Office towers, retail stores, a transportation center and the 9/11 Memorial have taken time to build.

"It's a site that's had continued construction for the last 17 years," said Eric Engelhardt, head of leasing at One World Trade Center.

Recently, interest in the site has grown as construction fences have come down and the complex has become more integrated with downtown New York. Last week, Durst Organization executives said they had backed out of negotiations with co-working company WeWork Cos. to take a big block of space because they had better offers.

Many office markets in the U.S. have been soft, even as the American economy has expanded. Tenants are using space more efficiently, enabling them to grow without leasing more. Downtown has



The emotionally fraught rebuilding of the World Trade Center in New York was delayed for years by political and financial battles.

Tenants' Market

Downtown New York's office availability rate* has been rising.



*Includes vacant space and space that's coming on the market

Source: CBRE Group

THE WALL STREET JOURNAL.

also faced new competition from about 10 million square feet of new office space going up at the Hudson Yards com-

plex on Manhattan's West Side.

The downtown availability rate—which includes vacant space and space coming on the market—was 14.2% at the end of June, up from 11.3% in early 2017, according to CBRE Group Inc.

The former World Trade Center totaled 12.9 million square feet of office space, but 9.5 million square feet has been rebuilt. About 7 million square feet of that space is occupied, according to CBRE. Real-estate executives say that has been a great achievement considering the financial, political and technical complexity of rebuilding.

"On a site that has been the subject of the most horrible political turmoil, we've managed to effectively fill up the [equivalent] of the entire business district of a midsized American city," said Mary Ann

Tighe, chief executive of the New York region for CBRE.

The World Trade Center complex has been luring big names in media and technology from other parts of Manhattan, like Condé Nast and Spotify Technology SA, while continuing to attract financial-services companies that want to remain near Wall Street.

Silverstein Properties, which has rebuilt three of the four properties, has the rights to build a fifth building in the complex. Marty Burger, chief executive of Silverstein Properties, predicts that will happen soon.

"We need one big tenant to kick-start it," said Mr. Burger.

Slow leasing was also a hallmark of the old World Trade Center complex. The Twin Towers suffered high vacancy for years after they were completed in the early 1970s by the Port Authority of New

York and New Jersey. The 95% occupancy the complex reached was near its record in mid-2001, when the Port Authority leased the complex for 99 years to Silverstein.

The first tower to be rebuilt after the Sept. 11 attacks was the 52-story 7 World Trade Center, located across the street from the superblock that included the Twin Towers.

Opened in 2006, 7 World Trade leased up quickly with tenants like Moody's Investors Service Inc. and the New York Academy of Sciences.

Leasing One World Trade Center has proved a tougher slog, despite the Port Authority's ability to give tenants in the complex tax and energy benefits. The other two towers that have been completed, 3 World Trade Center and 4 World Trade Center, are 38% and close to 100% leased, respectively.

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BON CARRE TECH CENTER
BATON ROUGE, LA

712,920 SF	OFFICE
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INDICATIVE BIDS DUE OCT 3

SUNTRUST PLAZA
ROANOKE, VA

139,547 SF	OFFICE
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INDICATIVE BIDS DUE OCT 11

SPRINGHILL SUITES BY MARRIOTT
ALTAMONTE SPRINGS, FL

90 ROOMS	HOTEL
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BID ONLINE OCT 15–17

FIVE INDEPENDENCE WAY
PRINCETON, NJ

113,101 SF	OFFICE
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BID ONLINE OCT 22–24

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COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.		101.30	101.80		100.15	100.45	-.80	176,105
Sept 2.6075 2,6350 2,5660 2,6040 -0.0065 3,095								
Dec 2,6240 2,6615 2,5820 2,6215 -0.0065 146,984								
Gold (CMX)-100 troy oz.; \$ per troy oz.		119.40	119.30	119.40	119.50	2.40	.28	
Sept 119.40 119.30 119.40 119.50 2.40 28								
Oct 119.40 119.50 118.70 119.80 2.30 39,270								
Dec 120.00 120.80 119.70 120.20 2.40 362,045								
Feb'19 1206.40 1210.10 119.50 120.70 2.40 39,944								
June 121.60 122.10 120.00 121.50 2.40 10,304								
Dec 1234.80 1239.50 1230.00 1237.60 2.60 4,502								
Palladium (NYM)-50 troy oz.; \$ per troy oz.		97.46	98.00	97.40	98.90	-2.70	.71	
Sept 97.46 98.00 97.40 98.90 -2.70 .71								
Dec 963.80 970.70 954.00 961.80 -2.80 16,560								
March'19 964.00 965.00 953.30 956.00 -2.60 591								
Platinum (NYM)-50 troy oz.; \$ per troy oz.		786.60	794.10	781.10	789.30	-.070	72,903	
Oct 786.60 794.10 781.10 789.30 -.070 72,903								
Jan'19 789.60 796.80 783.90 792.30 -.070 19,547								
Silver (CMX)-5,000 troy oz.; \$ per troy oz.		14.110	14.110	13.910	14.052	-.027	452	
Sept 14.110 14.110 13.910 14.052 -.027 452								
Dec 14,200 14,265 13,965 14,153 -.028 183,067								
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.		67.57	70.01	67.48	69.25	1.71	309,579	
Oct 67.57 70.01 67.48 69.25 1.71 309,579								
Nov 67.43 69.74 67.37 69.04 1.63 272,687								
Dec 67.32 69.53 67.28 68.89 1.58 288,871								
Jan'19 67.18 69.27 67.15 68.71 1.54 158,608								
June 66.24 68.07 66.22 67.63 1.43 166,101								
Dec 66.72 66.31 64.65 65.92 1.28 235,099								
NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.		2.2183	2.2638	2.2175	2.2520	.0342	121,860	
Oct 2.2183 2.2638 2.2175 2.2520 .0342 121,860								
Nov 2.2230 2.2666 2.2208 2.2550 .0337 80,472								
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.		1.9596	2.0245	1.9595	2.0142	.0550	118,460	
Oct 1.9596 2.0245 1.9595 2.0142 .0550 118,460								
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.		2.804	2.836	2.785	2.828	.024	197,715	
Oct 2.804 2.836 2.785 2.828 .024 197,715								
Nov 2.808 2.832 2.787 2.827 .019 211,062								
Dec 2.895 2.916 2.875 2.913 .018 147,979								
Jan'19 2.980 3.003 2.963 3.000 .018 192,578								
March 2.858 2.879 2.843 2.876 .015 199,202								
April 2.996 2.611 2.585 2.608 .012 160,722								
Agriculture Futures								
Corn (CBT)-5,000 bu.; cents per bu.		357.25	357.25	354.75	355.25	-.25	881	
Sept 357.25 357.25 354.75 355.25 -.25 881								
Dec 367.25 369.00 365.50 366.75 -.50 984,315								
Oats (CBT)-5,000 bu.; cents per bu.		252.50	253.50	246.25	246.50	-.50	3,477	
Dec 256.25 256.50 250.75 250.75 -.50 287								
Soybeans (CBT)-5,000 bu.; cents per bu.		836.75	836.75	821.75	820.25	-.13	247	
Sept 836.75 836.75 821.75 820.25 -.13 247								
Nov 845.50 849.50 830.75 831.75 -.13 441,490								
Soybean Meal (CBT)-100 tons; \$ per ton.		314.40	315.20	313.40	314.20	-.17	608	
Sept 314.40 315.20 313.40 314.20 -.17 608								
Dec 318.60 320.50 314.90 316.20 -.24 225,777								
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.		1080.00	1080.00	1080.00	1064.50	-.1700	18	
Sept 1080.00 1080.00 1080.00 1064.50 -.1700 18								
Nov 1091.00 1097.00 1075.00		1075.00	1075.00	1075.00	1075.00	-.1700	6,605	
Wheat (CBT)-5,000 bu.; cents per bu.		497.25	497.25	496.25	494.25	-.950	25	
Dec 528.50 532.75 517.25 518.75 -.950 222,647								
Wheat (KC)-5,000 bu.; cents per bu.		496.25	496.25	496.25	494.25	-.950	25	
Sept 530.50 535.75 521.25 522.75 -.80 153,576								
Wheat (MPLS)-5,000 bu.; cents per bu.		563.25	564.25	563.25	564.25	4.50	24	
Dec 579.00 582.25		572.25	575.25	4.75	4.921			
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.		152.525	152.650	151.800	152.125	-.400	3,041	
Sept 152.525 152.775 151.900 152.450 -.225 16,964								
Cattle-Live (CME)-40,000 lbs.; cents per lb.		110.075	110.175	109.125	109.300	-.850	101,368	
Dec 114.500 114.500 113.800 113.925 -.500 89,403								
Hogs-Lean (CME)-40,000 lbs.; cents per lb.		56.75	56.75	56.25	56.425	4.50	24	
Sept 56.75 56.75 56.25		56.25	57.25	4.75	4.921			
Lumber (CME)-10,000 bd. ft.; \$ per 1,000 bd. ft.		159.950	160.400	159.100	160.500	-.050	1,000	
Sept 159.950 160.400 159.100 160.500 -.050 1,000								
U.S. Dollar Index (ICE-US)-\$1,000 index		95.13	95.33	94.85	95.23	.11	35,059	
Sept 94.70 97.30 97.30 96.20 -.1300 52								
Source: SIX Financial Information								

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.		11.21	11.27		11.08	11.18	-.02	324,566
March'19 12.03		12.10		11.91	12.00	-.03	351,200	
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.		25.35	25.50		25.37	25.54	-.04	1,975
Jan'19 25.50		25.55		25.50	25.54	-.01	1,944	
Cotton (ICE-US)-50,000 lbs.; cents per lb.		83.88	83.89		82.74	83.03	-.90	169
Oct 83.65		83.90		81.95	82.89	-.96	146,500	
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.		158.75	158.75		156.40	157.20	-.140	10,259
Nov 158.90		158.90		156.80	157.40	-.125	1,309	
Jan'19 158.90								

BONDS

WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return (%) YTD total return (%) Index Yield (%) Latest Low High

Broad Market Bloomberg Barclays 1915.26 -1.5 U.S. Aggregate 3.400 2.460 3.430

U.S. Corporate Indexes Bloomberg Barclays 2729.22 -2.5 U.S. Corporate 4.050 3.110 4.070

2596.97 -0.9 Intermediate 3.750 2.610 3.760

3706.36 -5.8 Long term 4.680 3.990 4.750

559.39 -1.6 Double-A-rated 3.490 2.550 3.500

705.12 -2.3 Triple-B-rated 4.340 3.400 4.370

High Yield Bonds Merrill Lynch n.a. n.a. High Yield Constrained n.a. n.a. n.a.

n.a. n.a. Triple-C-rated n.a. n.a. n.a.

n.a. n.a. High Yield 100 n.a. n.a. n.a.

n.a. n.a. Global High Yield Constrained n.a. n.a. n.a.

n.a. n.a. Europe High Yield Constrained n.a. n.a. n.a.

U.S. Agency Bloomberg Barclays 1630.27 -0.5 U.S. Agency 2.960 1.770 2.960

1462.88 0.01 10-20 years 2.860 1.580 2.860

3281.08 -3.1 20-plus years 3.430 2.840 3.550

2424.70 -1.6 Yankee 3.800 2.680 3.800

Total return (%) YTD total return (%) Index Yield (%) Latest Low High

Mortgage-Backed Bloomberg Barclays 1969.08 -1.0 Mortgage-Backed 3.510 2.740 3.580

1937.89 -0.8 Ginnie Mae (GNMA) 3.460 2.700 3.540

1154.15 -1.1 Fannie Mae (FNMA) 3.530 2.750 3.590

1777.64 -1.1 Freddie Mac (FHLMC) 3.540 2.760 3.610

n.a. n.a. Muni Master n.a. n.a. n.a.

n.a. n.a. 7-12 year n.a. n.a. n.a.

n.a. n.a. 12-22 year n.a. n.a. n.a.

n.a. n.a. 22-plus year n.a. n.a. n.a.

Global Government J.P. Morgan 540.62 -0.6 Global Government 1.700 1.370 1.700

755.86 0.1 Canada 2.300 1.930 2.450

370.49 0.0005 EMU\$ 1.273 0.956 1.362

716.93 0.9 France 0.850 0.690 1.040

511.73 0.9 Germany 0.470 0.340 0.740

288.32 -0.1 Japan 0.450 0.340 0.470

565.96 1.0 Netherlands 0.560 0.440 0.830

924.17 -0.7 U.K. 1.670 1.470 1.830

760.55 -5.9 Emerging Markets** 7.003 5.326 7.003

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds

**EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Coupon (%)	Maturity, in years	Latest (▲)		0		1		2		3		4		Previous		Month ago	Year ago	Spread Under/Over U.S. Treasuries, in basis points	Latest	Prev	Year ago
		2	-1	0	1	2	3	4	Previous	2	1	0	1	2	3						
2.625	U.S. 2	2.756	▲			●		2.711	2.604	1.323											
2.875	10	2.980	▲			●		2.936	2.872	2.132											
1.750	Australia 2	2.014	▲			●		2.009	2.007	1.870	-74.2	■					-70.2	54.7			
2.250	10	2.590	▲			●		2.587	2.598	2.613	-39.0	■					-34.9	48.1			
0.000	France 2	-0.379	▲			●		-0.388	-0.455	-0.541	-313.5	■					-309.9	-186.3			
0.750	10	0.739	▲			●		0.716	0.672	0.632	-224.1	■					-221.9	-150.0			
0.000	Germany 2	-0.534	▲			●		-0.552	-0.641	-0.746	-329.0	■					-326.3	-206.9			
0.250	10	0.433	▲			●		0.403	0.320	0.338	-254.7	■					-253.3	-179.5			
0.350	Italy 2	0.779	▲			●		0.721	1.156	-0.109	-197.7	■					-199.0	-143.1			
2.800	10	2.939	▲			●		2.907	2.991	1.967	-4.1	■					-2.9	-16.5			
0.100	Japan 2	-0.110	▲			●		-0.112	-0.118	-0.154	-286.6	■					-282.2	-147.7			
0.100	10	0.111	▼			●		0.115	0.103	-0.002	-286.9	■					-282.1	-213.4			
1.150	Spain 2	-0.249	▲			●		-0.253	-0.287	-0.330	-300.5	■					-296.4	-165.2			
1.400	10	1.465	▲			●		1.457	1.400	1.568	-151	■					-147.9	-56.4			
2.000	U.K. 2	0.793	▲			●		0.764	0.702	0.214	-196.3	■					-194.7	-110.9			
4.250	10	1.358	▲			●		1.329	1.245	1.046	-162	■					-160.6	-108.7			

Corporate Debt

Price moves by a company's debt in the credit markets sometimes mirror and sometimes anticipate, moves in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Current	Spread*, in basis points	One-day change	Last week	Stock Performance Close (\$)	% chg
Wells Fargo	WFC	3.500	March 8, '22	48	-21	■	63	57.38	-0.14
JPMorgan Chase	JPM	4.250	Oct. 15, '20	32	-20	■	50	114.43	0.63
PNC Bank	PNC	2.450	Nov. 5, '20	35	-13	■	35	143.23	0.41
State Street	STT	3.100	May 15, '23	56	-13	■	n.a.	86.86	-0.28
Ford Motor Credit	F	4.389	Jan. 8, '26	203	-12	■	230	9.31	-0.75
AT&T	T	4.750	May 15, '46	227	-12	■	242	32.67	0.86
Deutsche Bank AG	DB	4.875	Dec. 1, '32	370	-11	■	395	11.24	1.17
Bank of America	BAC	6.300	March 10, '49	193	-10	■	208	30.85	0.10

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	Bond Price as % of face value	One-day change	Last week	Stock Performance Close (\$)	% chg
UnitedHealth	UNH	3.350	July 15, '22	53	■ 12	■	n.a.	261.04	

NEW HIGHS AND LOWS

| WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Tuesday, September 11, 2018											
Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg	Stock	52-Wk % Sym	Hi/Lo Chg
Highs			CapitolSouthwest CSWV 19.69 0.2 GlobalPayments GPN 126.87 1.0			MarineProducts MPX 23.24 9.8 RingCentral RNG 97.65 -0.1			XL Group XL 57.60 1.0 ClovisOncology CLVS 33.82 -4.0		
ACNB ACNB 39.35 2.2 CapitalOne CFC 10.45 0.5 Godaddy GDDY 83.10 1.6			MatchGroup MTC 55.06 2.6 RocketPharm RCKT 25.24 0.2			XerisPharm XERS 27.60 0.4 Cohera CBR 4.41 -4.4			SabreTech ZBRA 172.28 0.8 SABESP SBS 5.66 -2.5		
Aaron's AAN 51.94 1.1 Casey'sGeneral CASY 130.50 6.8 GraniteREIT GRPRU 43.24 1.0			MatrixService MTTRX 22.00 0.7 Rollins ROL 62.94 0.7			Zendesk ZEN 71.76 1.0 EngGr-Cmc CIG 1.64 -4.1			HartfordFinancial HIG 49.02 -0.2 MobileTeleSys MTS 7.10 -3.2		
Accenture ACN 171.01 0.7 CavcoIndustries CVCO 255.40 3.4 GrubHub GRUB 147.37 4.1			McCormick MKCV 131.88 -0.1 RoostStores ROST 98.70 0.6			ConcertPharm CNCE 13.55 -1.8 ConstellPharm CNST 7.10 -3.2			HeclaMining HL 2.59 -0.4 MoneyGram MG 5.56 -1.2		
AdvMicroDevices AMD 30.59 0.7 AeroVironment AVAV 109.36 1.2 AviationInt'l AIR 79.95 0.5			McCormickVtg MKCV 131.67 -0.4 SeattleGenetics SGEN 83.40 2.4			Mediafast MFPT 25.19 3.4 SendGrid SEND 38.66 1.0			CoreMoldingTech CMT 8.47 -3.6 HennessyAdvisors HNN 12.95 -0.4		
AlisonTransm ALSN 51.83 0.5 CommunityHlthRt CYHZZ 0.4 0.7 HomeDepot HD 214.60 1.5			Midwest MDCP 10.33 0.2 Goodeads GSHU 35.68 5.2			NanogenSystems NGEN 18.86 1.0 SensusHealth SRTS 8.88 9.4			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
Alteryx AYX 62.10 1.0 Comcast CSCO 33.94 -3.3 GoDaddy GDDY 83.10 1.6			MidwestBn&Tr MSL 16.00 0.6 ServiceNow NOW 202.72 0.2			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
AmeriExpress AXP 108.47 1.0 Costco COST 245.16 0.4 HorizonFunds HRL 41.92 1.0			MobileIron MOBL 5.55 0.4 ShawWilliams SWH 478.00 0.5			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MobileTeleSys MTS 7.10 -3.2 NetUEPs UEPS 5.90 -0.3		
Ametek AME 80.21 0.1 CyberArkSoftware CYBR 77.55 0.9 HubSpot HUBS 160.88 0.2			MobileIron MOBL 5.55 0.4 ShilohIndustries SHL 11.27 3.0			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
Amphenol APH 96.78 0.4 Darden DRI 120.93 0.6 Hudson HUD 22.37 2.6			MolinaHealthcare MHC 145.09 3.5 OldSouthFreight OSF 25.20 12.7			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
AngioDynamics ANGO 13.99 1.5 Dick's DKS 39.74 0.3 iVerticals INDU 11.13 0.5			McKesson MKCV 131.67 -0.4 Intuit INTU 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MobileTeleSys MTS 7.10 -3.2 NetUEPs UEPS 5.90 -0.3		
AppFolio APPF 90.45 0.2 DollarGeneral DG 112.59 -0.3 IndustryAcpnWt INDWU 0.95 1.1			Optimiza OPTI 351.45 0.7 Talera TLDN 70.40 -0.9			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
AppTivo APTI 40.44 2.2 Dover DOV 88.60 2.0 IndustrieAcpnWt INDWU 0.95 1.1			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
Apptyx APYX 32.25 -6.0 Dunkin' DNKN 77.13 -0.6 Inogen INGN 274.45 2.1 Intuit INTU 10.90 0.3			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MobileTeleSys MTS 7.10 -3.2 NetUEPs UEPS 5.90 -0.3		
ArbBest ARCB 51.45 0.2 Ecolab ECL 155.06 0.7 Insperty INSP 121.15 0.5			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
ArmstrongFlooring AFM 18.99 4.5 EventHealth EVH 26.00 1.6 Insule INSU 108.99 2.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
AvidBiobioservices CDMO 10.38 -0.3 Praha PRAH 10.09 0.4 OptimizeTech OPTI 351.45 0.7			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MobileTeleSys MTS 7.10 -3.2 NetUEPs UEPS 5.90 -0.3		
AvistaHealthcare AHPA 10.40 -0.3 Praha PRAH 10.09 0.4 ExelaTech EXLA 4.84 -0.1 IntegradeTech IDT 24.90 1.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
Bandwidth BAND 54.41 0.1 FidelityBd&S FDB 21.00 1.2 ExelaTech EXLA 4.84 -0.1 IntegradeTech IDT 24.90 1.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
Bio-Techne TECH 19.00 0.1 FirstInBkshs FIFN 61.86 0.7 Intuit INTU 226.70 0.6 PandoraMedia PAND 1.21 0.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
Bio-NanoGen BNNG 7.95 9.5 FirstEnergy FENW 38.37 -0.4 iRhythmTechs IRHT 19.48 0.3 Panasonic PANW 22.25 2.1			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
BiophysicsTech BSTC 61.40 4.0 Fiserv FISV 81.21 0.5 JacobsEngg JE 74.68 0.4 PaycomSoftware PAYC 159.15 0.3 Panasonic PANW 22.25 2.1			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
BooBar BOOB 31.41 0.8 KSCityPo KSCUp 33.12 1.2 PaycomSoftware PAYC 159.15 0.3 Panasonic PANW 22.25 2.1			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
BottomeLine EPAY 68.74 -1.2 Fortinet FTNT 88.84 -0.7 KratosDefense KTOS 146.68 0.9 PluralSight PLSS 1.29 0.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
BovieMedical BWX 6.99 -2.9 Frontier FMGR 10.09 0.6 FrontierCorp FMGR 10.09 0.6 PubcoHealthSci PRH 10.70 0.3			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
BrookfieldGtpfd BPRAP 25.00 -0.4 FoxFactor FOXF 70.85 0.1 KratosDefense KTOS 146.68 0.9 PubcoHealthSci PRH 10.70 0.3			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MeridianBankCorp EBSC 15.61 -1.0 Microbot MBOT 5.76 0.9		
Brown&Brown BBN 31.29 0.5 Franklin FBN 18.35 0.6 LandcadiaVt LCAHV 1.23 0.0 LandcadiaVt LCAHV 1.23 0.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3			NetSciences NESR 14.38 8.2 Sonic SONC 39.75 8.2			MidstatePetrol MIPD 9.88 -6.0 Microbot MBOT 7.25 2.0		
CDW CDW 89.86 1.3 GI Therapeutics GTHT 69.57 2.2 LandcadiaSystem LSTS 128.70 0.1 LandcadiaVt LCAHV 1.23 0.0			Orbitz ORBT 15.21 0.7 Tara TARA 10.90 0.3								

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, September 11, 2018

Net

Stock Sym Close Chg

A B C

ABB ABB 23.28 -0.03

ADT APE 8.52 -0.12

AES AES 13.08 -0.14

Aflac AFL 46.33 -0.14

AGNC Inv AGNC 19.11 -0.08

ANGI Homesvcs ANGI 22.16 -0.08

Ansys ANSS 186.79 1.22

ASML ASML 183.37 -2.30

ATT&T T 32.67 0.28

AbbottLabs Abbott ABT 66.60 0.05

AbbVie ABV 193.8 -0.64

Abiomed ABMD 397.41 8.83

Accenture ACN 16.09 1.14

ActivationBlk ATVI 79.50 5.24

AcuityBrands AYI 182.51 3.26

AdobeSystems ADBE 267.00 1.63

Advance Auto AAP 167.24 0.31

AdvMircosDevices ADM 30.10 0.21

Aegon AEG 5.99 0.03

AerCap AER 56.81 -0.04

Aetna AETN 202.19 1.14

AffiliatedMtrs AMG 142.79 0.10

AigentTechs ATECH 67.61 -0.31

AigonicEagle AEM 33.07 0.04

AirProducts APP 166.64 0.58

AlakamTech ALKAM 76.90 0.15

AlaskaAir ALK 68.97 0.82

Albemarle ALB 98.84 1.45

Alcoa AIA 40.87 -1.14

AlexandriaREst ARE 127.79 0.57

Alexipharm ALXN 117.52 -0.92

Alibaba BAB 145.6 1.10

AlignTech ALGN 38.28 0.02

Alkermes ALKS 38.9 -0.23

Alleghany AYH 625.26 4.15

Allegion ALLE 89.7 -0.10

Allergan AGN 188.4 -0.72

AllianceData ADD 237.73 0.18

AlliantEnergy LNT 43.06 -0.18

AllisonTransm ALSN 51.82 0.28

Allstate ALL 98.16 0.31

AllyFinancial ALLY 26.79 0.07

AlynlyPharm ALNY 100.35 -3.90

Alphabit A GOOG 117.73 12.72

Alphabit A GOOGL 118.99 14.93

Altavista AABA 64.49 0.49

AlticeUSA ATVI 18.47 0.07

Altisys MO 59.47 -1.11

AlumofChina ACH 9.99 0.19

Amazon.com AMZN 1987.15 48.14

Ambev ABEV 4.38 -0.08

Amicro Devices ADM 30.10 0.21

Amgen AUMH 30.21 -0.35

Amico UHAL 37.58 -0.36

Amoco AOC 52.37 -0.35

AmeritPower AWP 147.00 -0.02

Amcor ATR 108.31 1.02

AmericanFin ATR 122.19 0.19

AmHomes4Rent AMH 22.55 -0.31

AMG AIG 52.37 -0.35

AmeritPower AWP 117.52 -0.33

ApplianceCo ALPH 18.47 0.11

AppGlobe AG 199.47 -3.03

Appnexus APP 22.85 0.55

MARKETS DIGEST

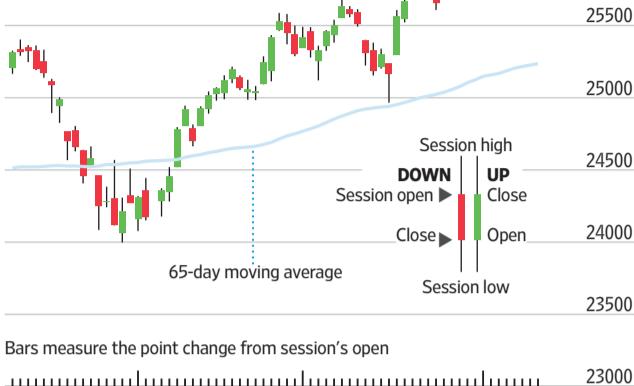
EQUITIES

Dow Jones Industrial Average

25971.06 ▲ 113.99, or 0.44%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.74 20.24
 P/E estimate * 16.76 18.39
 Dividend yield 2.12 2.33
 All-time high 26616.71, 01/26/18

Current divisor 0.14748071991788



Bars measure the point change from session's open

June July Aug. Sept. 23000 2600

*Weekly P/E data based on as-reported earnings from Birny Associates Inc.

S&P 500 Index

2887.89 ▲ 10.76, or 0.37%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.20 23.82
 P/E estimate * 17.84 18.83
 Dividend yield 1.81 2.00
 All-time high 2914.04, 08/29/18



June July Aug. Sept. 2600 2700 2800 2900

65-day moving average

Nasdaq Composite Index

7972.47 ▲ 48.31, or 0.61%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.75 25.87
 P/E estimate * 21.40 21.43
 Dividend yield 0.96 1.11
 All-time high: 8109.69, 08/29/18



June July Aug. Sept. 7200 7375 7550 7725 8075 8250

65-day moving average

Major U.S. Stock-Market Indexes

	Latest		52-Week		YTD % chg	3-yr. ann.
	High	Low	Close	Net chg	% chg	
Dow Jones						
Industrial Average	26019.92	25754.32	25971.06	113.99	▲ 0.44	16.5
Transportation Avg	11578.52	11503.35	11534.57	-19.51	▲ -0.17	12.7
Utility Average	740.11	734.63	735.63	-1.90	▲ -0.26	10.2
Total Stock Market	30065.50	29805.63	30015.02	101.28	▲ 0.34	13.5
Barron's 400	781.18	775.38	779.32	0.91	▲ 0.12	13.9

Nasdaq Stock Market

	High	Low	Latest	52-Week	YTD	3-yr. ann.
	Close	Net chg	Close	Low	% chg	
Nasdaq Composite	7986.32	7880.92	7972.47	48.31	▲ 0.61	18.2
Nasdaq 100	7519.45	7401.72	7507.87	60.20	▲ 0.81	20.2

S&P

	High	Low	Latest	52-Week	YTD	3-yr. ann.
	Close	Net chg	Close	Low	% chg	
500 Index	2892.52	2866.78	2887.89	10.76	▲ 0.37	13.8
MidCap 400	2039.47	2024.29	2034.85	3.07	▲ 0.15	12.9
SmallCap 600	1086.09	1076.75	1082.37	-0.20	▲ -0.02	17.3

Other Indexes

	High	Low	Latest	52-Week	YTD	3-yr. ann.
	Close	Net chg	Close	Low	% chg	
Russell 2000	1723.46	1710.31	1718.40	0.94	▲ 0.05	14.1
NYSE Composite	12968.90	12873.38	12952.30	23.63	▲ 0.18	8.9
Value Line	584.93	580.97	583.94	0.26	▲ 0.04	8.5
NYSE Arca Biotech	5146.60	5097.85	5128.40	-32.62	▲ -0.63	9.1
NYSE Arca Pharma	579.65	576.30	578.84	1.26	▲ 0.22	1.6
KBW Bank	110.41	109.40	109.95	0.27	▲ 0.25	15.5
PHLX® Gold/Silver	62.02	60.59	61.92	-0.04	▲ -0.01	11.2
PHLX® Oil Service	139.88	135.55	138.93	2.75	▲ 2.02	18.7
PHLX® Semiconductor	1371.61	1354.73	1361.89	-13.85	▲ -1.01	30.3
Cboe Volatility	14.92	13.21	13.22	-0.94	▲ -6.64	17.1

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Invs Actvly Mgd ETC	PDBC	6,808.9	18.10	-0.04	-0.23	18.19	18.10
SPDR S&P 500	SPY	6,665.3	289.38	0.33	0.11	289.39	288.76
Bank of America	BAC	5,682.4	30.85	...	unch.	30.88	30.83
iSh Core MSCI Emg Mkts	IEMG	5,585.0	48.88	-1.05	-2.10	50.09	48.88
HP	HPQ	5,201.6	24.75	0.07	0.28	24.76	24.39
Weatherford International	WFT	3,875.6	2.52	0.03	1.20	2.52	2.46
Wells Fargo	WFC	3,682.7	57.35	-0.03	-0.05	57.66	57.29
iShares China Large-Cap	FXI	3,244.1	40.42	0.03	0.07	40.46	40.24

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Foamix Pharmaceuticals	FOMX	762.4	8.80	2.88	48.65	9.44	5.92
Laredo Petroleum	LPI	127.6	8.25	6.73	8.30	7.73	7.73
Spectrum Pharmaceuticals	SPPI	79.9	21.90	0.78	3.69	22.17	20.88
Kinross Gold	KGC	125.6	2.80	0.07	2.56	2.80	2.72
U.S. Silica Holdings	SLCA	101.5	20.78	0.51	2.52	21.00	20.00

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Assertio Therapeutics	ASRT	149.0	5.67	-0.29	-4.87	5.99	5.67
Annaly Capital Mgmt	NLY	834.8	10.25	-0.23	-2.19	10.51	10.08
iSh							

BANKING & FINANCE

SEC Steps Up Crypto Policing Efforts

By DAVE MICHAELS

Regulators fined a hedge-fund manager and two men who ran a website for selling cryptocurrencies in two cases that represent a new front in the campaign to police the market for digital assets.

The settlements announced Tuesday are the Securities and Exchange Commission's first actions against a hedge fund and brokers involving virtual currencies or digital tokens.

The hedge fund's manager, **Crypto Asset Management LP**, falsely advertised it as the first regulated fund in the U.S.

focused on crypto assets, the SEC said.

In the second case, the brokers' website was billed as an "ICO superstore" for connecting buyers with initial coin offerings, a popular way of raising money from individuals that often violates investor-protection laws, according to the SEC.

The regulator said Crypto Asset Management and founder Timothy Enneking illegally sold stakes in the hedge fund to U.S. investors. The fund's assets peaked at \$37 million in December, when valuations for bitcoin and

other cryptocurrencies reached their highest point.

Mr. Enneking, 59 years old, bills himself as a pioneer in running hedge funds that invest in cryptocurrencies. He and his firm, based in La Jolla, Calif., agreed to pay \$200,000 to settle the probe. Crypto Asset Management originally raised \$3.6 million from 44 U.S. investors, the SEC said.

Mr. Enneking and his firm neither admitted nor denied the allegations. A lawyer for Mr. Enneking and his company declined to comment.

In the second action, the SEC alleged that the founders

of TokenLot, a website that connected buyers with digital assets, broke the law by failing to register as a brokerage firm. To settle the probe, TokenLot and its founders agreed to pay more than \$560,000 in penalties without admitting or denying fault.

Both of the founders, Lenny Kugel, 28 years old, and Eli Lewitt, 27, agreed to be barred from the brokerage industry for at least three years. The SEC's order didn't accuse them of fraud, but said they violated laws requiring brokers to submit to SEC oversight and sell only regulated investments to

the public. A lawyer for the men declined to comment.

A Wall Street Journal investigation found that hundreds of digital coin offerings show indicators of fraud, including plagiarized investor documents, promises of guaranteed returns and missing or fake executive teams.

The SEC didn't reveal which tokens or cryptocurrencies were implicated in the two cases, making it impossible to tell which digital coins the regulator considers to be securities. The SEC's authority to police the crypto market turns on its assertion that many to-

kens are securities because of how they are marketed or because of the rights they give investors.

TokenLot was in business from July 2017 until February, and took orders from more than 6,000 investors, the SEC said. The company executed 2,100 orders for early sales of ICOs and earned commissions of \$112,000 for doing so, regulators said. The firm also earned about \$232,000 from handling secondary-market token trades, the SEC said.

TokenLot's site says people who bought tokens can apply to have their orders refunded.

Asian Gambling Stocks Are Taking a Hit

By SAUMYA VAISHAMPAYAN

Asian gambling stocks have slumped in recent weeks thanks to worries about Chinese growth and spending by high-rolling, VIP customers.

Galaxy Entertainment Group and **Sands China**, which operate casinos and in the Chinese territory of Macau, dropped 5.7% and 3.7%, respectively, on Tuesday.

Shares of the two companies have declined by more than 15% so far in September, making them among the biggest decliners in the Hang Seng Index.

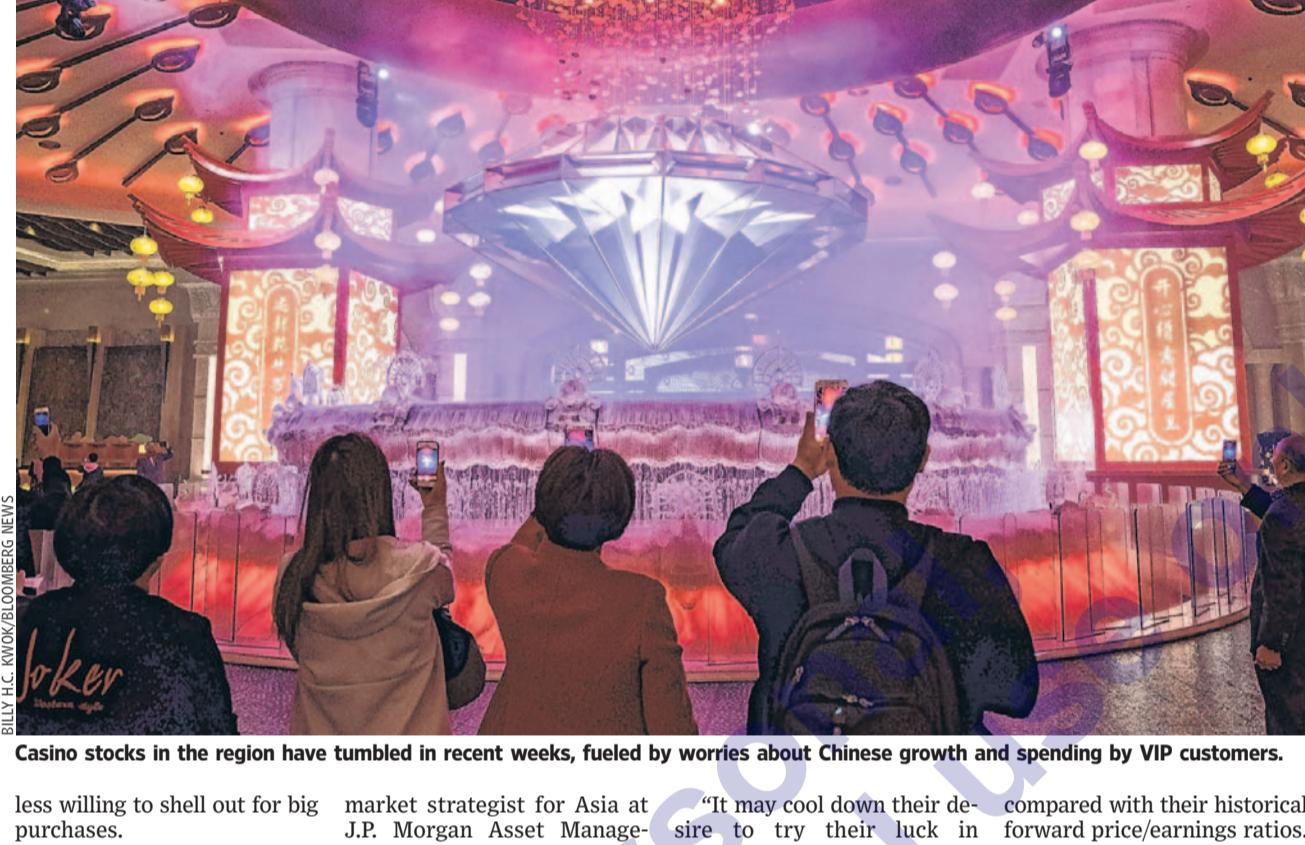
Their peers that aren't in the benchmark index also are suffering.

Hong Kong-listed shares of **Wynn Macau**, **MGM China Holdings** and **SJM Holdings** fell Tuesday. They also have all fallen by more than 15% this month.

Gambling stocks have slumped around the world in recent weeks, fueled by concerns about a growth slowdown in China and the outlook for big spenders in Macau, many of whom come from mainland China.

Nomura analysts chalked up the latest declines to cautious comments from **Suncity**, Macau's largest operator of junkets bringing in Chinese gamblers, about the outlook for VIP business in 2019.

Tumbling stocks in China mean that consumers may be



Casino stocks in the region have tumbled in recent weeks, fueled by worries about Chinese growth and spending by VIP customers.

less willing to shell out for big purchases.

The Shanghai Composite Index, for example, in June fell into a bear market—commonly defined as a 20% decline from a recent closing high.

Recent data indicate that sales for big-ticket and luxury items in China have slowed, according to Tai Hui, chief

market strategist for Asia at J.P. Morgan Asset Management. That includes gambling.

"You're not talking about a couple of games of poker, you're talking about a very serious amount of money involved," he said.

Beijing's broader crackdown on shadow banking and loans might not help either.

"It may cool down their desire to try their luck in Macau," he said, referring to Chinese consumers.

Still, the Nomura analysts believe the selloff in gambling stocks has gone too far, and suggest buying.

Both Galaxy and Sands are trading at more-than-one-year lows and now look cheap,

compared with their historical forward price/earnings ratios.

Elsewhere in Asian markets, stocks were mostly down Tuesday, except in Japan where the Nikkei 225 rose about 1.3%.

Meanwhile, the Indian rupee was roughly unchanged Tuesday, hovering at a record low against the dollar.

Regulators Win Ruling On Digital Coin Deals

By ALEXANDER OSIPOVICH

Regulators scored a victory in their crackdown on cryptocurrency crimes as a judge ruled that initial coin offerings are subject to U.S. securities-fraud laws.

Judge Raymond Dearie ruled on Tuesday that Maksim Zaslavskiy would need to stand trial on fraud charges related to ICOs, rejecting the Brooklyn businessman's effort to have the case tossed out.

The ruling in the Eastern District of New York was the first time a federal court had weighed in on the government's jurisdiction over ICOs in a criminal case, lawyers said. It will likely strengthen the hand of U.S. authorities going after alleged bad actors in the multi-billion-dollar business.

In an ICO, a firm creates a new cryptocurrency and sells it to investors to raise money.

Such offerings surged in popularity last year, and many operators touted them as way for startups to raise capital without the onerous regulations and hefty fees of a traditional initial public offering. ICO promoters cashed in on interest stoked by the success of bitcoin to raise money for projects ranging from instant messaging to cannabis.

Regulators have been wary of the craze. The Securities and Exchange Commission has said many ICOs are unregistered securities offerings, making them potentially illegal, and warned that many could be fraudulent.

ICOs have continued despite mounting regulatory scrutiny. Some \$12 billion was raised in ICOs from January through the end of June, according to research firm Autonomous NEXT.

Federal prosecutors filed criminal fraud charges against Mr. Zaslavskiy last year in connection with two ICOs he had allegedly promoted. One, for a new digital coin called REcoin, was purportedly backed by real estate, while the other, Diamond Reserve Coin, was supposedly backed by diamonds.

Mr. Zaslavskiy has pleaded not guilty and denied committing fraud. One of his lawyers, Jason Nagi, wasn't immediately able to comment on Tuesday.

Activist Investor to Push Change at Cosmetics Seller

By CARA LOMBARDO AND SHARON TERLEP

An activist investor wants cosmetics company **e.l.f. Beauty Inc.** to give itself a makeover.

Marathon Partners Equity Management LLC, which owns about 8.5% of e.l.f., plans to urge the discount cosmetics seller to either start a process to sell itself or refocus on core operations and reduce costs, according to a draft of a letter to its chief executive and chairman viewed by The Wall Street Journal. Marathon could release the letter publicly as soon as Wednesday.

The New York-based hedge fund also believes private-equity firm **TPG**, whose growth-investing arm owns nearly 30% of e.l.f. and has three representatives on the board, holds too much influence and wants new directors who are



e.l.f. Beauty, which stands for eyes, lips and face, went public in 2016 and now has a market value of about \$640 million.

unaffiliated with the private-equity firm added to the board, according to the letter.

TPG declined to comment.

e.l.f. Chairman and CEO Tarang Amin, in a statement, said the company hadn't re-

ceived the letter but would review it "as we would any other stockholder communication."

e.l.f. Beauty regularly engages in open and transparent dialogue with our stockholders," he said.

E.l.f., which stands for eyes, lips and face, sells cosmetics at prices below those of brands sold in department stores and specialty shops like Sephora. E.l.f., whose wares are sold in its own stores, third-party outlets and online, develops products more quickly than bigger mass-market brands, allowing it to rapidly respond to shifting tastes.

E.l.f. started selling online in 2004 and now generates most of its sales from **Walmart** and other stores outside its own.

E.l.f. went public in 2016 and, following a decline in its shares, now has a market value of about \$640 million.

The stock sank by more than 30% in one day last month after the company lowered its guidance and set a modest growth target for 2019.

Analysts had fretted that targets were inflated as shoppers turn away from mass-

market brands and competition increases. The Oakland, Calif., company's shares are down nearly 40% this year.

Marathon believes potential buyers could be interested in e.l.f.'s branded cosmetics and the platform it has built to get new products to consumers faster, which could sell other brands, according to the letter.

If e.l.f. opts to continue as an independent company, Marathon believes it should cut at least \$25 million of annual operating expenses, including stock-based compensation, and reinvest some of the savings into advertising, according to the letter. E.l.f. spends about 3% of its sales on advertising, while more traditional rivals such as L'Oréal and Coty spend more than 20% of their sales, according to a recent research note from Cowen.

—Miriam Gottfried contributed to this article.

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

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 (%)

level June '18 July '17

U.S. consumer price index

All items 252.006 0.01 2.9

Core 257.867 0.07 2.4

International rates

Latest Week ago —52-Week—

High Low

Prime rates

U.S. 5.00 5.00 5.00 4.25

Canada 3.70 3.70 3.70 2.95

Japan 1.475 1.475 1.475 1.475

Policy Rates

Euro zone 0.00 0.00 0.00 0.00

Switzerland 0.50 0.50 0.50 0.50

Britain 0.75 0.75 0.75 0.25

Australia 1.50 1.50 1.50 1.50

Overnight repurchase

U.S. 2.01 2.04 2.18 1.01

U.S. government rates

Discount 2.50 2.50 2.50 1.75

U.S. government rates

Discount 2.50 2.50 2.50 1.75

Federal funds

Effective rate 1.9400 1.9400 1.9500 1.0700

High 2.1500 2.1500 2.1500 1.3125

Low 1.8700 1.8500 1.9100 1.0000

Bid 1.9100 1.9200 1.9200 1.0600

Offer 1.9300 1.9400 2.1500 1.0700

Treasury bill auction

4 weeks 1.975 1.970 1.975 0.960

13 weeks 2.110 2.095 2.110 1.035

26 weeks 2.265 2.240 2.265 1.140

Secondary market

Fannie Mae 30-year mortgage yields

30 days 4.265 4.187 4.344 3.348

60 days 4.287 4.208 4.371 3.373

Other short-term rates

Latest Week ago —52-Week—

High Low

Call money 3.75 3.75 3.75 3.00

Commercial paper (AA financial)

90 days 2.19 n.a. 2.31 1.14

Libor

One month 2.14794 2.12031 2.14794 1.23222

Three month 2.33425 2.32275 2.36906 1.31917

Six month 2.55775 2.53900 2.55775 1.45444

One year 2.86850 2.84288 2.8685

MARKETS

Treasurys Slip as Investors Await Rate Decisions

By SAM GOLDFARB

U.S. government-bond prices crept lower Tuesday as traders braced for the possibility of tighter monetary policy ahead of a pair of central-bank meetings.

The yield on the benchmark 10-year U.S. Treasury note settled at 2.979%, compared with 2.937% Monday.

Yields, which rise when bond prices fall, often climb ahead of major central-bank meetings as investors guard against the risk

CREDIT MARKETS that officials will at least signal a move to higher interest rates.

Both the European Central Bank and Bank of England will hold policy meetings Thursday. While neither is expected to make any major policy changes, there is still "a reflexive move of making certain that you don't buy a lot of bonds right before a central-bank meeting," said Jim Vogel, interest-rates strategist at FTN Financial.

Overnight selling of high-grade government bonds was led by Europe, with the 10-year German bond yield rising to 0.428% from 0.404% and the 10-year U.K. bond yield increasing to 1.497% from 1.470%, according to Tradeweb.

Demand for haven government debt also has been sapped this month by declining fears about the political situation in Italy, where a new populist government is working on its first budget proposal.

Reflecting this shift, Italy's 10-year bond yield closed Tuesday at 2.768%, after reaching 2.324% at the end of August—when concerns were at their highest that the budget could drive up tensions with the European Union, which places limits on the deficits that member countries can run.

Despite rising in recent sessions, Treasury yields are still within a narrow summer trading range.

Since the start of June, the 10-year Treasury yield has twice climbed to around 3% only to quickly fall back down again. Even after the U.S. jobs report Friday showed larger-than-expected gains in wages, many investors continue to have fairly modest expectations for inflation.

Inflation is a main threat to longer-term government bonds because it chips away at the purchasing power of their fixed returns.

At the same time, the jobs report reinforced expectations that the Federal Reserve will at least maintain its current pace of interest-rate increases, rather than pause in the near future.

Federal-funds futures, used by investors to place bets on the direction of interest rates, on Tuesday showed a 79% chance that the Fed will raise rates at least two more times this year, according to CME Group data. That is up from 73% a week ago and 60% a month ago.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$133,542,659,100
Accepted bids	\$45,000,074,600
"noncompetitively"	\$980,517,100
"foreign noncompetitively"	\$100,000,000
Auction price (rate)	99.846389 (1.97%)

Coupon equivalent

Bids at clearing yield accepted

Cusip number

912796R9A9

The bills, dated Sept. 13, 2018, mature on Oct. 11, 2018.

52-WEEK BILLS

Applications	\$97,749,733,300
Accepted bids	\$26,000,254,400
"noncompetitively"	\$596,208,300
"foreign noncompetitively"	\$1,700,000
Auction price (rate)	97.507611 (2.46%)

Coupon equivalent

Bids at clearing yield accepted

Cusip number

912796R9A9

The bills, dated Sept. 13, 2018, mature on Sept. 12, 2019.

THREE-YEAR NOTES

Applications	\$93,917,713,200
Accepted bids	\$35,000,019,100
"noncompetitively"	\$110,515,200
"foreign noncompetitively"	\$100,000,000
Auction price (rate)	99.797279 (2.82%)

Interest rate

Bids at clearing yield accepted

Cusip number

9128285A4

The notes, dated Sept. 17, 2018, mature on Sept. 15, 2021.

Energy Shares, Apple Lift Stocks

By RIVA GOLD
AND MICHAEL WURSTHORN

The Dow Jones Industrial Average rose more than 100 points Tuesday, as a surge in energy stocks and **Apple** helped the blue-chip index overcome another flare-up in trade tensions.

The Dow industrials swung 266 points from the day's low

TUESDAY'S MARKETS to the high to recoup an early loss and snap a two-session losing streak.

Shares of energy companies such as **Exxon Mobil** and **Chevron** benefited from a lift in oil prices, which jumped after an attack on Libya's state-run oil company raised concerns of a possible supply disruption. Some investors also flocked to depressed shares of Apple that had fallen after comments from President Trump pressuring the iPhone maker to shift production to the U.S.

While news that China will ask the World Trade Organization for permission to impose sanctions on the U.S. rattled stocks around the world, major indexes in the U.S. fared better as investors said they

expected corporations to post another quarter of phenomenal earnings growth in the weeks ahead.

A humming U.S. economy has helped stave off deeper losses among shares of American companies, investors added. But markets in Europe and Asia haven't been as fortunate, as a combination of slowing growth and the specter of a trade war have driven stocks down in those regions, so much so that Hong Kong's Hang Seng Index fell into bear-market territory Tuesday.

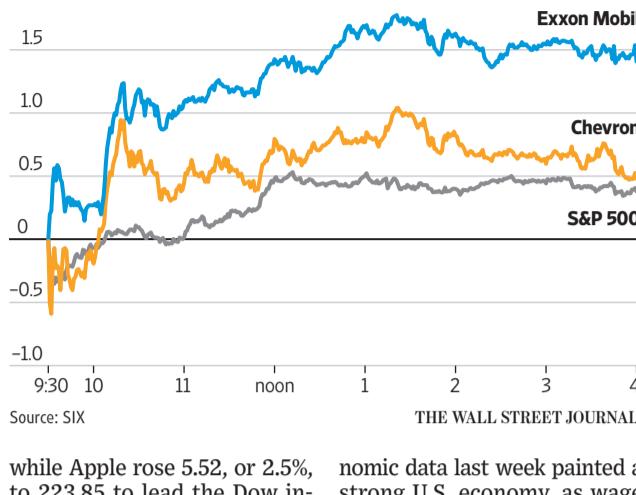
"There is very little potential upside, but there is a lot of potential downside," said Abi Oladimeji, chief investment officer at Thomas Miller Investment. "That clearly is a negative, especially at a time when I think the global growth outlook is quite precarious."

The Dow industrials added 113.99 points, or 0.4%, to 25971.06 after being down as much as 103 points earlier in the session. The S&P 500 rose 10.76 points, or 0.4%, to 2887.89, while the Nasdaq Composite added 48.31 points, or 0.6%, to 7972.47.

Shares of Exxon Mobil added \$1.15, or 1.4%, to \$82.86,

Power Play

A jump in energy stocks sent the S&P 500 higher Tuesday.

Performance, minute by minute

Source: SIX

while Apple rose 5.52, or 2.5%, to 223.85 to lead the Dow industrials higher. Meanwhile,

Post-it Notes maker **3M Corp.**, which gets a significant portion of its revenue from overseas, shed 1.15, or 0.5%, to 211.78, and chip maker **Intel** fell 1.37, or 3%, to 44.93.

Even as trade concerns linger, several investors said the economic outlook in the U.S. remains upbeat. New eco-

nomic data last week painted a strong U.S. economy, as wage growth picked up and the un-

employment rate remained below 4%. That backdrop, along with the benefits of the sweeping tax overhaul passed last year, is expected to help companies report another quarter of double-digit profit growth, building on the 25% year-over-year jump in earnings that S&P 500 companies

reported for the three-month period ended in June.

So far, analysts estimate S&P 500 companies' third-quarter earnings will increase 20% from a year earlier, which would be the third-fastest growth rate since the third quarter of 2010, according to FactSet.

But most other regions of the world haven't been able to keep pace with the U.S.'s growth, presenting another stumbling block to Europe and Asia as they also deal with trade.

"Europe is a very export-oriented economy, and trade is probably more important to Europe than it is to the U.S.," said Eddie Perkin, chief equity-investment officer at Eaton Vance, noting trade worries have been an overhang on the region in recent weeks but that valuations were starting to look attractive.

The Stoxx Europe 600 edged down less than 0.1%, while mixed trading in Asia sent Hong Kong's Hang Seng down for a fifth session into bear-market territory, defined as a 20% drop from a recent closing high.

The Shanghai Composite Index fell 0.2% to close at its lowest level since January 2016.

Copper Declines As Trade Fears Stir

By AMRITH RAMKUMAR
AND CHRISTOPHER ALESSI

Copper prices dropped Tuesday as investors continued to monitor the latest developments in the months-long trade fight between the U.S. and China.

Front-month copper for September delivery fell 0.2% to \$2,6040 a pound on the Comex division of the New York Mercantile Exchange after erasing most of its early losses.

Prices have declined 21% from their June four-year highs as the spat between the world's two largest economies has escalated, with traders anxious that tariffs will slow the Chinese economy and lower consumption of materials used heavily in construction and manufacturing.

China accounts for about half the world's copper demand and is a large consumer of other industrial metals.

While the U.S. and China have laid out a path to end their trade fight ahead of planned meetings between leaders of both countries in November, some analysts remain skeptical that the two sides will be able to quickly come to a deal.

On Friday, President Trump said tariffs on an additional \$267 billion in Chinese goods are ready to go and could be rolled out on short notice, in addition to the tariffs on \$200 billion in Chinese goods the administration has been preparing.

"Trade worries continue to consume the markets," said Edward Meir, a consultant at INTL FCStone, in a note to clients.

Trade fears also have boosted the dollar, making commodities denominated in the U.S. currency more expensive for overseas buyers. On Tuesday, the WSJ Dollar Index, which tracks the dollar against a basket of 16 other currencies, climbed 0.1%.

Gold also has been punished by the dollar's strength and rising short-term Treasury yields.

On Tuesday, front-month gold for September delivery erased early declines and closed up 0.2% at \$1,195.40.

Like copper, the yellow metal is near its lowest levels in more than a year.

Among other metals, most-actively traded silver futures dropped 0.2% to \$14.153, platinum was down 0.1% to \$789.30 and palladium fell 0.3% to \$961.80.

In London, aluminum dropped 2.4% to \$2,044 a metric ton.

Nickel shed 1.6% to \$12,215, zinc declined 2.9% to \$2,311, tin was up 0.2% at \$19,045 and lead retreated by 3.1% to \$1,965.



CALLAGHAN OHARE/BLOOMBERG NEWS

West Texas Intermediate's discount to global benchmark oil helped send U.S. exports to a record three million barrels a day in June.

U.S. Crude Exports Poised to Rise

By DAN MOLINSKI

U.S. oil is trading at a big discount to global crude, handing domestic producers a golden opportunity to cash in on exports, although American consumers might suffer.

The gap of nearly \$10 a barrel between West Texas Intermediate oil and global benchmark Brent compares with a spread of less than \$4 as recently as two months ago.

Cheaper U.S. crude prices make American-produced oil an easier sell in places like Asia, even with the cost of shipping, typically a few dollars a barrel. The price gap also helps keep the U.S. energy industry firing on all pistons during the typically quiet fall season when summer-driving demand declines and refineries

said Phil Flynn at Price Futures in Chicago. "Exports will start heading back to records if not breaking them."

Oil exports rocketed to a record three million barrels a day in June, largely attributed to WTI prices that were \$10 cheaper than Brent then.

That pattern could repeat itself now, according to Bob Yawger, director of the futures division at Mizuho Securities U.S.A. Over the past six weeks, when the spread wasn't much larger than the shipping costs, exports averaged less than 1.9 million barrels a day, weekly data from the Energy Information Administration show.

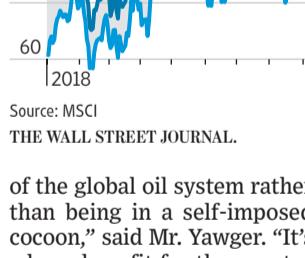
Crude exports were prohibited until Congress lifted the ban in late 2015, which provided an outlet for U.S. oil that helps prevent inventories from building up, which could cause prices to plunge.

The \$10 spread "is screaming for more U.S. oil exports,"

"The U.S. is suddenly part

Wider Gap

The gap between U.S. and global oil prices has widened to nearly \$10 a barrel.

Crude-oil price

Source: MSCI

THE WALL STREET JOURNAL.

exports could tighten U.S. inventories, which could send gasoline prices higher. The average U.S. retail price as of Tuesday for a gallon of gasoline is \$2.84, according to GasBuddy, which is close to a four-year high.

At the same time, U.S. sanctions against Iran, which take effect in November, could limit exports from the Islamic nation and create more demand overseas—providing additional incentive for U.S. exports.

That could lead U.S. producers to crank up output to meet global needs.

According to Mr. Flynn, the "sad irony" is that pipeline shortages and other infrastructure constraints in places like West Texas may keep producers at bay.

"Bottlenecks and other issues are hampering our more lofty production projections," said Mr. Flynn.

Oil Prices Climb Ahead of New Data

By DAN MOLINSKI
AND CHRISTOPHER ALESSI

Oil prices rose sharply Tuesday on forecasts that U.S. crude oil inventories could remain relatively low into the fall season if exports surge and shale production remains steady.

Crude oil inventories ended 2.5% higher at \$69.25 a barrel on the New York Mercantile Exchange. Brent crude, the global benchmark, was 2.2% higher at \$79.06 a barrel.

The Energy Information Administration is due Wednesday morning to release its weekly report on U.S. oil stockpiles, and while the coming fall season typically sees inventories

conduct maintenance, analysts said some further supply decreases may be in store. A survey of analysts by The Wall Street Journal expects crude-oil inventories fell, on average, by 1.6 million barrels in the week ended Sept. 7.

Bob Yawger, director of the futures division at Mizuho Securities U.S.A., said a rising differential between U.S. benchmark prices and global benchmark prices should send U.S. oil exports higher over the coming weeks as the discount makes U

MARKETS

Lack of Volatility Sign of Investor Caution

BY AMRITH RAMKUMAR

Moves by major U.S. stock indexes have been subdued recently, a signal that investors are waiting for new catalysts before making big changes to their portfolios.

The S&P 500 has gone 54 trading days without a move of 1% in either direction, the longest such streak since January and just the fifth time the benchmark index has moved less than 1% on 50 consecutive sessions in the past five years, according to Dow Jones Market Data.

It last moved at least 1% on June 25, falling 1.4% as trade fears gripped global markets. The Dow Jones Industrial Average and Nasdaq Composite have also been relatively calm recently, though certain sectors have at times been volatile.

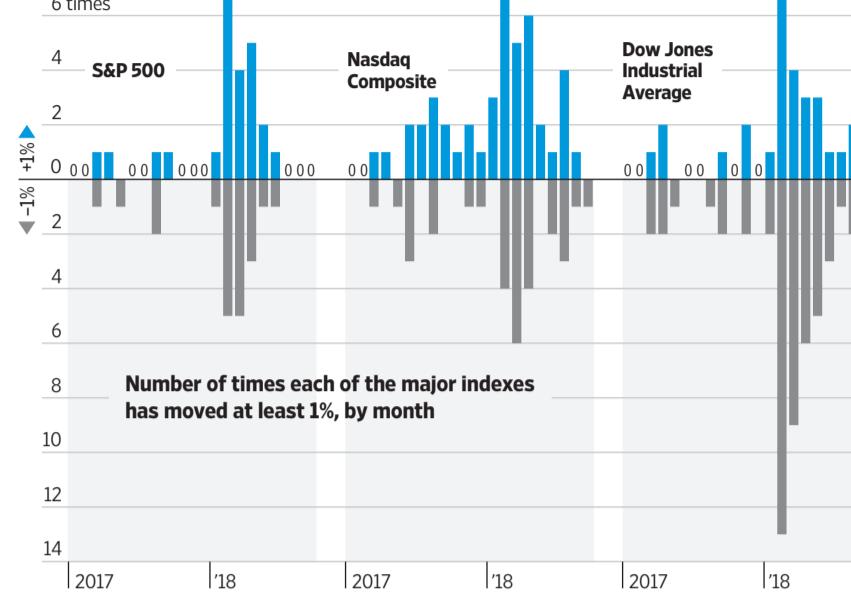
Although trade barbs have intensified lately, with President Trump on Friday threatening tariffs on an additional \$267 billion in Chinese goods, analysts say the market has grown more comfortable with the rhetoric and is now waiting for a resolution.

At the same time, investors also appear more confident that the U.S. economy can withstand gradually rising inflation and interest rates, with major indexes hardly budging after Friday's wage-growth figure matched the strongest monthly reading since 2009.

Analysts say investor comfort with the major issues dictating market moves shows many are looking for changes to that backdrop before adjusting their portfolios, a sign that the recent quiet period could continue as the third quarter comes to an end.

"The markets look like they're a little bit more in a 'wait-and-see' mode where they're used to a lot of the positioning," said Shawn Cruz, manager of trader strategy at TD Ameritrade. "It's in stark

Stock indexes have returned to relative calm in recent weeks, a period in which the most closely watched volatility index stayed quiet and the S&P 500 hasn't moved more than 1% from its previous close.



The S&P 500 hasn't moved more than 1% in either direction in more than 50 days, one of the longest streaks in recent years.

Period	Days
June 2018 – Present	54 trading days
December 2016 – February 2017	55
May – August 2017	58
April – July 2014	62
September 2017 – January 2018	94

Sources: Dow Jones Market Data (1% moves and streaks, trading volumes); FactSet (VIX, S&P 500 sectors)

contrast to what happened earlier in the year."

Quiet summer trading has also continued into September, with lower-than-average trading volumes also contributing to the recent tranquility, analysts say. Roughly 6 billion shares on average have been traded daily on New York Stock Exchange and Nasdaq

exchanges since the start of July, compared with the year-to-date average of 6.7 billion, according to Dow Jones Market Data.

And even though certain sectors have been volatile in recent weeks, other groups have often picked up the slack to stabilize the broader market.

The S&P 500 information-technology sector fell for four consecutive sessions to start September, including a 1.5% drop Sept. 5, but other groups including telecommunications shares, industrial stocks and the utilities sector rose to largely offset the losses. Some analysts view that trend as a sign of strength because previ-

ous dips in the market's best-performing sector have often spread and sparked broader volatility.

Instead, Wall Street's "fear gauge," the Cboe Volatility Index, has largely been flat since spiking as stocks tumbled in February.

The VIX, which is based on the price of S&P 500 options,

is still near last year's historic low.

It also was low the last time the S&P 500 went this long without a 1% move, in January.

That streak of 94 days was the longest since December 1995, as the S&P 500 surged before tumbling during February's bout of volatility.

With corporate profits already growing at their quickest pace in years, some analysts think it will take a similar wave of selling or unexpected shift in economic or earnings data to jolt markets out of their recent lull.

Others think the key lies in ongoing trade discussions with China and the European Union.

Months of rhetoric between the world's two largest economies have some investors generally ignoring day-to-day headlines.

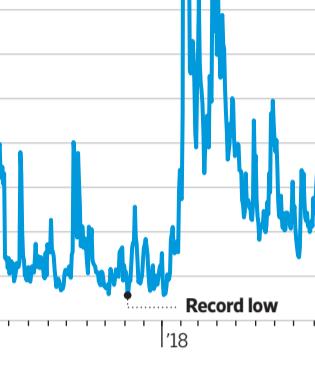
While stocks climbed after President Trump said the U.S. and Mexico had reached a trade agreement Aug. 27, the gains were contained as analysts looked ahead to progress with Canada, China and the EU.

Recent meetings between the U.S. and Canada have yielded little progress, but some investors say the most important trade talks are with China.

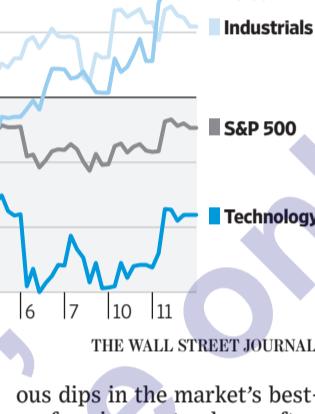
Growth in the world's largest consumer of a wide range of products and commodities already has shown signs of slowing, so analysts are largely shaking off rhetoric and keeping an eye on planned November meetings between Mr. Trump and Chinese leader Xi Jinping.

The two sides have laid out a path to end their fight by then, a broader goal that has taken attention away from the continuing threats.

"Markets are starting to look past that and waiting to see what actually gets done," Mr. Cruz said.



Gains in other sectors including telecom and industrials have largely offset declines in technology this month.



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Beijing Is Playing a Risky Game

China is having a securitization party.

Just over \$100 billion worth of asset-backed securities were issued in the first half of 2018 in China, according to S&P Global Ratings, a 44% year-over-year rise that put the country second, after the U.S., in terms of worldwide issuance. Enough differences exist between the U.S. in 2008 and China now to suggest this won't be the corner of markets that brings the global financial system to a breaking point. That doesn't mean there is no cause for concern.

The growth of asset-backed securities is one consequence of broader trends in Chinese banking. Regulators have forced banks to take risk back onto their balance sheets such as wealth-management products they sold to customers. Securitization is a legitimate way to create room to make still more loans. Nearly \$30 billion worth of mortgage-backed securities were issued in the first half, more than in all of 2017.

So far, the mortgage surge has come with low default rates, but pressure points appear to lie elsewhere. Issuance of auto-loan-backed securities plummeted in the second quarter.

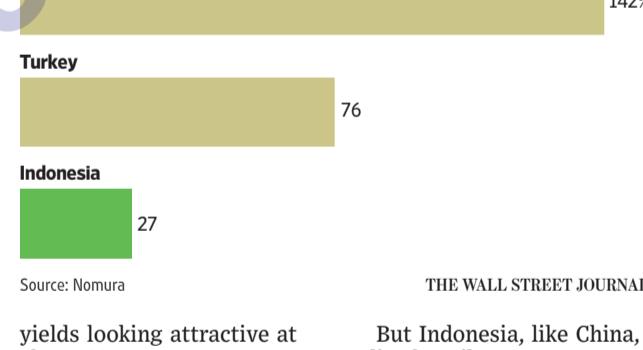
Of most concern may be the emergence of securities linked to Chinese property developers. Small suppliers have been able to unload receivables from the likes of **China Vanke** and **Country Garden** at a discount to third-party factors who securitize and sell them to investors.

If a Chinese housing downturn ever materializes, investors could see the downside of the securitization boom. —Andrew Peoplele

Indonesia Offers Reason to Worry

In Hock

Short-term foreign debt as a percentage of exports in the 12 months through July



Source: Nomura

THE WALL STREET JOURNAL.

yields looking attractive at about 8%.

On the surface, Indonesia looks healthier than the likes of Argentina. Public debt, at 29% of GDP at the end of last year, was well below normal levels in many developed countries. And Indonesia is still earning plenty of cash from exports to help pay off its foreign creditors.

But Indonesia, like China, relies heavily on state-owned enterprises for investment—and they aren't in great financial shape. Its top state-owned infrastructure companies had aggregate earnings before interest, taxes, depreciation and amortization equivalent to less than four times their interest expense by late 2017,

according to Natixis economists Trinh Nguyen and Gary Ng, against a global median of eight times for the sector. The country's low direct government debt looks less convincing in that context.

Indonesia also looks vulnerable because it is both a big coal exporter and a net oil importer. The former makes it susceptible to a China slowdown—prices for low-caloric value Indonesian coal have tumbled since June, while oil prices have remained high.

The country's monthly trade deficit in July was its largest since 2013, largely due to expensive energy imports.

Indonesia is no Turkey or Argentina, but investors are right to be concerned. Juicy bond yields notwithstanding, spelunking in Indonesia's coal mines while broader emerging markets are filling up with water looks like a risky business.

—Nathaniel Taplin

OVERHEARD

There is an old stock-market saying: "Nobody rings a bell at the top of the market." But maybe they blow a shofar.

As Jews rang in the year 5779 at sundown on Sunday with the sound of a ram's horn, starting a traditional 10-day period of repentance, an old saw may have regained currency: "Sell Rosh Hashana, buy Yom Kippur."

Years ago, this was one of the more reliable seasonal indicators, akin to the Santa Claus rally.

The past several years have seen it return. Stocks rise on most days and weeks, but the Dow has dropped 18 times and risen just 10 times since 1990 between the Jewish New Year and day of atonement.

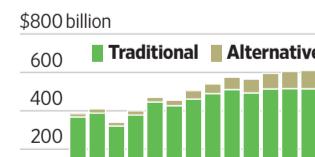
The worst stretch was a decade ago when it fell by over 20% during the financial crisis.

Here's hoping for a happier new year than that.

Reinsurers' Lower Returns Are Making Deals More Likely

Money Mounting

Total reinsurance capital available to underwrite risks worldwide



*Through first quarter
Source: Aon Benfield

which means catastrophe bonds and other types of pre-funded reinsurance.

Alternative capital can be raised and deployed very quickly, so it stops catastrophe insurance prices from rising as rapidly as they used to after a big disaster. It also

is being more widely employed by reinsurers to reduce their own exposures, so their losses also aren't as large as they once might have been.

All this is making profits for reinsurers less volatile, but also lower than they used to be. Analysts at Fitch Ratings think this is a long-term change.

It also explains why more reinsurers are likely to buy managers of alternative capital.

Markel Corp. of the U.S. last week struck a deal for the largest and oldest such manager, Nephila.

Such deals mean reinsurers still collect fees for managing reinsurance risk even when that risk is ultimately borne by other investors. Once

closes, more than 40% of all alternative capital in the industry will be managed by arms of traditional reinsurance groups, according to Moody's Investors Service.

Buying a fund manager also allows reinsurers to use more or less alternative or traditional capital to underwrite their business depending on the returns at prevailing prices.

Reinsurers also can benefit from acquiring or merging with traditional rivals. This kind of deal can bring cost savings, allow them to write bigger policies covering more types of insurance risk in one go and diversify their books to try to avoid big losses from concentrated exposures.

It is getting harder for smaller companies to remain

independent. Top performers with less than \$5 billion of capital can stand alone, but many have been bought by bigger groups. France's **Scor** is fending off the attentions of **Covéa**, a French mutual insurer, while in the U.S., **Everest Re** stock is under pressure from losses associated with last year's storms.

Reinsurers might not have it all their own way. Validus and Montpelier Re were bought by traditional rivals, but private equity is looking, too: **Apollo Global Management** agreed to acquire Aspern Insurance for \$2.6 billion last week.

Whatever form they take, deals will reshape both the industry and returns to investors in the years ahead.

—Paul J. Davies



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