




 *From **employee** to **entrepreneur***

*Nisha learned how on YouTube. What will you learn?*

"After I got laid off from my job, I didn't have enough money to buy a nice birthday gift for a friend's daughter. Then a light bulb went off. I had a sewing machine, and always had a knack for design—maybe I could make something? I didn't even know how to turn it on, so I pulled up YouTube to learn how to use it. I kept watching videos, over and over, until I finally made my first stitch. I taught myself to make these colorful bows that my friend's daughter could wear in her hair. And the parents went crazy for them. I left that birthday party with six customers.

That's when I started reimagining myself as an entrepreneur and started my company, Knotzland. We now make handmade bow ties from reclaimed fabrics. It's beyond what I dreamed—I'm not only a designer but also a business owner. I gave myself a whole new life. It's been a crazy journey."

Watch Nisha's story: [youtube.com/NishaLearnedHow](https://youtube.com/NishaLearnedHow)

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The people who defined 2019 <sup>39</sup>

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# 1969

Established Samsung Electronics Industry Co., Ltd. (Samsung) in Suwon, South Korea.



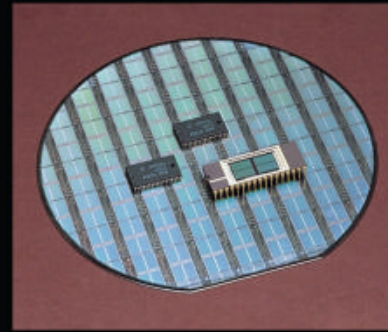
# 1979

Developed Korea's first VCR.



# 1992

Developed the first 64Mb DRAM (Dynamic Random Access Memory) and became #1 in the global DRAM market.



# 2006

Attained the #1 market share position for overall TV, flat screen TV, and LCD TV sales worldwide.



Released the Econo TV using "Quick Start" CRT technology. It had an instant reception feature that reduced energy consumption.



Achieved the #1 global market share position for monitors.



Launched its first ultra-light mobile telephone. At 100 grams, the Samsung SH700 was way ahead of its time. The weight was reduced through the use of self-developed antennae.

# 1975

# 1988

# 1993

# 2019

Unveiled the Galaxy Fold, which introduced breakthrough foldable technology in mobile devices. Equipped with a revolutionary 7.3-inch Dynamic AMOLED Infinity Flex Display, it combines favorite features of both smartphones and tablets.

The Galaxy Fold has not only changed the expectations of the smartphone, it has created a whole new mobile category.



# 2017

Unveiled the QLED Television at the Consumer Electronics Show, offering truly immersive picture, sound and AI capabilities.



# 2011

Launched Exynos – the company's first mobile application processor brand. It integrated the first incarnation, the Exynos 4210 SoC, into the Samsung Galaxy S II smartphone.



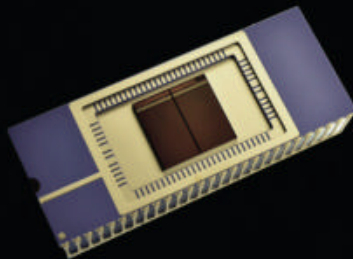
# 2018

Unveiled the world's first 5G-ready massive MIMO that combined radio and antenna into a slim box with high-capacity. It also enhanced coverage using 3D Beam Forming technology.



# 2013

Began mass producing the industry's first 3D Vertical NAND flash memory, which broke through the scaling limit for existing NAND flash technology.



# 2010

Launched the Galaxy smartphone series with the Android OS.





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# Easier Business

## Efforts to improve China's business environment see higher ranking in World Bank report By Wang Jun

When he spoke at the "Understanding China" conference in the southern city of Guangzhou, Guangdong Province, in October, Zeng Qinghong, Chair of Guangzhou Automobile Group, a Chinese automobile maker headquartered there, sounded upbeat.

"We have reached a deal with Toyota, which will invest 15 billion yuan [\$2.13 billion] in two new factories in Guangzhou," he said, talking of the Japanese multinational's latest agreement with his company. Zeng attributed it to the sound business environment in China. "It's the recognition of China's improvements that makes foreign companies feel confident to increase investment," he remarked.

Shortly before the event, the World Bank released its Doing Business 2020 study, which gave China a leg up. The report graded China No. 31 globally out of 190 countries and regions in its ease of doing business index, with a score of 77.9 out of 100. For the second year in a row, China joined the ranks of the world's top 10 most improved economies for ease of doing business.

### An engine for growth

"Efforts to optimize the business environment will help bolster institutional reform, encourage fair competition, and stimulate the vigor of the economy and market motivation, thereby boosting high-quality development," economist Fan Hengshan said at the Guangzhou conference.

Martin Raiser, World Bank Country Director for China, acknowledged that China has undertaken substantial efforts to improve the domestic business climate for small and medium-sized enterprises, maintaining an active pace of reforms. In a World Bank press release on Oct. 24 accompanying the study, he said, "Laudable progress has been achieved on a number of Doing Business indicators, particularly in the area of construction permitting."

According to the World Bank report, it now takes 111 days to go through the procedures to obtain permission for construction in China, against an average 132 days in the East Asia and Pacific region. The Chinese economy received a perfect score of 15 points in the quality index of the indicator, compared to the average 9.4 points given to the region.

China has also simplified requirements to obtain permits for low-risk construction projects and reduced the time taken to get water and drainage connections.

It now ranks 12th globally in getting an electricity connection, which is significantly better than the rest of the region. Chinese businesses need to complete just two procedures and spend 32 days to obtain a connection, half the average of 4.2 procedures and 63 days in the East Asia and Pacific region, the report says.

### Better judicial rule

China has also improved the quality of judicial administration and scored 17 out of 18 on this index, the highest in the world. A local entrepreneur spends on average 496 days and 16.2 percent of the claim value to resolve a commercial dispute, much faster and less expensive than the regional average.

"The government must bear in mind that the essential part of the business environment is a transparent, steady and predictable legal environment," said Long Yongtu, former Vice Minister of Commerce. According to him, what overseas and domestic private businesses are most concerned about is not preferential treatment, but uncertainties in the investment environment.

"Judicial governance is an important part of the business environment, and judicial authorities at all levels have made significant contributions to the rapid increase of China's global ranking in the ease of doing business index," Xiao Jianguo, a professor at the Law School of Renmin University of China, said. "Especially, the Supreme People's Court (China's highest judicial organ) has issued judicial interpretations and guidelines to improve the enforcement of contracts."

The World Bank report uses the contract enforcement indicator to measure a country's efficiency to solve commercial disputes. Here China scored 80.9 compared with 79 in the previous year, ranking fifth in the world. Under this indicator, the quality of the judicial process index measures whether each economy has adopted a series of good practices in its court system in the four areas of court structure and proceedings, case management,



A German engineer tests equipment at IMS Gear (Taicang) Co. Ltd. in Taicang, in east China's Jiangsu Province, on Oct. 31.



Visitors watch a short music video in the 360-degree immersive soundscape zone of U.S. company Sound United at the Second China International Import Expo in Shanghai on Nov. 6.

court automation and alternative dispute resolution. Here China scored 16.5 out of 18, compared with 8.1 given to the East Asia and Pacific region.

To improve the business environment, the State Council, China's cabinet, issued a regulation on improving the country's business environment on Oct. 23. The regulation, which comprises 72 articles on the protection of market players, the market environment, government services, supervision and law enforcement as well as legal guarantee, will be effective as of Jan. 1, 2020.

"As the first comprehensive administrative regulation in China in this regard, it covers almost every aspect of improving the business environment," Ning Jizhe, Vice Minister of the National Development and Reform Commission, said at a policy briefing.

"The regulation highlights fair competition, stressing that all types of market players have equal access to production factors and are equally protected by law. This is the essence of the entire business environment," Chang Xiuzhe, an economist with the Chinese Academy of Macroeconomic Research, said.

The Fourth Plenary Session of the 19th Communist Party of China Central Committee, held in late October with a focus on advancing the modernization of China's system and capacity for governance, reaffirmed the goal of building new institutions for a higher-standard open economy.

### Room for improvement

However, despite the laurels, there are some challenges as well.

"While there has been substantial progress, China still lags in areas such as paying taxes (105th in ranking), getting credit (80th), and trading across borders (56th). It takes 21 hours and costs \$256 when exporting to comply with border requirements, longer and more expensive than among Organisation for Economic Co-operation and Development high-income economies," the World Bank study said. "And a Chinese company must spend an average of 138 hours per year complying with fiscal requirements, compared to 64 hours in Singapore."

According to a report by *21st Century Business Herald*, a business newspaper in

Guangzhou, since the World Bank study collected figures on paying taxes from Jan. 1 to Dec. 31, 2018, China's 2-trillion-yuan (\$284 billion) tax cut carried out this year was not included in the assessment of this indicator. This means that China's performance for paying taxes will be better in the 2021 report.

"There are still many things to improve in the business environment, such as simplifying the visa procedures for foreign professionals, further cutting the negative list of sectors off-limits to foreign investors, and reducing tariffs and subsidies," Wang Huiyao, founder and President of the Center for China and Globalization, a Beijing-based think tank, said.

"Even for developed economies, attracting foreign investment is very important. We must make our business environment more attractive to overseas capital, professionals and technologies," Wang said. ■



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CORRECTION

The subhead for “Google’s Defense Dilemma” (Features, Nov. 25) should have stated that many, not most, of Google’s employees don’t want the military’s business.

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● President Trump escalated U.S. trade tensions with other nations. First he slapped levies on steel and aluminum from Brazil and Argentina in retaliation for what he called currency manipulation. Then he threatened duties on wine from France in response to a French technology tax.

● Russia began shipping natural gas to northern China through a 1,900-mile pipeline.

With Beijing trying to move away from coal, Chinese gas consumption is surging. For President Vladimir Putin, the supply contract marks a welcome pivot to the fast-growing economies of Asia as relations deteriorate with the West.

● With about a week until general elections in the U.K., Prime Minister Boris Johnson and Labour leader Jeremy Corbyn traded barbs over who's to blame for the prison release of a convicted terrorist who went on a knife attack in central London on Nov. 29 that left two people dead and others injured.



● Google co-founders Larry Page and Sergey Brin (above, in 2004) will step down as leaders of parent Alphabet. The role will be assumed by Google CEO Sundar Pichai. Page and Brin will still be controlling shareholders and stay on the board.



● Security forces in Baghdad clash with protesters, who continue to mount anti-government demonstrations even after Iraqi Prime Minister Adel Abdul-Mahdi submitted his resignation to parliament.

● Pure Alpha II, the \$40 billion flagship fund of Ray Dalio's Bridgewater Associates, is having one of its worst years on record, down 2% so far in 2019, according to people familiar with its performance. Bridgewater, the world's largest hedge fund firm, said on Dec. 3 that Co-Chief Executive Officer Eileen Murray is leaving.

● German Chancellor Angela Merkel's coalition has come under strain after her left-wing partner, the Social Democratic Party, picked two government critics as its new leaders.

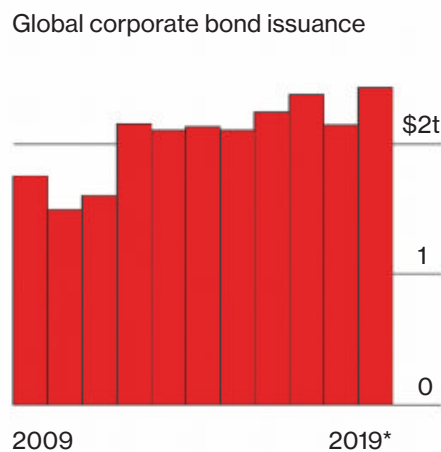


● Hong Kong's retail sales suffered a record contraction in October, falling a worse-than-expected

# 24.3%

as months of political unrest in the city take their toll on consumers.

● Companies have sold \$2.44 trillion in debt so far this year, surpassing previous full-year records.




● “You just can't go around making statements like that about NATO. It's very disrespectful.”

President Trump, a frequent critic of NATO, presented himself as an unlikely champion of the military alliance at its 70th anniversary summit in London, blasting French President Emmanuel Macron for calling the group brain-dead.

- UN Secretary-General António Guterres warned that global warming is at risk of passing a “point of no return.”
- U.S. Senator Kamala Harris ended her presidential bid after struggling to raise funds in a crowded Democratic field.
- Malta's leader, Joseph Muscat, pledged to resign after associates were linked to the 2017 killing of a female journalist.
- Billionaire Steve Cohen, a part-owner of the New York Mets, is said to be in talks to buy an 80% stake in the team.



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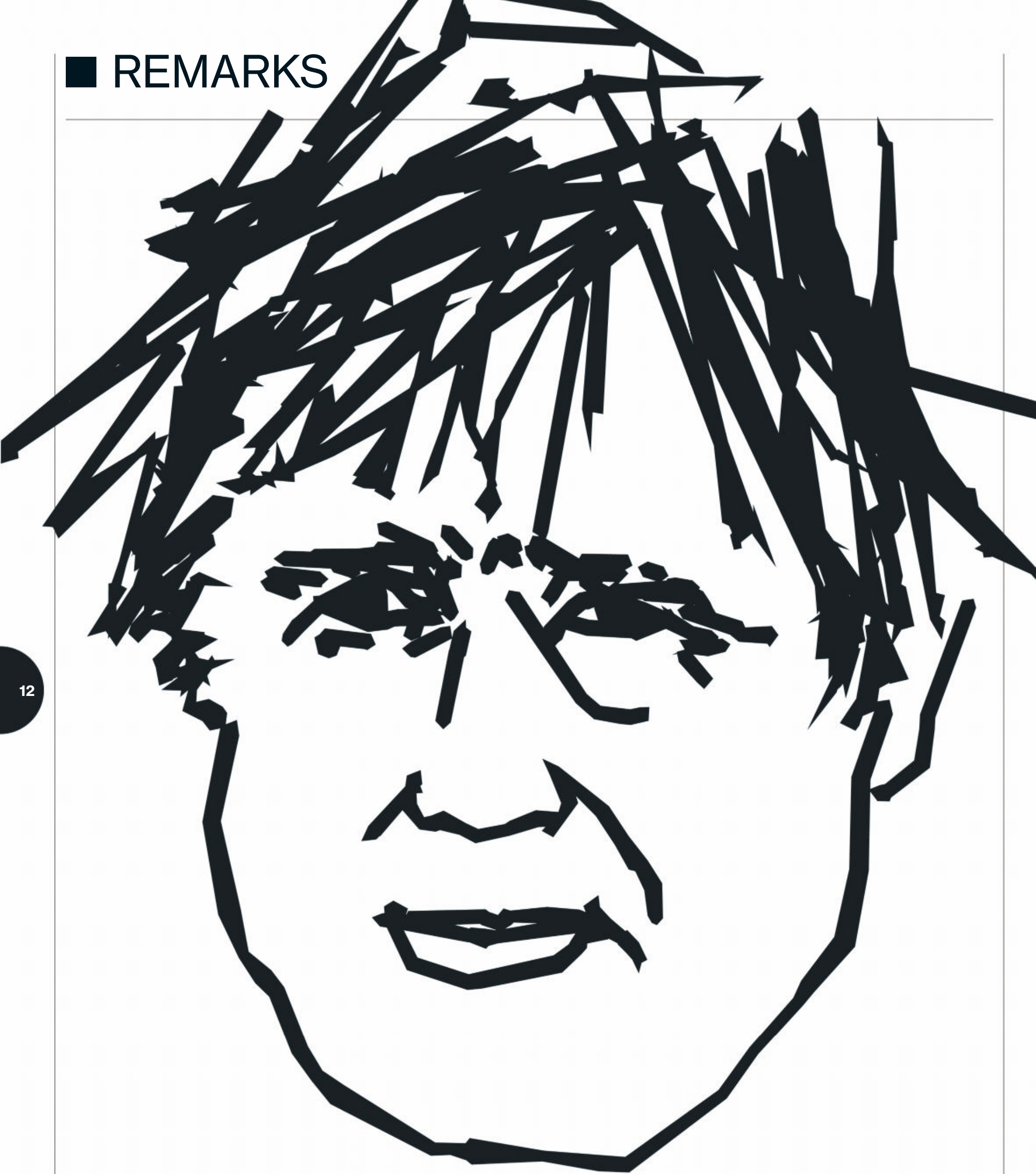
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# How to Tame Your Prime Minister

## ● Anger management may decide how Boris Johnson delivers profound and historic change to the U.K.

● By Tim Ross

Boris Johnson erupted with rage. It was the spring of 2008, and he was fighting to win his first major election to become London mayor. Backstage at a television debate, the Labour Party's Ken Livingstone, the incumbent Johnson needed to beat, had questioned Johnson's ancestry, suggesting his Turkish great-grandfather who was murdered by a mob in the 1920s had collaborated with the British. Johnson saw red. According to Livingstone, he threatened to punch his lights out. Another person familiar with the matter said Johnson tried to strangle the Labour mayor.

Anger isn't a facet of Johnson's character that many people are familiar with. He made his name as a lighthearted journalist and TV personality who won fans for his performances as a lovably shambolic buffoon. The self-deprecating, boyish, and occasionally gaffe-prone character never took himself too seriously.

Johnson has been campaigning again, this time as prime minister, hoping the voters will give him a handsome majority so he can shape the country to his will. The stakes are as high as they could be, and he can take no risks. No longer just an entertaining media personality, he's a highly divisive and controversial figure who's likely to bring profound and historic change to the U.K. and its people. His charisma helped him lead his Vote Leave campaign to victory in the 2016 referendum, despite what his critics say was a willingness to lie to the electorate. But a flash of temper could have potentially cataclysmic political repercussions, even if he wins. Running a country in serious economic transition while trying to master anger management will be a complicated business. (The prime minister's office declined to comment for this story.)

Johnson pushed Parliament to hold a snap election (the next one wasn't due until 2022) after trying and failing to persuade lawmakers to rush the new Brexit deal he'd struck with the European Union into law. His ruling Conservative Party began the contest with a healthy double-digit lead in the polls over Jeremy Corbyn's radical, left-wing Labour opposition. One major survey put the Tories on course for a 68-seat majority, a result that would fully reward Johnson's gamble in triggering the early election.

For Tories like Johnson, fighting an early poll is fraught with danger. Two years ago, his predecessor Theresa May called a snap election, expecting to win in a landslide. But her bet backfired, and she lost the majority in Parliament she'd started with.

During that campaign, Johnson's anger got the better of him again. Labour MP Andrew Gwynne was heckling him

during a live TV interview with Sky News on the campaign trail. Johnson invited Gwynne to join the debate. "Come on then, you big girl's blouse," Johnson, then foreign secretary, called out. As they spoke, Gwynne put his hand on Johnson's shoulder, instantly riling the Tory. Johnson then wrapped his beefy arm around Gwynne and pushed him over toward the camera. At the last moment, he pulled Gwynne back up again, apologizing.

"Don't be a pillock," Gwynne responded, using local slang for "idiot."

The overriding preoccupation for Johnson's team in 2019 is to avoid repeating May's mistakes—including radical new policy announcements and an overly presidential style—in her disastrous campaign two years ago. Equally vital is to lock away Johnson's inner pillock, keeping the candidate on message and making sure he doesn't step out of line in front of a camera. Johnson has managed to pull it off so far through a highly stage-managed campaign in which he's been criticized for dodging difficult interviews. If he can maintain the discipline, he stands to win the biggest majority for the Tories in more than 30 years.

Britain usually holds its elections in May or June, so candidates can campaign in the optimistic atmosphere of sun-filled spring days, knocking on voters' doors on warm, bright evenings. This contest is the first election held in December in almost a century. Flooding in northern England led crowds to heckle Johnson in the early part of the campaign and put the prime minister on the defensive.

The weather was foul again and set to get worse as Johnson boarded the 9:48 a.m. train from London's Euston Station on Nov. 24. Cold drizzle hung in the air and clung to the overcoats of politicians and their aides who traveled with him. The green English hills faded behind a watery veil as the train sped north toward Telford, a town in the center of the country where Johnson would introduce his manifesto.

As supporters and the media arrived at Telford's International Centre, a low-rise conference venue surrounded by car parks, a small protest had formed. Trade union members and Labour activists booed as the bus passed, chanting, "Tories out! Tories out!"

Johnson was already inside. When he appeared to rapturous cries of "Boris! Boris!" he responded with a typically rousing speech and an anodyne manifesto that aimed to eradicate political risks. He promised tax cuts for 31 million "working people," funding to hire 50,000 extra nurses for the National Health Service, and to "get Brexit done" so the country can finally move on.

The safety-first blueprint for government was quite deliberate. In 2017, May's campaign fell apart when she sprang a contentious policy on funding care for elderly people in the middle of the campaign. Instantly labeled the "dementia tax," the unpopular policy—which was tied to the value of people's assets—frightened voters who thought they were going to lose their family homes. May was forced to abandon it just four ▶

◀ days after hailing it as the key to her social vision. From that point her premiership went from bad to worse, until she was forced out after failing to deliver Brexit last summer.

May's manifesto crisis revealed her to be weak rather than the "strong and stable" leader she claimed to be, and voters lost trust in her leadership. For Johnson, the risk is that voters don't trust him enough to start with.

Even former Tory prime ministers have questioned Johnson's reliability with the truth. David Cameron, who's known the man since their days at Eton College and the University of Oxford, accused Johnson's Brexit campaign of peddling lies. During the referendum, former Conservative Prime Minister John Major condemned Vote Leave's "deceitful" campaign and suggested Johnson couldn't be trusted with the health service. "The NHS is about as safe with them as a pet hamster would be with a hungry python," he said.

Johnson has attracted unwelcome attention for his private life, too. He refuses to answer questions on how many children he has, was the subject of headlines after leaving his second wife, and made news again for a late-night row with his new girlfriend as he contested the party leadership in June.

Johnson was fired as a journalist from the London *Times* for making up a quote and dismissed as a Conservative shadow minister for lying about an extramarital affair to his party leader, Michael Howard. When confronted with claims that he can't be trusted, he says that as a politician he always does what he says he'll do.

Corbyn and his Labour Party have tried to turn the election into a referendum on whether Johnson can be trusted with a majority government that will allow him to do as he pleases. Specifically, they're playing up voters' fears over what Johnson and his "billionaire" Tory friends will do to cherished public services such as state-run health care. After Brexit, the NHS is voters' single biggest concern. Johnson is betting that they're weary with waiting to resolve the Brexit crisis, while Corbyn hopes the electorate fears the prime minister will wreck the NHS.

The Labour leader's claim that Johnson would sell out the NHS to U.S. companies in a post-Brexit trade deal with Donald Trump has resonated in the country, according to Conservative insiders. Tories argue that the allegation isn't true and that voters don't really believe it, but they know this doesn't mean it can't hurt them.

One senior minister in Johnson's team says that even in some safe Tory-held seats, voters question whether they can trust the prime minister. These skeptics don't believe Johnson's claims that he's building 40 hospitals (in fact, he's just committed "seed money" to get them started). Nor are they wholly persuaded he'll make good on his promise to "get Brexit done," according to the minister. Johnson vowed to "die in a ditch" rather than delay Britain's departure beyond the Oct. 31 deadline, only to be forced into asking the EU to give him till the end of January.

One saving grace for Johnson is that many voters appear not to trust Corbyn, either. Labour is promising

spending—including free university tuition and free broadband internet—and plans to tax the rich. The Institute for Fiscal Studies says such promises are simply not credible. Canvassers from both parties say that while Corbyn's proposals are attractive, voters don't think he'll deliver them.

Set against the radical Corbyn, the Tory project to make Johnson seem tame is perhaps easier. But trust is hard to win. And Johnson has a huge task to persuade lifelong Labour supporters to abandon their tribe and vote for the party they've always seen as the enemy. These families blame Margaret Thatcher and her successor, Major, for closing coal mines, privatizing state-run industries, and putting them out of work.

With the polls tightening, nerves among Johnson's team are likely to increase in the days leading up to Dec. 12. One Conservative cabinet minister says the fear is that while the party is ahead in many key target seats Johnson needs to win from Labour, that lead is too narrow and the outcome too close to call. Another cabinet minister says the biggest risk is that voters who don't want Corbyn to be prime minister fail to turn out to vote for Johnson. While support for Johnson in the key seats is "strong," the minister says, voters must not be allowed to think the election is already won. "The biggest risk to us is complacency," the minister says. "Not just complacency in the campaign, which is extremely well-run. But it's people who haven't voted Conservative before thinking somebody else will vote Conservative for them."

Two weeks before polling day, Johnson pulled off a remarkable political stunt. On Nov. 29 he called a press conference on the 29th floor of Millbank Tower, with its views over the River Thames to the Houses of Parliament, the London Eye, and the skyscrapers of the City of London. As winter sunshine flooded in through the windows, he took the stage flanked by two leading allies from his Vote Leave campaign—Michael Gove, now a minister in his cabinet, and Gisela Stuart, the former Labour MP. It was Stuart whose message Johnson most wanted to be heard, as she spoke to "traditional Labour voters" who backed Brexit. "A vote for Boris Johnson this time around is a vote to get Brexit done," she said. "But let me be clear, voting for Brexit this time does not make me a Tory now or in the future."

So far, the polls suggest Johnson's Conservatives are likely to win a majority on Dec. 12, giving him at last the chance to finish the job he started, completing Britain's divorce from the EU and shaping the country to his vision. People responding to party canvassers and pollsters say they rate Johnson more highly on leadership than Corbyn and are more likely to vote Conservative than Labour.

But first they have to enter the polling booths. And there they will weigh whether they can trust Johnson or not. If he's blown off course by events, or fails to convince voters in key seats that he's a stable, trustworthy steward for the country, he'll suffer the same fate as May and could fall short of the majority he desperately needs. **B**



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1

BUSINESS —

# Old Age Could Be A Beauty Gold Mine



## ● Cosmetics demand among seniors worldwide is growing fast. Japan, home to the oldest populace, is leading the way

At 99 years old, Kikue Fukuhara knows a thing or two about selling makeup to old people: She's been talking about lotions, lipstick, and foundation for six decades. Fukuhara works for Pola Orbis Holdings Inc., one of Japan's top cosmetics companies, and was recently recognized by Guinness as the world's oldest beauty adviser. Her strategy: testing the merchandise on her own skin. "For makeup, there's no day that I slack off out of 365 days," she says. "It's always important to keep up personal appearances."

Selling lotions and cosmetics to women in their 50s, 60s, and older is a golden opportunity for global beauty companies. The market for aging-related products and services is set to jump 58%, to almost \$80 billion, in the next five years, according to Research & Markets. Sometime during the next decade, the world will have more people over the age of 65 than those under age 5. "The aging population is going to be one of the key areas of focus for all beauty companies around the world," says Stephanie Gabriel, vice president for business development at Beautystreams, a trend forecaster.

Japan has become an ideal test bed for cosmetics manufacturers interested in senior-friendly products. About half of the women in Japan are already over age 50, and by 2050 that demographic will make up almost 60% of the female population, according to the National Institute of Population & Social Security Research.

That's why Pola Orbis, along with rivals Shiseido Co. and Kosé Corp., which employs 45-year-old Kate Moss as its brand ambassador, are increasingly targeting older women with products tailored to them. Some are cream-based, because powder tends to accentuate wrinkles. Wax is great for eyeliners because it doesn't drag on the thinner skin around the eyes. And Shiseido sells a minicomb with a little bit of black dye on the tip to color white hair roots.

All of this will give Pola, Shiseido, and other Japanese manufacturers an edge in places such as China, where those 60 and older will make up about a quarter of the population by 2030. And there's plenty of potential far beyond Asia: Already in the U.K., people over 55 account for 44% of spending on cosmetics, a 5 percentage-point increase in the past four years, according to researcher Kantar Worldpanel. "People are coming to the realization that the population aging is not

only in Japan, but in other countries," Gabriel says.

The market in Japan got a boost recently when the government started categorizing some anti-wrinkle creams as over-the-counter drugs because they contain such active ingredients as pure retinol and compounds that fight wrinkle-promoting enzymes. The regulatory declaration convinced some shoppers that the products were safe and effective. Pola's Wrinkle Shot serum was the first to receive the designation, in 2017, prompting a 12% jump in the company's revenue. Since then, Shiseido and Kosé have followed suit; now there are about 20 products in the wrinkle-improvement category.

Making beauty products for the elderly brings challenges. Labels need bigger fonts so they're easier to read, packages with pumps fare better than tubes, and product tops are ridged to make them easier to grasp. Eyebrow pencils made by Prior, Shiseido's line for the over-50 set, have little tabs on the cap so they can't roll away and are waterproof because older women tend to sweat more on the forehead, says brand manager Yuki Kawai.

And you can't target older women explicitly by age. Words such as "anti-aging" don't resonate well. It's not so much about hiding the bad, but accentuating the good, Kawai says: "It's more 'What's beautiful about my age? How do I highlight parts of my age?'"

Although Japanese cosmetics exports almost doubled, to more than 500 billion yen (\$4.6 billion), in the two years to 2018, says the Japan Cosmetics Industry Association, manufacturers in the senior segment haven't aggressively expanded overseas. That means rivals in local markets have a chance to establish themselves before big brands move in.

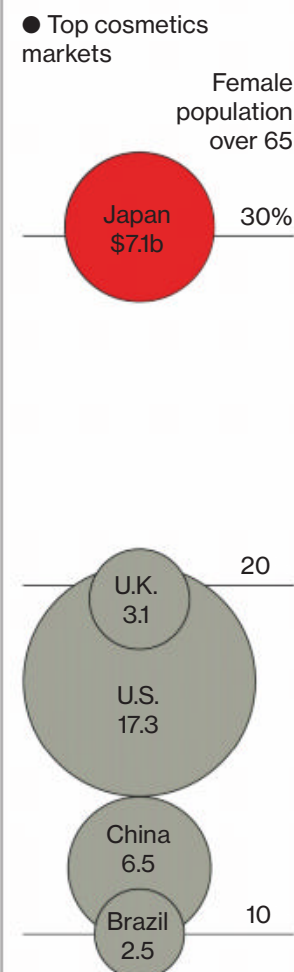
Rageism, an Australian startup, began selling makeup for older women this year using targeted web ads that pop up when consumers search for phrases such as "hot flashes" or "loose eyelids," says Chief Executive Officer Doris Humunicki. Pola is taking a more old-school approach by using its Avon-like direct sales network, where people sell beauty products to peers. About 45% of Pola's salespeople are over 50, according to the company's president, Yoshikazu Yokote. They're encouraged to open small stores and build strong relationships with customers, a model that's being adopted in China. "We want to build a relationship of trust over many years," Yokote says.

Fukuhara, the record-holding beauty adviser, concurs. "Customers trust me," she says, "and that trust is the most important thing of all." —*Lisa Du, with Grace Huang*

**THE BOTTOM LINE** By 2050, almost 60% of Japanese women will be over age 50. So cosmetics makers there are pitching beauty products suited for older skin.



● Fukuhara



# Can Chanel Keep Time in Watches?

● The fashion house, a bastion of feminine style, pushes into the clubby world of luxe timepieces

Chanel's watch and jewelry boutique on the Place Vendôme in Paris sits directly across from the Ritz hotel where Coco Chanel once lived. Its three arched windows displaying ceramic timepieces, floral brooches, and gold quilted-pattern rings look out on the shops of such Swiss stalwarts as Rolex, Breguet, and Patek Philippe.

The French house is sending a message to its noble neighbors: The company synonymous with woven chain-link handbags, tweed blazers, and No. 5 fragrance is determined to become a bigger force in the rarefied world of fine timepieces. But pushing even one of the most coveted names in female fashion into a category still populated predominantly by men won't be easy. Other fashion brands such as Dior and Hermès have tried to make headway in the tradition-bound industry, with limited success. And from its inception 109 years ago, Chanel has enjoyed a reputation for feminine sensibility, which could make it difficult to build a big business in truly expensive watches, where the majority of sales are to men. "Diversifying is always tough, and it can go wrong if a brand lacks legitimacy," says Oliver Mueller, a brand consultant at LuxeConsult in Aubonne, Switzerland, which specializes in the Swiss watch industry. "What Chanel has done very well is make its watches coherent with the rest of its product offering in terms of price and aesthetics."

Chanel's signature timepiece is the J12, a unisex divers' watch made of black or white ceramic that got a subtle design overhaul and new movement for its 20th birthday this year. Chanel also launched a marketing campaign featuring billboards from Paris to Los Angeles, plus videos with brand ambassadors such as actress Keira Knightley and model Claudia Schiffer philosophizing about the meaning of time.

The most celebrated names in fashion have struggled to extend their cachet into timepieces. Indeed, "fashion watches" has become an almost pejorative term to aficionados more drawn to such technical features as gravity-defying tourbillon escapements.

Fashion watches from the likes of Giorgio Armani, Gucci, and Michael Kors are typically available for a few hundred dollars and powered by reliable yet unremarkable quartz movements, acting as an entry

point to the brands for young consumers, similar to how fragrances or sunglasses are positioned by luxe houses. Even Hermès, among the most exclusive names in luxury, sells "affordable" quartz watches for as little as \$2,100. Chanel has instead priced the automatic J12 with its crystal case back starting at \$5,700, nearing the cost of the Rolex Submariner, the standard-bearer of sporty dive watches. "It's not a fashion watch, it's a real watch with a fashion inspiration," says Marianne Etchebarne, Chanel's global head of watches and fine jewelry marketing.

While the categories of fashion and expensive watches coexist under the umbrella of luxury emporiums such as LVMH, Kering, and Richemont, few houses have managed to become a recognizable force in both. But as LVMH's recent agreement to purchase Tiffany & Co. for \$16 billion shows, jewelry and watches are seen as areas where big brands can still grow. "Consumers are becoming more interested in brands than specific products," says Michael Jais, chief executive officer of fashion advisory firm Launchmetrics.

Labels like Chanel can extend their name across a range of items—from sneakers to handbags to watches—because customers view their products as a lifestyle offering with a consistent design language. That makes the brand more elastic than those specializing in niches such as footwear or watches, which risk getting marginalized and stand to see lower returns on their marketing spending, Jais says. "Acquiring new clients has become so costly and competitive," he says, "it's hard to make it worth it when you're only selling one thing."

Chanel's ambitions in watchmaking haven't gone unnoticed. The J12 model took home the prize as best ladies' watch this year at the Geneva Grand Prix—the Oscars of luxury timepieces. And in 2018 a \$47,300 Chanel skeleton watch that showed its inner workings through a diamond-rimmed, transparent case also won the top women's prize.

Watches also provide Chanel a way to woo men. The Monsieur de Chanel is the company's first dedicated men's watch, with a starting price of \$35,100, and the sporty design of the J12 doesn't make that timepiece look out of place on a man's wrist.

Chanel's brand managers are betting that today's smartphone-wielding shoppers may still be willing to splurge on a mechanical watch from a house that's created an aesthetic bond with buyers. For Chanel, Etchebarne says, "technology is never the starting point. The design is the starting point." —*Robert Williams and Corinne Gretler, with Thomas Mulier*

THE BOTTOM LINE A century ago, Coco Chanel built an empire based on pricey women's fashions and fragrances. Her eponymous company wants to extend the brand's reach to timepieces.



● The automatic J12 starts at \$5,700, about the same as some Rolex models

# The Business Cheering Brexit

● Customs agents are getting ready for a boom from the extra paperwork needed to keep goods moving

Across British industry, Brexit remains a dirty word—unless you’re a customs agent. These middlemen, who make sure goods don’t get held up at border crossings, might be just about the only businesspeople cheering for the divorce.

For a quarter-century, companies across the European Union have enjoyed frictionless trade, including no customs checks. As the U.K. prepares to leave the EU, businesses face endless paperwork to keep everything from car parts to furniture moving between Britain and its largest trading partner.

“We’re all rubbing our hands together,” says George Baker, the founder of a logistics company along England’s eastern seaboard. George Baker Shipping Ltd., which has annual sales of £20 million (\$26.2 million), expects a fivefold increase in customs work after Brexit. It plans to expand its 84-person operation by about 30%, he says.

Even with the extensive post-Brexit economic pact with the EU that British Prime Minister Boris Johnson promises, the government expects 200 million extra customs forms a year will be needed to keep U.K.-EU trade humming. That’s because about 54% of U.K. goods imports are from the EU, the destination for half the country’s exports. At £32.50 apiece, declaration forms would cost exporters and importers about £6.5 billion more a year.

About 180,000 traders will need to make customs declarations for the first time after Brexit, assuming the U.K. leaves the EU’s customs union—up from the roughly 141,000 that currently need to file paperwork for trade outside the EU, according to a parliamentary report. There are 8,700 intermediaries in the customs system, including agents, freight forwarders, and software suppliers. KGH Customs Services estimates at least 40,000 agents will be needed. “Currently there is no real capacity—it can be created, but not quick enough,” says Steve Cock, director of customs consultancy at KGH. The Swedish company employs about 40 workers in the U.K. and plans to expand to 100 after Brexit, he says. KGH’s biggest client, a German multinational, will go from having to make a few thousand customs declarations per year to 500,000 after Brexit, he says. “The potential demand is huge.”

Customs clearance in the U.K. is currently handled by large players offering a full suite of

services to move goods, such as CEVA Logistics, DHL, and Kuehne & Nagel, as well as small outfits like Baker’s. Each form requires upwards of 40 individual pieces of data, including the value of the good, where it originated, and taxes required.

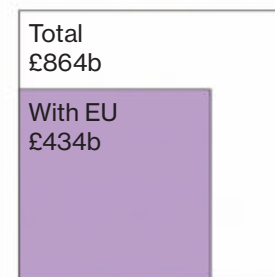
While customs agents can automate the process somewhat by setting up computer systems to integrate the sources of data and transmit them to complete a declaration, doing so for each client can take months, according to KGH.

On a desk in Baker’s office near Felixstowe, Britain’s biggest container port, a fat binder lists tens of thousands of commodity codes, each with an associated tariff, which must be filled into the customs declaration to ensure goods are charged the right duties. Mistakes carry a maximum fine of £2,500 per incorrect filing.

Ever since the EU ended customs checks on trade in the bloc in 1993, declarations for trade with Britain haven’t been needed. George Baker Shipping was near financial ruin when they were removed. It survived by diversifying into non-EU trade and other logistics areas, such as moving goods by road and storage services, Baker says.



● U.K. trade in 2018



◀ A ship docked at Felixstowe, Britain’s largest container port

Now he will need to expand the company’s footprint to handle the extra demand after Brexit. He’s wary of scaling up just yet, in case Brexit doesn’t happen—or if it does and the U.K. later rejoins the EU or its customs union. “I’m still a bit paranoid from having all my eggs in one basket back in the day,” Baker says, referring to when his firm focused primarily on EU trade in the early 1990s. —*Joe Mayes*

**THE BOTTOM LINE** U.K. companies have railed against Brexit and the trade barriers it will erect with their largest market. But the return of border checks has customs brokers celebrating.



# Amazon's About-Face On Hardware

● In a major reversal, the company is selling hybrid cloud systems, including server racks

Tucked near the elevators on the 22nd floor of a 520-foot tower at Amazon.com Inc.'s headquarters in downtown Seattle, Anthony Liguori's lab is a work in progress. His team moved in this summer, but during a visit last month, tables pushed up against the wall were covered in keyboards and computer accessories still in their packaging. A metal frame hanging from the ceiling awaited to route plugs and fiber connections to 10 experimental server racks that have yet to arrive. This is where Liguori's team is putting the finishing touches on Outposts, Amazon's big new move against the likes of IBM, Hewlett Packard Enterprise, and Dell Technologies as well as cloud rival Microsoft.

On Dec. 3, Amazon rocked the \$205 billion market for data center systems by joining it. After more than a decade telling businesses that renting computing power and storage space through the Amazon Web Services cloud was better than buying the server racks, the AWS team wants you to buy its server racks, plus software that will join those servers with its machines in the cloud. This is what the IBMs of the world are talking about when they use the term "hybrid cloud"—the ability to use cloud services for some stuff, nearby servers for mission-critical data, and a common interface for everything. A push into this world by Amazon, which used to give ceremonial hammers to startup clients to smash their on-site servers, is a little like Apple Inc. pitching a rotary phone.

"Lots of customers are going to be hybrid for a long period of time," says Matt Garman, Liguori's boss. For many businesses interested in migrating more fully to the cloud, he says, "there's not an easy button that makes that go."

Outposts looks like your average server rack: 80 inches tall, 48 inches deep, and 24 inches wide, weighing about 2,000 pounds when all 11 server slots are occupied. The only decoration is a simple AWS logo on its steel door. "Sheet metal is the right thing for the cloud," Liguori says. "We're not trying to make it pretty." The Outposts rack starts at \$250,000—pricey were it hardware alone. Amazon says its bundled software and support make the price more competitive and Outposts can juggle more tasks than comparable hybrid cloud systems. That's partly because a system Amazon invented, called Nitro, outsources much of the server management to an AWS-controlled component, freeing up Outposts to handle user demands.

Amazon's cloud arm reported \$32 billion in revenue for its four latest quarters, a big slice of the \$227 billion global market for cloud software and services and enough to rank the division among the world's largest software companies. Analysts estimate that AWS's market share in infrastructure software for tasks like data storage and networking is at least twice as large as that of Microsoft Corp., its nearest competitor.

Microsoft and Google have begun to narrow the gap in recent years, winning contracts with big business and government clients. Microsoft in October shocked the industry by winning a Pentagon cloud contract worth as much as \$10 billion. (Amazon has sued to block the decision, alleging bias in the selection process.) "I think it's fair to say AWS feels pressure to expand its hybrid" and other data center product lines, says Dave Bartoletti, an analyst at Forrester Research Inc. "They finally said, 'We're not going to be proud, we'll go get any workload you can give us.' They're at a scale now where they feel permission to play that game."

Garman has been part of Amazon's cloud team from the beginning in 2006, when he helped name the first AWS services and wrote the copy on the website for EC2, the company's main computing service. The team expanded its client base from web-savvy startups to boldface names such as Goldman Sachs Group Inc. by steadily underpricing rivals

and old-line mainframe makers. To widen the network, cloud chief Andy Jassy pushed Garman and his colleagues to focus on building whatever special features customers might want, whether basic online tools or next-generation artificial intelligence applications, and to ship them as quickly as possible. (Critics say less heed was paid to making those products work well together.) Until now, the CIA is the only customer known to have received a private AWS data center, for \$600 million in 2013.

Still, there remain other big customers Amazon hasn't been able to satisfy. About 4 out of 5 corporate software applications still run in on-site data centers, and many need to stay on company servers for security, regulatory, or practical reasons. In 2015, Microsoft became the first big cloud services company to pitch a hybrid cloud product to accommodate customers with those kinds of needs, joining legacy server makers such as HPE, IBM, and others.

For years, Amazon's response has been dismissive, says Forrester's Bartoletti. "They responded to it by saying hybrid is just dumb," he says. But hybrid cloud products started to draw customers away from Amazon's cloud as well as from an all-hardware model. Jake Jakel, an information technology operations manager at New Belgium

Brewing, which recently shifted some software from the cloud to its own hybrid setup using Dell and Microsoft products, says keeping manufacturing data on-site was an essential selling point.

Amazon's cloud data centers are built on economies of scale—tens of thousands of server racks, designed largely in-house along with power and cooling systems. The company keeps lowering prices for processing power and storage by exploiting minor efficiencies multiplied by millions of servers. So for years, even when Amazon customers as big as Siemens AG asked for hybrid cloud products, Jassy said no. During a 2016 meeting, "Andy was very clear that he's not interested in that, and we shouldn't count on AWS" to make data center products for Siemens projects such as airports and power plants, says Peter Weckesser, a former Siemens executive who attended the meeting. Weckesser is now at Airbus SE's defense and space unit, which is building a hybrid cloud system based on Microsoft's gear that it hopes to sell to European governments and defense contractors.

Garman says that while executives discussed potential hybrid products at Jassy's annual AWS planning retreats on and off for a decade, it wasn't until early 2018 that the project got a green light ▶

▼ Garman says Amazon executives have discussed potential hybrid cloud products on and off for a decade



◀ under the name Frontier. Before then, Amazon's technology hadn't advanced enough to build high-quality miniclouds on-site, Garman says. But putting servers in clients' own facilities had its advantages, too.

Some of the last conversations that pushed Amazon into hybrid products were with media companies that wanted to host video streaming and animation software on AWS. For Disney animators working in the Los Angeles area, a delay of more than 10 milliseconds between pressing a stylus to the screen and seeing the mark made the rendering software useless. Amazon's main West Coast data hub, more than 1,000 miles north in Oregon, couldn't resolve that. "That's a speed of light problem," Garman says.

Almost two years later a handful of customers, including Verizon Communications Inc., are testing Outposts, which comes with Amazon's main computing power services. Verizon is using a version of Outposts to back a new service designed to enable faster 5G browsing speeds, starting with trial customers in Chicago. Fox Corp., meanwhile, is using Outposts to help power its production facilities and modernize its video systems.

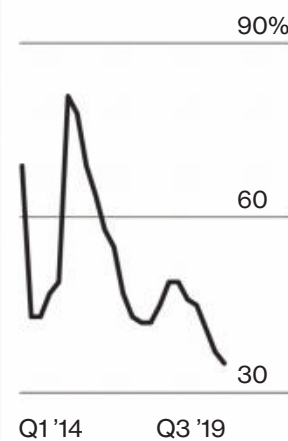
Along with leaning on extra muscle from AWS server farms, Amazon is betting it can differentiate itself through superior logistics. The company

says a specially assigned team will deliver Outposts directly to customers' data centers, where the IT folks can just plug them in, link them to an AWS account, download software updates, and get to work. When Amazon detects a component failure, it will mail the customer a new server and a return box for the defective one.

Data center hardware makers such as Dell, HPE, and IBM also offer that kind of full-service option. Microsoft's hybrid cloud system, Azure Stack, is similarly complex, as is Google's Anthos. Both are software packages that clients must set up on their own servers, and that requires greater tech savvy. On the flip side, Google's and Microsoft's hybrid systems are flexible enough that they can incorporate services running on Amazon technology, but the reverse isn't true. By this time next year, customers will likely have pushed Amazon to make some of its tools comparably interoperable, says Daryl Plummer, a vice president with market researcher Gartner Inc.. "They're going to face a problem they've never had to face before—they're going where they're not the leaders, not inventing the market," he says. "They're on ground where other companies are already. They're going to have to figure that out." —*Matt Day*

THE BOTTOM LINE Amazon has effectively recanted its years of hybrid-cloud-bashing and is forcing a more direct confrontation with companies such as Dell, Hewlett Packard Enterprise, and IBM.

● Increase in Amazon's quarterly cloud revenue, year-over-year



# Is This the Green Phone's Moment?

● A Fairphone has fewer conflict minerals inside. Better still, you can fix it

As far as human rights and the environment are concerned, smartphones are a nightmare. They're packed with metals mined in war zones. They're built in working conditions it would be generous to call questionable. They're difficult to repair. And they're really hard to recycle upon their planned obsolescence, meaning they quickly add to the world's growing pile of toxic electronic waste. For six years, a company in Amsterdam has been trying to break that cycle. Finally, Eva Gouwens says, people are starting to take notice.

Gouwens is the chief executive officer of Fairphone, whose modular designs make its smartphones relatively easy to repair—or to upgrade in an effort to extend their lives beyond those of the average iPhone or Samsung Galaxy.

Gouwens's latest model, the \$495 Fairphone 3, is made partly from ethically sourced metals and recycled plastics. (Fairphone wouldn't say how much its assembly-line workers in Suzhou, China, make hourly except that they get a \$1.65 bonus per completed phone.) While the company has sold only 175,000 of its first two models since 2013, compared with the 1.6 billion phones other manufacturers sold around the world just last year, the Fairphone 3 is getting a big boost from a once-reticent partner: Vodafone Group Plc, Europe's biggest wireless carrier.

Vodafone announced in November that it will sell the Fairphone 3 in Germany, Ireland, Spain, Italy, and the U.K., countries where it collectively has more than 80 million wireless subscribers.

Vodafone is promoting the Fairphone with the help of popular bloggers and a social media campaign featuring its German CEO. Fairphone estimates it will more than double sales next year, to 150,000 phones. “All the business models are focused on selling as many phones and getting rid of them as quickly as possible,” Gouwens says. “We want to show you can be commercially successful and make more ethical choices in your supply chain.”

The Fairphone 3’s tech specs will look pretty familiar if you last bought a smartphone a few years ago. It’s got a screen about the size of a Google Pixel 4; a processor common in midlevel phones from last year, such as the Huawei Honor 8c; and a battery that’ll get you through the day, plus decent front and rear cameras, a headphone jack, a USB-C port, and a fingerprint scanner. It runs on the not-quite-latest Android software. But there’s one item in the Fairphone box that makes it special: a screwdriver allowing users to take apart the phone and replace seven components, including the battery, screen, camera, and speaker.

Most phones are hard to modify for extended longevity. Crack open your iPhone or Galaxy, and you’ll void the warranty for some expensive parts. In large part because of Fairphone’s DIY ethos, Gouwens says, the high rate of adoption for its latest software updates suggests that about 65% of all the phones the company has sold since 2015 are still in use.

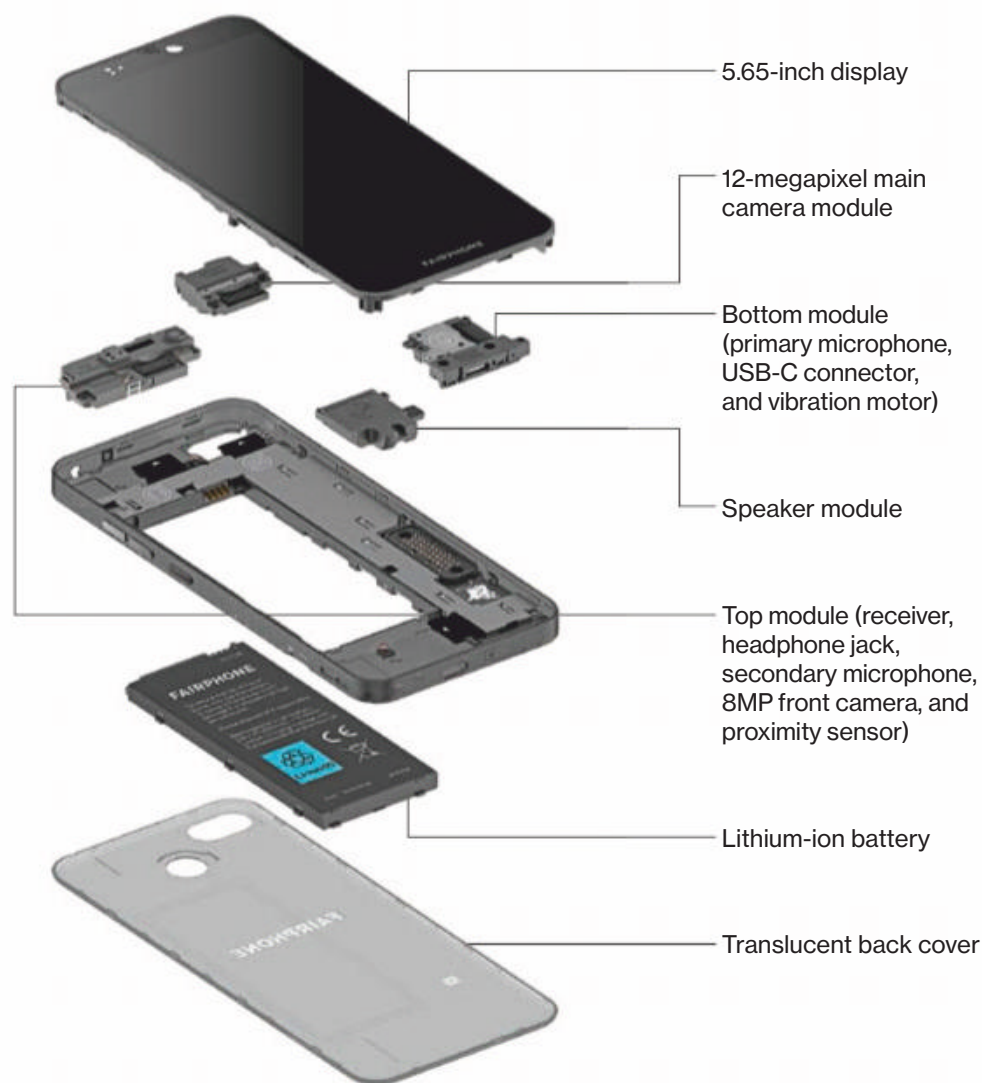
In Peru, the company buys only gold, used in small quantities in smartphones as a powerful conductor, that’s been certified as “fair trade”—an international standard for fair wages and safe working conditions. In Uganda, it’s setting up child-labor-free zones to keep kids in school and providing miners with better equipment to reduce the use of toxic mercury as an extraction agent. Fairphone is making similar efforts for tin and cobalt, which are used in phone displays and batteries, respectively. This is just a start, Gouwens says. A modern phone is made from about 40 minerals, many of which don’t yet have sustainable alternatives.

Fairphone began in 2010 as an advocacy group opposing the use of conflict minerals in electronics. It started making its own phones, it says, out of frustration with the industry’s lack of progress on that front. Despite early backing from wireless carriers such as KPN NV in the Netherlands and Orange SA in France, the company has been broadly ignored for years.

Yet the public mood is shifting, and consumers are questioning long-held habits. Fast fashion is being criticized for its heavy water use and its disposable clothes. Meat alternatives are finding their

### Plug and Play

Except for the chassis, where the processor and memory live, Fairphone 3 components are relatively easy to swap for new ones



way into Burger King and Dunkin’ outlets, not just family-owned vegan joints. And public support for green political parties and environmental activists around the world is putting more pressure on a wide range of polluting industries to clean up. “Younger customers increasingly want sustainable products that make a positive environmental impact,” says Ryan Holowka, a sustainability manager for Vodafone. “We’re convinced there’s a market for it.”

Even if Fairphone thrives, commercial electronics sustainability has a long way to go. “The big players in the smartphone industry haven’t yet demonstrated an interest in making their phones more sustainable,” says Christian van de Sand, an analyst for the Stiftung Warentest, the German equivalent of Consumer Reports. Consumer electronics discarded each year outweigh all the commercial jets ever built, according to the World Economic Forum. Only a fifth of that gadget waste is recycled. “I don’t need the best phone in the world,” Gouwens says. “I need the best of the world in my phone.” —*Stefan Nicola*

**THE BOTTOM LINE** Repair-friendly Fairphones are a rounding error in the smartphone market right now, but they’re about to become much more visible in parts of Europe.

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# Rethinking the Soros Fortune

● The head of the legendary asset management shop has pulled back from risk

In November, Dawn Fitzpatrick, chief investment officer of Soros Fund Management, was being interviewed on a finance podcast called *Capital Allocators*. At the top of the program, the host sent out an appeal: “Dawn contends that Soros has a uniquely attractive platform for the right type of leading investors to apply their trade,” he

said before reciting an email address, twice, for interested managers to send their résumés.

It’s not unusual for a company to let the world know they’re hiring, but that kind of open call is surprising given the mystique the Soros name has in the investing world. George Soros is known for bold moves such as his 1992 bet against the British pound, which earned him the moniker “the man who broke the Bank of England.” In its heyday his hedge fund returned more than 30% a year.

But it’s a very different operation now. It has to be. Fitzpatrick started her job in 2017, the year Soros finished transferring about \$18 billion of ►

◀ his wealth to the Open Society Foundations, the world's largest funder of groups promoting justice, democracy, and human rights. For the first time, most of the money at the firm belonged to the charity rather than to Soros and his family.

It's been a wrenching shift. In the two and a half years since Fitzpatrick took the helm at the \$25 billion firm, she's been looking for more talent after replacing 13 portfolio managers she fired or who quit. She's hired 15 new managers. In the meantime, returns have failed to keep up with those of peers or with the foundation's own long-term benchmark. In part that's because Fitzpatrick reduced risk more than a year ago. She says returns were also muted by the performance of some private equity and hedge fund investments left over from prior management.

When it was Soros's fortune, the goal was simple: Make the most money possible. Fitzpatrick's much more pedestrian task is to make enough to cover the \$1 billion the foundation spends each year, and to do so without risking any big losses that would eat into the principal.

For this mandate, the board hired someone completely different from the six other CIOs who've held the job since 2000. Fitzpatrick is the first female head and arguably the most conservative. She's the only one to have gotten her start at a hedge fund with a market-neutral approach—a style of trading in which a manager seeks to do well no matter which way the markets are swinging. Her most recent job was overseeing part of the money management arm of Swiss bank UBS. She's the first CIO not to run her own large portfolio within Soros.

And she's the first investment head to operate with little or no involvement from the Soros clan. George, who turned 89 in August, spends almost all his time on philanthropic pursuits. While he shares his views on the market and the economy several times a quarter, he no longer trades directly. His two eldest sons, Robert and Jonathan, have left the firm to manage their own fortunes.

That leaves Fitzpatrick more or less alone to steer Soros through this cultural transformation—while keeping alive its reputation as a premier asset manager. “For a company to undergo a personality change, especially when there's not a crisis, is almost impossible,” says Anat Lechner, a management professor at New York University's Stern School of Business. Even if the old guard departs, she says, “the old culture is still in the very history of the place.” In addition to personnel changes, Fitzpatrick reduced the amount of money run by outside managers. She trimmed

exposure to equities and cut back on macro investing—that is, the classic Soros strategy of trading on broad economic and political trends.

Fitzpatrick stands by her moves. “We have taken a lot of simple beta risk out of the portfolio, and we've taken out a lot of complexity from the portfolio,” she says. “Beta” is a Wall Street term for exposure to swings in the overall market—a manager with lots of beta might not deliver much that an index fund can't. Fitzpatrick also says stocks and credit markets are more fragile right now than most people think. She wants to be in a position to “lean into those dislocations” when the time comes.

As for macro, her analysis shows that since 2015 the firm collectively spent almost \$300 million in fees to macro funds and lost almost 1%. Macro hedge funds in general—once the stars of the investing world—have had a tough time for much of the past decade. Fitzpatrick is sticking with her view even as some of these managers have gained traction this year. The firm has just one external macro manager, whom she declined to name.

Fitzpatrick says her first step upon taking over was to do a return analysis of the internal and external money managers to see if they were worth their pay. Those who didn't add value got fired. More unusual, she cut some top-performing traders as well, saying they weren't team players. “I made some people unhappy, but I think actually that's one of my strengths as a leader,” she says. “I've never been afraid to make hard decisions and own them.” Other managers chose to go on their own.

Several who left have since raised significant money to manage themselves. Murat Ozbaydar, who worked at Soros for nine years, is getting an undisclosed investment from Yale for his new firm. Courtney Carson, who ran U.S. distressed bonds, is starting his own fund with \$300 million from Jonathan Soros's family office. Jonathan and Robert are also backing Santiago Jariton, who oversaw Latin America equity investments at Soros. Cynthia Paul, who worked at Soros for almost two decades, started Lynrock Lake in 2017 and now manages about \$300 million.

“To be a portfolio manager here, you have to check two boxes,” Fitzpatrick says. “You have to be talented, and you have to believe that your probability of success is higher by sitting next to other smart people and be willing to kind of trade mindshare.” To foster cooperation, she's paid bonuses for such things as mentoring an analyst or helping on an investment outside one's portfolio.

Less than three years isn't much time on which

**“I made some people unhappy, but I think actually that's one of my strengths as a leader”**

to judge a money manager. Fitzpatrick's shift away from stocks seemed smart last December, when global equity markets fell 13% from peak to trough. The fund ended the year up less than 1%. While that was behind its spending target, it was way ahead of most foundation peers, which lost money.

But Fitzpatrick hasn't increased risk much since then, even as markets rebounded. That's led to a return of about 4.5% this year, while an index of 60% stocks and 40% bonds—her long-term benchmark—has jumped about 17%. Since the beginning of 2017—she started in April of that year—the firm has returned a cumulative 13%, compared with more than twice that amount for the benchmark. Fitzpatrick says the better comparison, however, is a medium-term benchmark that's up only about 16% over three years. That measure reflects the Open Society Foundations investment committee's views of current market conditions.

The move to a more mellow investment style

at Soros has been in the cards for years. In 2000, Soros renamed his flagship Quantum fund Quantum Endowment. Yet risk was still in its DNA. It made billions during the financial crisis. And Soros lost \$1 billion on a wrong-way bet on the U.S. elections in 2016, the last time he was involved in managing money in any meaningful way.

Board members say Fitzpatrick has their confidence. "She is doing an outstanding job" managing the firm's "complex transition," says Daniel Sachs, chair of the investment committee. Her challenge is to get returns up to at least 5% annually to cover the firm's spending rate. She needs to find people who recognize that while Soros is a big pool of money with a long time horizon, and perhaps more sophisticated than an average foundation, it's no hedge fund anymore. —*Katherine Burton and Katia Porzecanski*

**THE BOTTOM LINE** Fitzpatrick has taken over money management for one of the world's most famous fortunes, but it can't be invested in the same way that it grew.

## CEOs Get a Buyback Bonus

● When companies buy their own shares, executives are quick to cash out



Is it good or bad that U.S. corporations are buying back their own shares? It's an important question, because buybacks have become the preferred way for companies to disgorge cash to shareholders. In 2018, S&P 500 companies bought back a record \$806 billion worth of shares, a 55% leap from the year before. They're on track to buy back about \$740 billion worth this year, the second most ever, according to S&P Dow Jones Indices senior index analyst Howard Silverblatt.

There are two lines of criticism. One is that buybacks are great for shareholders but bad for workers, because they fritter away money that should be reinvested in the business or paid to employees. This is the line taken by Democratic presidential candidates Elizabeth Warren and Bernie Sanders, who support legislation that would ban open-market stock buybacks.

But you don't have to be a liberal Democrat to question current government policy on buybacks. A second, less familiar line of criticism is that they aren't necessarily good for shareholders. Buybacks benefit corporate executives and directors, who often take advantage of the price jump when one is announced to sell some of the shares they've ►



◀ received through grants or options. Leading the charge for this cause is Robert Jackson, a Securities and Exchange commissioner who's been agitating for more than a year for his agency to schedule hearings on the issue.

What no one questions is that buybacks matter, a lot. Over the past two years, S&P 500 companies have plowed 58% of their operating earnings into them. When a company reduces the number of its shares outstanding in this way, it depletes its cash but boosts its earnings per share. Silverblatt calculates that S&P 500 companies have spent more on buybacks than on dividends every year since 2010. Any gain in the share price caused by a buyback goes untaxed as long as the shares aren't sold. Dividends are taxed when issued.

The bad-for-workers camp cites research by William Lazonick, a professor at the University of Massachusetts at Lowell, who says companies such as Apple, Boeing, Cisco Systems, Merck, and Pfizer are putting workers at a disadvantage and jeopardizing their competitiveness by paying out too much to shareholders and stinting on research and development. President Trump predicted that U.S. companies would step up investment at home if they were given a tax break to bring back foreign profits, but it never happened. Companies repatriated \$777 billion in 2018. The Federal Reserve in August 2019 found that the funds "have been associated with a sharp increase in share buybacks," while the effect on investment was "not as clear-cut."

Defenders say buybacks are a good way to get funds out of the hands of managers who might otherwise waste them on low-value or speculative investments. "It is the exhaustion of a firm's investment opportunities that lead to buybacks, rather than buybacks causing investment cuts," Alex Edmans, a finance professor at London Business School, wrote in a 2017 article in *Harvard Business Review*. There are more direct ways to raise worker pay or encourage needed investment than shutting down buybacks, these proponents say.

Fewer people have stepped forward to defend the practice of insiders selling gobs of shares to take advantage of the pop that a stock price gets when a buyback is announced. By promising to buy back shares, a company is signaling confidence in its future. To step up stock sales right after seems to some like a legal version of illegal pump-and-dump stock manipulation. "What we are seeing is that executives are using buybacks as a chance to cash out their compensation at investor expense," the SEC's Jackson said in a speech last year.

Jackson had his staff study 385 recent buybacks. They found that shares rose by about 2.5% more

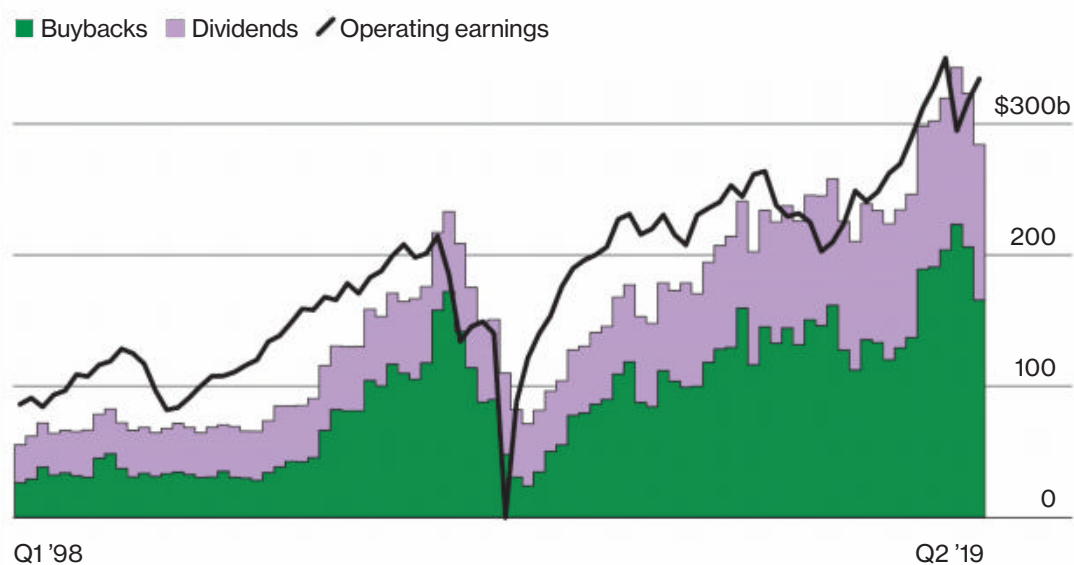
than would otherwise have been expected in the days after a buyback announcement. They found that, compared with an ordinary day, twice as many companies see executives and directors sell shares in the eight days after a buyback announcement. The value of sales goes up, too. In the days before a buyback, selling by insiders averages less than \$100,000 a day. In the days after a buyback, that average climbs to more than \$500,000 a day.

Jackson wants the SEC to change rules written in 1982 and revised in 2003 that give companies a safe harbor from prosecution for market manipulation if their buybacks aren't excessive or at an above-market price. There are no limits on executives using buybacks to cash out. At a minimum, Jackson says, insider sales should be barred for a certain length of time—he doesn't say how long—after a buyback is announced.

SEC Chairman Jay Clayton told Democratic

### It's a Buybacker's Market

For S&P 500 companies, buybacks exceeded dividends in every quarter since 2010



Senator Chris Van Hollen of Maryland last December that he didn't want to "commit to a roundtable" discussion of new buyback rules. He seemed to allude to Jackson's request in a Nov. 14 speech when he said that "we are not in the business of dictating a company's strategic capital allocation decisions," including "whether to buy or sell their own stock."

Jackson says he doesn't want to dictate capital allocation decisions, either. If companies want to buy back their shares, he says, that's fine. Just don't allow executives to sell shares immediately after a buyback is announced. "I have not once heard somebody make a compelling case," Jackson says, "that the day after the buyback is a good time for the CEO to sell stock." —Peter Coy

THE BOTTOM LINE Buybacks can be a good way to return extra cash to shareholders, but one SEC commissioner says they have hidden costs.

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Moscow

# The Kremlin Shrugs At Climate Change

Russia continues to embrace fossil fuels despite growing concerns about global warming

Edited by  
Cristina Lindblad and  
David Rocks

When coordinated climate demonstrations swept the globe on Sept. 20, 300,000 people rallied at City Hall in New York, 270,000 gathered outside Berlin's Reichstag, and 90,000 thronged downtown Sydney. In Moscow, a few dozen students assembled with cardboard placards around a statue of Pushkin a mile from Red Square. While the movement got blanket coverage in many countries, in Russia it went largely unnoticed in the press and on social media. "People here don't understand the gravity of the situation," says Arshak Makichyan, a 25-year-old violinist who helped organize the protest in Moscow.

Public apathy about climate change mirrors indifference in the Kremlin, where the interests of the energy sector are paramount—the oil and gas industries employ more than a half-million people, and almost 50% of government revenue comes from taxes on carbon fuels. Rather than embrace cleaner energy, Russia is introducing bigger tax breaks for oil exploration and boosting coal production. For President Vladimir Putin, the best low-carbon alternative is nuclear power—provided by Russia's state-controlled Rosatom Corp.—a technology he pitched at an October meeting with African leaders in the Black Sea resort of Sochi.

The slow pace of Russia's shift away from carbon is increasingly risky as the European Union, the biggest buyer of the country's oil and gas, prepares a plan to reduce net emissions to zero by 2050. A key proposal is a carbon tax on energy imports into the EU, which the Center for Environmental Investments, a Russian research house, says could cut Russia's energy exports by a third in the coming decade.

With prices for renewable energy in some places below those for power from burning carbon, some forecasters predict oil demand will start falling within five years, about a decade earlier than Russia planned for. That could render obsolete a dozen multibillion-dollar oil and gas projects in Siberia and the Arctic. "Russia risks being caught out by the speed of change," says Kingsmill Bond, a strategist at Carbon Tracker, a London researcher that estimates major energy companies must reduce production by a third by 2040 to keep global warming below 2 degrees Celsius (3.6 degrees Fahrenheit), a goal of the Paris Agreement on limiting greenhouse gas emissions. "They're anticipating that everything is going to be fine for the foreseeable future."

Russian scientists say parts of the country's Arctic are heating up faster than anywhere else in the world, and vast swaths of Siberia were ravaged by flooding and forest fires this summer. But while

Putin in September finally decided to ratify the Paris Agreement after years of foot-dragging, he says he doesn't believe global warming is caused by human activity, and Russia isn't making any proposals to cut its carbon output. On Nov. 13 in Brazil, Putin conceded that Russia must do more to promote renewables, but at a conference in Moscow a week later he said a wholesale shift to wind and solar power risked "humanity once again ending up in caves" and that countries embracing zero carbon policies to combat climate change are "pursuing their own agenda." That message, amplified by Kremlin-controlled media, has shaped citizens' attitudes. Russia's Public Opinion Foundation says almost 40% of Russians believe nothing can be done to prevent climate change, and 10% don't think global warming is happening at all.

The oil industry and government officials dismiss warnings about the risks Russia faces as an attack on big business. In November the Economy Ministry nixed a proposal by Anatoly Chubais, the architect of Russia's privatizations in the 1990s and a backer of renewable energy projects, to tax corporate carbon emissions. Instead, Russian officials have suggested the country needs to produce as much oil as it can while demand holds up. "We may think that we have outsmarted everyone and can easily get away with avoiding this tax right now, but five to 10 years down the line we will discover that we've shut down our own exports," Chubais told state-run news agency RIA Novosti in June. "That's a very painful situation."

Russia isn't alone in banking on a slow transition to clean energy. The U.S. president and most big oil companies are doing the same. The risk for Russia is that it's planning for a gradual transition without hedging its bet. Greener sources, not including Soviet-era hydropower dams, account for less than 1% of Russia's total energy output, and state oil company Rosneft offers no concrete plans on renewables in its 2022 outlook. The latest national energy strategy acknowledges a need to expand renewables, but the government continues to offer lavish subsidies to oil companies and scant support to green power providers. That, says Niclas Frederic Poitiers, a research fellow at Bruegel, a Brussels think tank, leaves Russia at risk if other industrialized countries—particularly those that buy the bulk of its oil—seek to reduce their dependence on carbon fuels. "Russia has to start thinking about that now," he says, "while they still have revenues from the natural resource sector." —*Natasha Doff*

**THE BOTTOM LINE** Even as other global powers shift toward cleaner energy, Russia is boosting tax breaks for oil exploration, increasing coal production, and promoting nuclear power.

◀ Sept. 20 climate demonstrations

● Investment in clean energy, 2014-18



# Is Tennessee's Free College Program a Model for the Nation?

● The four-year-old policy has boosted enrollment, but dropout rates remain high

Elizabeth Lindamood's Fridays, Saturdays, and Sundays are for Food City, the supermarket in Oak Ridge, Tenn., where she manages cashiers and baggers and assists customers. The rest of the week is for classes at a campus of Roane State Community College 2 miles away, where the 18-year-old is studying to become an elementary school teacher—plus a couple more Food City shifts.

Lindamood's tuition is paid by the state's Tennessee Promise program, but constant pressure and late nights have made her consider quitting more than once. "There's been quite a few times where I've just been sitting there with my boyfriend and I just break out in tears," she says. "I'm just so stressed. I don't know what to do."

Democratic presidential candidates, including Joe Biden, Pete Buttigieg, Bernie Sanders, and Elizabeth Warren, have presented an array of tuition-free and debt-free college proposals. Tennessee's pioneering program shows that achieving the ambitious goal of educational equity is daunting.

The state became the first in the U.S. to offer tuition-free community or technical college for every graduating high school senior when the program was signed into law in 2014. A complementary program for adults, Tennessee Reconnect, followed. Results so far are encouraging: The state's college-going rate of high school graduates rose to 64% in 2015, the first year of implementation, from 58.1% the year before. There's also visible improvement in dropout rates. And because almost half of Promise students received a federal Pell Grant, the total cost of the program from 2015 to 2018 was a relatively modest \$68.5 million.

Yet the fact remains that low-income students on the path to a diploma are easily derailed by things besides the cost of tuition, which is about \$2,000 a semester at Roane State. Expensive textbooks, car

repairs, and 40-hour-a-week jobs get in the way of the required full class load. "There are just inherently complex social and emotional factors that a financial aid program doesn't address," says Mike Krause, executive director of the Tennessee Higher Education Commission & Student Assistance Corp., which administers the program.

About four-fifths of high school seniors in the state apply for the program each year, though only a fraction ultimately sign up. Among the first batch of Promise students, the roughly 16,200 who started college in fall 2015, about 18% dropped out after one semester. After three years, about 49% had quit, compared with about 55% for students enrolling in fall 2014, before the program was implemented.

While Democrats have made free tuition a rallying cry in the 2020 election, Republican-controlled Tennessee seized on it years ago. In 2013 then-Governor Bill Haslam announced the Drive to 55, with the goal of increasing the proportion of Tennesseans with postsecondary education to 55% by 2025, from about 38% of working-age adults that year. Promise is what policymakers call a "last-dollar" program, meaning it pays the cost of tuition not covered by federal Pell Grants or state awards and scholarships. The program doesn't cover expenses associated with being a student such as transportation, child care, school materials, and other costs. Funds can be used at the state's community and technical colleges, as well as universities with eligible programs. Support is capped at five semesters.

Tennessee Promise is a higher education initiative that began as an economic development initiative, Krause says. In consultations with employers across the state, the No. 1 concern was the ability to recruit qualified workers, he says, and "those skills were not coming from a high school diploma."

## Student Aid

A summary of the education proposals of Democratic front-runners

### Bernie Sanders



Abolish tuition and fees at four-year public universities, community colleges, and trade schools. Cancel \$1.6 trillion in student debt and expand Pell Grants to cover expenses beyond tuition.

### Elizabeth Warren



Free tuition and no fees at two- and four-year public colleges, plus forgiveness of as much as \$50,000 in student debt for 42 million Americans.

### Pete Buttigieg



Free tuition at public schools for 80% of American families. Expand the Pell Grant program and create a \$1 billion community college fund to pay for ancillary costs of college, such as child care and transportation.

### Joe Biden



Two years of tuition-free community college or high-quality training for recent high school graduates and many adults. The "first-dollar" program means students can use Pell Grants and other aid toward expenses beyond tuition.

The Promise and Reconnect programs were intended to fill that gap while also building a pipeline that would lure employers to the state. In an increasingly high-skill economy, “ultimately, the states who were going to win were going to be the states that had the better-trained workforce,” says Haslam, whose second term as governor ended in January.

Not only do students with an associate’s degree earn more on average than those with just a high school diploma, they’re also less likely to be unemployed. Tennessee’s jobless rate is half what it was in early 2014, and the median household income has surged almost 30%.

By several metrics, Tennessee Promise is a success. The program’s existence—and the heavy promotion it gets from high school teachers and counselors—prompts many students to consider higher education. The number of applicants has risen each year since its inception, with 69,305 students enrolled in an eligible institution from 2015 to 2018. Almost 23% of Promise students who enrolled in community college in the fall of 2016 graduated in five semesters or less, compared with about 14% of the pre-Promise 2014 group.

Free tuition has “done a great, huge job, but it’s not a magic wand,” says Terri Bryson, a vice president at Motlow State Community College, which has graduated 1,566 Promise students. Promise students are paired with volunteer mentors who do everything from helping fill out the labyrinthine Free Application for Federal Student Aid to sending reminder texts about community service requirements to supporting students when their grade-point averages drop near the 2.0 minimum.

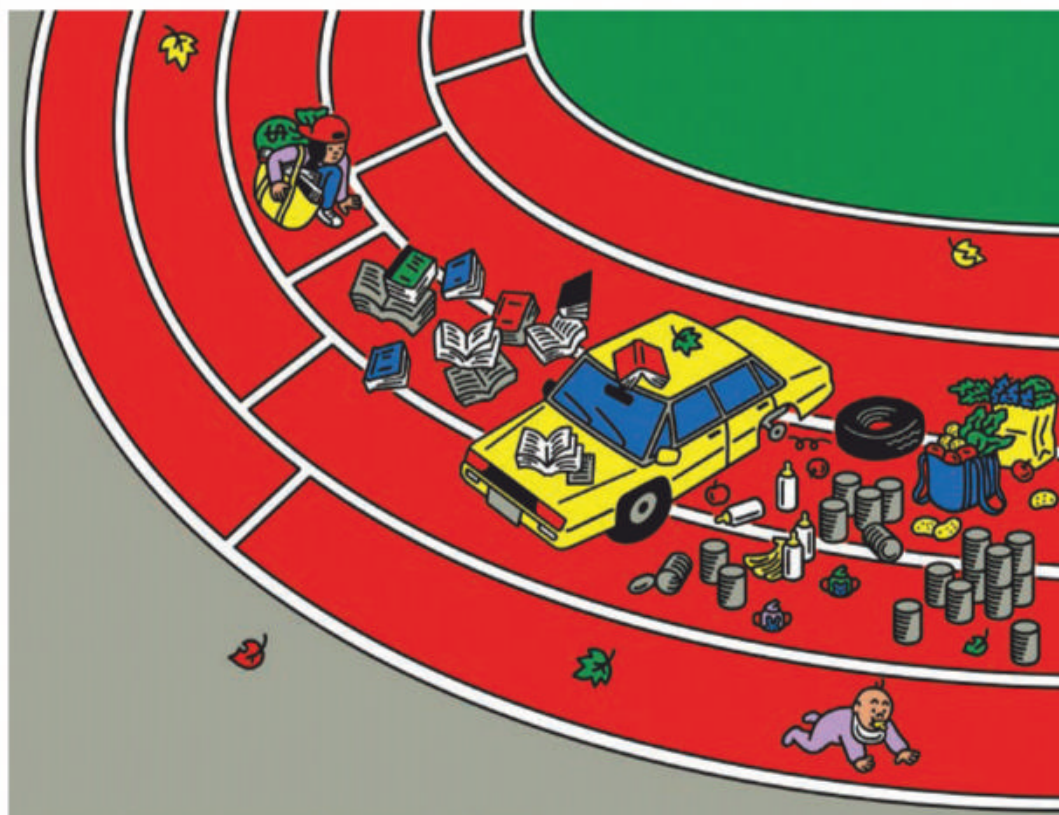
Janice Goldthreate, a manager at Hilton Worldwide Holdings Inc. in Memphis who’s been a Promise mentor since 2016, says students get worn down. “I look at the younger people, and they’re physically exhausted,” she says. “They’re trying to work because they do feel pressure to contribute to their family household, or maybe working is nonnegotiable for them.”

Lindamood grew up on the outskirts of Knoxville, home to the state’s flagship university, but couldn’t afford a four-year university. Her mother didn’t go to college; her father did, but not right after high school. She feels lucky compared with many of her Promise peers because she qualified for a scholarship from a teacher’s foundation that covers books. But working as many as 36 hours a week means having to stay up until 4 a.m. to finish homework. Skipping a shift means not having enough to pay the bills—or getting fired. A slip in grades could mean the loss of the Promise grant. “I have a lot to do and not enough time to

do it,” Lindamood says with a chuckle as she folds laundry after a recent class.

A total of 13 states have enacted statewide college promise programs, according to the Campaign for Free College Tuition. Celeste Carruthers, a University of Tennessee associate professor who’s studied Tennessee Promise, says that while there are broad similarities, each is tailored to its place. “They seem to be different in ways that are important to those contexts, those states,” she says.

New York’s program, the Excelsior Scholarship, requires college graduates to remain in the state for



as many years as they received aid, in part to counteract brain drain. New York lost more residents than any other state in 2018, year-over-year.

David Deming, director of the Malcolm Wiener Center for Social Policy at Harvard, is skeptical that there is a one-size-fits-all approach to improving access to higher education. “To me, the solution is really that the federal government provides the money and then a very basic framework that gives states flexibility to enact programs that work best for their populations,” he says.

As for Lindamood, she plans to put her first two years of community college toward a bachelor’s degree. When she’s overwhelmed, she sometimes retreats to her grandparents’ house to spend time with Zoey, the terrier mutt she’s had for almost a decade. Her desire to teach helps her power through exhaustion. “I don’t want to be working at a grocery store for the rest of my life,” she says. “I won’t get my dream job—what I’m passionate about—if I don’t finish my degree.” —*Reade Pickert*

**THE BOTTOM LINE** Several presidential candidates have proposals to defray the cost of higher education. States should be allowed to tailor policies to their needs, some experts say.

**“I have a lot to do and not enough time to do it”**



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**Israel's Lost Year**

## ● Months of government chaos have strained relations and inflamed tensions

On Nov. 14, 2018, Israel's then-Defense Minister Avigdor Liberman withdrew his small hawkish party from the parliamentary coalition led by embattled Prime Minister Benjamin Netanyahu, plunging the government into chaos. More than a year later, that confusion has yet to abate.

After two successive national elections, neither Netanyahu nor his principal rival, former military chief Benny Gantz, has been able to form a government; the latest attempt, by Gantz's centrist Blue and White bloc, ended in failure on Nov. 20.

Having interim leaders at top ministries and a prime minister in permanent campaign mode—not to mention under indictment—is placing the country in a tenuous position. Business goes on, but there's a limit to what a caretaker government can accomplish. "It's a dysfunctional crisis," says Reuven Hazan, a political scientist at Hebrew University. "We continue, and we start seeing the imploding of the democratic institutions here, it could get to an existential crisis."

Diplomacy may be where Israel stands to lose the most ground. Since taking office in 2017, President Trump has broken taboo after taboo on Israel relations, including moving the U.S. Embassy to Jerusalem from Tel Aviv and reversing long-standing policy that deemed Israeli settlements in the disputed West Bank inconsistent with international law. The Trump administration's much-hyped peace plan would likely favor Israel, even if there's little chance it would lead to an actual agreement.

But U.S. officials are waiting for an Israeli government to be formed before releasing the plan, and that's pushed off the rollout indefinitely. "I never thought in a million years this would happen," says Michael Oren, a former ambassador to Washington. "From Israel's perspective, this is the most friendly administration, which is probably going to give us the best deal we're ever going to get. So it is important that we cooperate with it."

Worse still, there's disquiet on the borders. Iran is becoming more and more aggressive, and the buildup of its proxy forces in Syria and Lebanon is raising fears at home. Recent flare-ups in the conflict with the Palestinian-controlled Gaza Strip have led to talk among Israelis of either a long-term truce or a

wide-scale military operation, but either would be difficult to manage under a transitional government.

Israel is striking back on various fronts, particularly with attacks in Syria. But any action involving the armed forces ordered by Netanyahu would be suspect, perhaps seen as more necessary for his campaign than for the country. Already, he's made nationalist leader Naftali Bennett defense minister amid fears he might bolt to a rival leader. A major escalation could backfire, says Ofer Zalzberg, a senior analyst at the International Crisis Group. "There is concern that Israel's adversaries are aware of this, that the current political stalemate makes Israel more vulnerable," he says. "Even tactical operations which are high-risk, cross-border ones are not going ahead as they do in normal times."

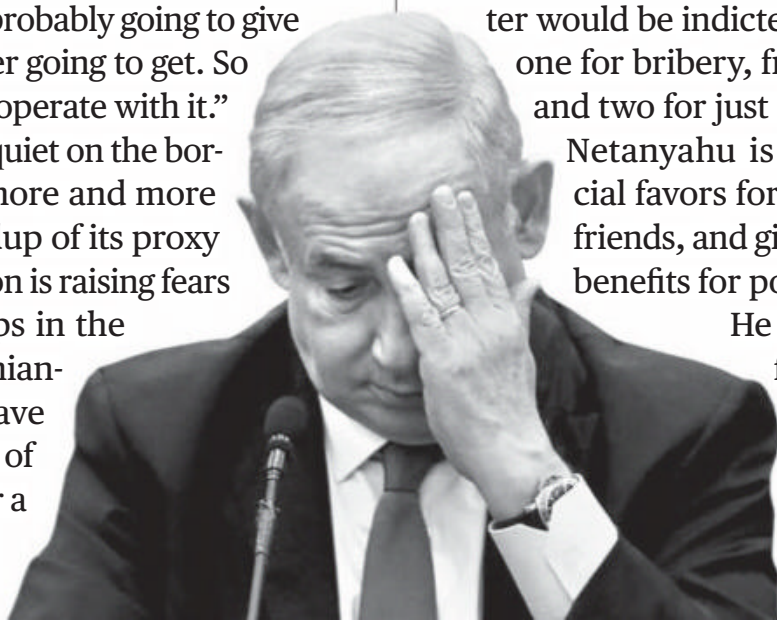
The prolonged uncertainty is also hurting Israel's economy, as domestic priorities get lost in the shuffle. Most pressing is the country's widening budget deficit, which last year caused the ratio of the national debt to gross domestic product to rise for the first time in almost a decade. Without a permanent government, Israel won't be able to pass a budget until well into next year. At the Communications Ministry, long-standing plans such as the rollout of 5G networks are moving ahead, but many other tasks await the next government, including structural reforms and regulatory updates.

Issues continue to pile up: a lack of hospital beds, delayed agricultural trade talks with the U.S., a short-staffed monetary policy committee. Starting next year without a formal budget "presents major challenges related to the functioning of the government," Rony Hizkiyahu, Israel's accountant general, told parliament on Nov. 19. "Coping with this will have an effect not only on the government offices, but on the entire market, as well."

Rather than racking up diplomatic achievements while cruising into the history books as he expected, Netanyahu is instead preparing for a criminal trial. After a three-year police investigation, Israel's attorney general—a former Netanyahu aide—announced on Nov. 21 that the prime minister would be indicted in three separate cases: one for bribery, fraud, and breach of trust, and two for just fraud and breach of trust. Netanyahu is accused of trading official favors for lavish gifts from wealthy friends, and giving or offering regulatory benefits for positive news coverage.

He won't go down without a fight. After his indictment, he took to national television with a fiery speech saying prosecutors ►

**"I never thought in a million years this would happen"**



◀ Netanyahu

◀ were staging a legal coup. He's also attacked the media and raised fears of a government supported by Arab parties.

No clear path exists out of the quagmire. While Netanyahu's opponents say they won't sit in a government he leads, his own Likud party is largely standing by him, and polls for a potential third election show an outcome similar to that of the September vote, which gave the Netanyahu-led bloc a one-seat edge. Even so, 43% of Israelis blame him for the lack of a government, and 35% say he must resign now and stand trial, according to the Israel Democracy Institute. "The majority of the public sticks to their own party," says Nir Barkat, a high-ranking Likud lawmaker and former mayor of Jerusalem. "If we will need to have primaries in the Likud, there's no doubt that Netanyahu will win."

Given Netanyahu's and Gantz's failures, any member of parliament who can gather support from a majority of lawmakers by the end of Dec. 11 may try to form a government. Netanyahu and Gantz could form a unity government with a rotation at the top, but a third round of elections is also a very real possibility.

A few in Likud have begun to call for change: Gideon Saar, a popular former minister, has said that a leadership primary is necessary to preserve the party's power. For now, no one will even venture a guess as to how or when the stalemate will end. "They say that in the Middle East it's hard to predict the past," Barkat says. "I'm not going to be the predictor." —*Ivan Levingston, with Yaacov Benmeleh*

**THE BOTTOM LINE** Back-to-back elections have failed to produce a change in leadership in Israel, and the stalemate might not end anytime soon.

## When Sleeping Rough Is the Only Way

● The Supreme Court may review a lawsuit that's made cities change how they treat the homeless

The law can't punish you for being homeless. But what about actions you must take because you're homeless, such as sleeping on the street when shelters are full and there's nowhere else to go?

The U.S. Court of Appeals for the 9th Circuit ruled last year that public camping bans, when

no reasonable alternative exists, are tantamount to criminalizing a person's existential condition—referred to in legal terms as a person's status—and therefore violate the Eighth Amendment's prohibition against "cruel and unusual punishments." The case, *Martin v. City of Boise*, was first brought a decade ago when attorneys representing six homeless people (including lead plaintiff Robert Martin) sued the Idaho capital in U.S. District Court. "Conduct at issue here is involuntary and inseparable from status—they are one and the same," Judge Marsha Berzon wrote for the 9th Circuit, "given that human beings are biologically compelled to rest." Boise has asked the U.S. Supreme Court to review and overturn the decision, and the justices could announce whether they'll weigh in as soon as this month.

"Courts and legal scholars have been trying to disentangle conduct from status for years," says Sara Rankin, who directs the Homeless Rights Advocacy Project at the Seattle University School of Law. A Supreme Court review of *Martin v. Boise* would mark the high court's first decision on the constitutionality of government ordinances criminalizing homelessness, she says. Whether the court decides to take the case or not, it will have vast implications for how the 1,600 municipalities in nine states that fall under the 9th Circuit approach homelessness.

Severe shortages of affordable housing and emergency shelter beds, particularly in the American West, have led to a surge in people sleeping below highway underpasses and in public parks. Cities nationwide have responded by criminalizing various acts of homelessness, such as camping and sleeping in public, sitting and lying down in public, panhandling, and living in vehicles.

Such laws aren't just unethical, advocates for the homeless say, they're ineffective, saddling people with fines and arrest records that make it even harder for them to secure stable housing and employment. Moreover, study after study has shown that when related expenses such as policing and emergency room visits are factored in, providing housing for the chronically homeless is less expensive than preserving the status quo.

Boise's homeless population—which in January hovered around 700, less than a tenth of whom were unsheltered—pales compared with those of many of its Western neighbors. In Los Angeles County, 44,000 of the almost 60,000 homeless lack proper shelter. So do almost half the 11,200 homeless in Seattle and two-thirds of the 8,000 in San Francisco.

In an August petition to the Supreme Court,

● Homeless population in major cities under the 9th Circuit's jurisdiction, January 2019



\*NOT HOUSED IN MUNICIPAL SHELTERS. DATA: MUNICIPAL REPORTS



lawyers for Boise (the team includes Theodore Olson of *Bush v. Gore* fame) argued that the 9th Circuit’s decision creates a “de facto constitutional right to live on sidewalks and in parks.” They warned that letting the ruling stand would leave governments “powerless” to preserve health and safety as homeless encampments spread. If cities can’t police sleeping in public, they argued, what about other “universal and unavoidable consequences of being human,” such as urination and defecation?

Mike Journee, a spokesman for Boise’s mayor, says his city is pursuing progressive policies, building unrestricted supportive housing and working with schools on family homelessness. “All the work we’re doing on those kind of solutions could be rendered moot if the very basic ability to address camping in our streets is taken away from us,” he says.

In the wake of the 9th Circuit ruling, park rangers in California’s Sacramento County stopped issuing citations to people camping, and Thousand Oaks amended its ordinance to restrict sleeping on public property to nighttime hours. But lawyers on the Martin side say Boise’s claims

of “far-reaching and catastrophic” consequences are overblown. In an October filing, they quote the 9th Circuit’s own description of its ruling as “narrow.” Cities can still prohibit sleeping or camping “at particular times or in particular locations,” they write, and nothing in the ruling dictates that they build sufficient shelter.

Handicapping whether the Supreme Court will take the case is more art than science. There’s no direct split among federal appeals courts, which might make the justices less likely to want to enter the fray. Still, the Boise case could stand a better-than-usual chance, in part because of the 20 outside briefs urging the justices to hear it.

The National Law Center on Homelessness & Poverty is helping to represent the plaintiffs in court. Its executive director, Maria Foscarinis, says cities have plenty of other ways to address homelessness once criminalization is put out of reach, such as boosting the supply and accessibility of housing. The ruling provides an opportunity to get creative, she says. —*Esmé E. Deprez and Noah Buhayar*

**THE BOTTOM LINE** A Supreme Court review of *Martin v. Boise* would mark the high court’s first decision on the constitutionality of government ordinances criminalizing homelessness.

▲ In Los Angeles County, 44,000 homeless lack proper shelter



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# The Bloomberg 50

Who has the most-subscribed-to YouTube channel? Who's Big Oil's big dealmaker? And just how fast did Popeyes run out of fried chicken sandwiches? Bloomberg reporters and editors from around the world have answered these questions and more for the third annual Bloomberg 50, our look at the people in business, entertainment, finance, politics, and science and technology whose 2019 accomplishments merit recognition, applause, and, maybe, extra pickles. Some names you'll know—perhaps you've heard of this Rihanna—but others you likely won't, such as James Mwangi, the man trying to turn Nairobi into the Dubai of Africa. And when you're done with 2019, turn to page 76 to find out who might make the list in 2020.

Photographs by  
Heather Sten

STACEY  
ABRAMS

RITESH  
AGARWAL

RAMON ANG

JACINDA  
ARDERN

SIMONE BILES

ALEX  
BLUMBERG  
& MATT  
LIEBER

SIMÓN  
BORRERO,  
SEBASTIAN  
MEJIA &  
FELIPE  
VILLAMARIN

ANKITI BOSE

ETHAN  
BROWN

MORTIMER  
"TIM"  
BUCKLEY

GABRIELA  
CÁMARA

BRIAN  
DONNELLY

EVENT  
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TELESCOPE  
LEADERSHIP  
TEAM

KEVIN FEIGE

BRUCE FLATT

METTE  
FREDERIKSEN

GITA  
GOPINATH

VICKI HOLLUB

HONG KONG  
PROTESTERS

EKREM  
IMAMOGLU

KYLIE JENNER

BORIS  
JORDAN

STEPHANIE  
KELTON

MICHAEL  
KHARITONOV  
& JON  
McAULIFFE

BHUSHAN  
KUMAR

JOEY LEVIN

LIL NAS X

TOBIAS LÜTKE

DAVID  
MARCUS

KEVIN  
MAYER

DOUG  
McMILLON

JAMES  
MWANGI

BRIAN NICCOL

POPEYES  
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SANDWICH

SHARI  
REDSTONE

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ANN SARNOFF

MAREK &  
TOMASZ  
SEKIELSKI

SHU PING &  
ZHANG YONG

DAVID SIMON

ROBERT  
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JON STEWART

LISA SU

GRETA  
THUNBERG

U.S. WOMEN'S  
NATIONAL  
SOCCER  
TEAM

PHOEBE  
WALLER-  
BRIDGE

EMMA  
WALMSLEY

SABINE  
WEYAND

ERIC YUAN

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# LIL NAS X

↘ MUSICIAN

His *Old Town Road* spent 19 weeks atop the Billboard Hot 100, the longest a song has held that spot in the chart's 61-year history.

Last year, Montero Lamar Hill was living at his sister's house after dropping out of the

University of West Georgia.

He was 19. His dad was paying his phone bill.

His plan was to become internet famous. Under the nom de plume Lil Nas X, he recorded a twangy melody over a trap-style hip-hop beat and laid down some rap boasts drenched in country imagery. He put the track on SoundCloud, recorded a video for the social media app TikTok, and soon saw the song land on Billboard's Hot Country and Hot R&B/Hip-Hop charts.

In March, after Columbia Records signed Hill, Billboard removed *Old Town Road* from the country chart, saying it wasn't authentic to the genre. Hill's fans protested. Buoyed by the controversy, the song hit the top of the Billboard Hot 100 in April and



## STEPHANIE KELTON

↑ ECONOMIST,  
STONY BROOK UNIVERSITY

A five-year Google Trends analysis shows that searches for "Modern Monetary Theory" more than quadrupled in early 2019 from previous highs, in part because of her evangelism.

MMT argues that in any country with its own currency, budget deficits don't matter unless they cause inflation. The government can pay for what it needs by simply printing more money—no reason to borrow by issuing bonds.

Kelton has promoted MMT for years in academic papers and at conferences and as an adviser to Democrats on the Senate Budget Committee as well as to Bernie Sanders's presidential campaigns. But it was her war of words with Nobel Prize-winning economist, *New York Times* columnist, and MMT hater Paul Krugman that helped raise the theory's profile this year. So did opposition from Federal Reserve Chair Jerome Powell and Warren Buffett—and approval from New York Democratic Representative Alexandria Ocasio-Cortez.

Kelton's new book, *The Deficit Myth: Modern Monetary Theory and the Birth of the People's Economy*, is due in June 2020, right as Democratic presidential hopefuls will be focusing public attention on economic inequality. (Kelton has occasionally written for Bloomberg Opinion, which is owned by Bloomberg LP.) Already, Sanders, Elizabeth Warren, and Cory Booker have endorsed the MMT-inspired idea that the government should hire anyone who wants to work, even if none of them are full-on MMT devotees. —Peter Coy

stayed there until August. (In June he released an EP, 7.) Hill remixed an even twangier version with the formerly mulleted Billy Ray Cyrus—perhaps as logical a capstone to a genre-confounding, out-of-nowhere, internet-era origin narrative as any. —Devin Leonard



# JACINDA ARDERN

→ PRIME MINISTER, NEW ZEALAND

She banned military-style semiautomatic and assault rifles six days after 51 people died in the worst mass shooting in New Zealand's modern history.

On March 15 a gunman attacked Muslim worshippers during afternoon prayers in Christchurch, livestreaming the atrocity to Facebook. As the nation reeled from the horror, Ardern showed true leadership. She reached out to the Muslim community, wearing a hijab in a show of respect. But her acts weren't purely symbolic. Ardern moved quickly to ban the weapons used in the massacre, achieving in days what the U.S. hasn't been able to do after decades of gun violence. She also rallied the leaders of countries such as France, the U.K., and Canada to support her push to pressure social media platforms to stop the spread of hate speech.

Ardern's handling of the tragedy helped cement her global reputation as a torchbearer for liberal values. At home she's made reducing child poverty a priority, and she broke barriers for women in 2018 by becoming the first prime minister since Pakistan's Benazir Bhutto to give birth while in office. —*Matthew Brockett*



# ERIC YUAN

← CEO, ZOOM VIDEO COMMUNICATIONS INC., SAN JOSE

Zoom's stock price has almost doubled since an April IPO, making it one of the year's best-performing newly listed tech companies in the U.S.

Lots of people use Skype or FaceTime to stay in touch with friends and family, but videoconference calling at work can be maddening. Companies that use Zoom, however, such as Uber Technologies Inc. and customer service software business Zendesk Inc., rave about how seamlessly it interacts with other professional software. (Yuan worked for years at Cisco Systems Inc., which makes Webex, a widely used corporate videoconference system.) Zoom shares jumped 72% on their first day of trading, and there's been little letup. The enthusiasm shows that even in an era of big-dreaming unicorn startups like Uber, Airbnb, and SpaceX, investors will embrace a company that's growing fast, turning a profit, managed by grown-ups, and eschewing futuristic markets such as driverless cars and internet-ferrying satellites. —*Shira Ovide*

# SHARI REDSTONE

↘ VICE CHAIRWOMAN, CBS INC. AND VIACOM CORP., NEW YORK

After 13 years, Redstone got her wish in August when it was announced that CBS and Viacom planned to merge by the end of the year.

When Sumner Redstone separated Viacom and CBS in 2006, the thinking was that the share price of Viacom, whose cable channels were seen as having faster-growth potential, would be higher if it weren't shackled to CBS. But it was CBS that fared better, and now with Sumner ailing, his daughter, Shari, who



# BORIS JORDAN

↘ EXECUTIVE CHAIRMAN, CURALEAF HOLDINGS INC., WAKEFIELD, MASS.

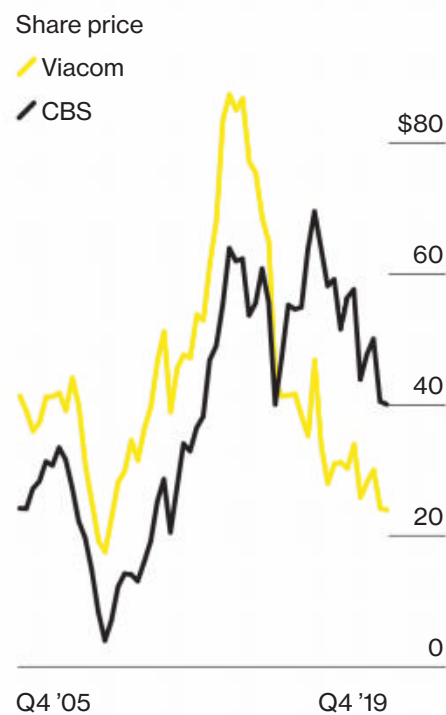
Curaleaf is now the biggest U.S. marijuana company, with a market value of about \$2.5 billion.

Jordan, who ran Credit Suisse Group AG's Moscow office and helped privatize Russian state assets after the fall of communism, cut a pair of deals worth more than \$1.5 billion to turn Curaleaf into one of the world's most valuable weed companies. In May he purchased Cura Partners, which makes the Select brand of vapes, then two months later bought Grassroots Cannabis, mainly for its licenses in Illinois and Michigan, which recently legalized recreational pot. (Neither deal has closed yet.) The second purchase will give it more than 70 dispensaries in 19 states, including California, with licenses to build several more. Curaleaf could potentially have greater revenue than any other cannabis company in the world next year, despite the drug's federal prohibition in the U.S. —*Craig Giammona*



never wanted the companies to separate, will preside over the recombined media giant. Bringing the most watched U.S. TV network and the owner of brands such as MTV, Nickelodeon, and Paramount Pictures back together will create an entertainment powerhouse with \$28 billion in annual sales that should be better positioned to compete with Walt Disney Co. and Comcast Corp.

To cement her place as head of the family business, Redstone had to dispatch two CEOs who were blocking her plans and win court battles with two of her dad's ex-girlfriends over his care and gifts he'd given them. Now she must deliver the \$500 million in annual cost savings she promised the merger would provide and ensure that shows such as *60 Minutes* and *SpongeBob SquarePants* stay relevant in the streaming age. —*Christopher Palmeri*



DATA: COMPILED BY BLOOMBERG



*“This crazy growth, it’s not just hard on me,*

*it’s hard for everyone”*

# ANKITI BOSE

## CO-FOUNDER AND CEO, ZILINGO PTE LTD., SINGAPORE

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A \$226 million funding round for Bose's apparel-sourcing startup pushed it to a near-unicorn valuation, making her one of the few women in tech to run a company of that size.

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When Bose finished fundraising for Zilingo in February, she didn't mark the occasion with her boyfriend. The money had given the company a \$970 million market value and turned Bose into Southeast Asia's newest tech celebrity, but she didn't want him to think she was showing off: Generally, women in her home country of India aren't more professionally accomplished than men. "I was not celebrating my success," she says. It didn't work. The couple, who'd been together for more than four years, broke up a few months later.

Bose spent the next few months crying and singing along late at night to Lady Gaga songs from *A Star Is Born*, just like any twentysomething might do (she's 28). But she also had a company to run. Because of President Trump's trade war, American retailers were moving manufacturing out of China to avoid tariffs—giving Zilingo an opportunity to expand into the U.S. Bose's company, which was already connecting more than 60,000 businesses with 6,000 factories globally, could help U.S. retailers find new places to manufacture their products. Zilingo has since announced plans to invest \$100 million to expand in the U.S. Recently, it opened offices in New York and Los Angeles and has started working with factories in California to source fabric from Asia.

A supply chain tech company wasn't what Bose imagined when she founded Zilingo in 2015. She'd been working as an analyst in the Bengaluru, India, offices of the venture capital firm Sequoia Capital LLP, tracking the rise of e-commerce companies such as Flipkart Ltd. and Amazon.com Inc.

A holiday visit to Chatuchak Weekend Market, a 15,000-stall

bazaar in Bangkok that's one of the largest of its kind in the world, gave her an idea. "I was like, Wow, this stuff should be online!" she says in her Singapore office. So she started Zilingo as a direct-to-consumer fashion marketplace—a smaller, digital version of Chatuchak. The company's name is a jokey reference to the "zillions" of artisans in Southeast Asia with whom she envisioned working.

As Zilingo grew, Bose and her co-founder, Dhruv Kapoor, realized that most of the local market vendors couldn't keep up with demand. A woman making a dress out of traditional Indonesian batik fabric didn't have access to the capital and technology she needed to scale up. So Zilingo added services, serving as a web portal that connects the vendors with factories in places such as Bangladesh and Vietnam that will mass-produce their designs. And it began offering cross-border shipping and inventory-management software to help merchants and factories sell internationally, part of a business-to-business operation that now accounts for the majority of its revenue. Zilingo still has its online marketplace where consumers can buy everything from bikinis to hijabs, and the company takes a 10% to 30% commission for each sale. It's also licensed to sell Disney-, Marvel-, and *Star Wars*-branded clothes in South and Southeast Asia.

In October the company rolled out a training program for Indonesian women who want to learn how to be garment vendors. The goal is to provide a viable career path in a country where, according to a 2017 study by Monash University in Melbourne, almost 38% of working women drop out of the labor force after getting married. By 2022, Zilingo plans to expand the program to Bangladesh, Cambodia, India, Vietnam, and other countries.

Zilingo now has 800 employees, but Bose still travels a lot, checking quality control on *Star Wars* T-shirts at a Bangladesh factory one week, visiting women who make fabric from discarded plastic in Bali the next. The

pace has been frantic and, considering the market opportunities, not likely to let up anytime soon.

According to a report by Google, Temasek Holdings Pte Ltd., and Bain & Co., the online shopping market in Southeast Asia is expected to grow from \$38.2 billion this year to \$153 billion in 2025. Zilingo is expanding so quickly that it's outgrown four offices in four years and is already looking for a fifth. "This crazy growth, it's not just hard on me, it's hard for everyone," Bose says. To help Zilingo expand in a more measured way, she hired a new chief financial officer, James Perry, the former managing director and head of technology investment banking for Citigroup Global Markets Inc. in the Asia-Pacific region.

The company is also offering a coaching program to its top 100 leaders. "Either people will break or become assholes—standard tech unicorn assholes," she says. Bose is a believer in therapy, which she says helped her get over her breakup. Today, she describes herself as a feminist who's proud of her role as the young female founder of an almost-billion-dollar company. Her late-night cry-sing sessions have been replaced by fretting about Zilingo's future. On more than one occasion, she's woken up worried that Trump will decide he likes China again and ruin her U.S. plans with a single tweet. "He has created such volatility that nobody really knows what will happen next," she says. "It's very scary."

Even U.S. companies that manufacture clothes stateside have been affected by Chinese tariffs: A T-shirt made in California likely uses fabric from overseas. Zilingo, which guarantees that the factories it works with don't use child labor, can help businesses ensure that the fabric is ethically sourced. The irony of a Singapore-based company helping U.S. manufacturers navigate Trump's "Make America Great Again" policies isn't lost on Bose. "We're chasing a 'Made in America' opportunity," she says. "Can you believe that? It's surreal." —*Yoolim Lee*



## GRETA THUNBERG

↑ CLIMATE ACTIVIST

In September the 16-year-old Swede led a climate change protest that involved 7.6 million people across 185 countries.

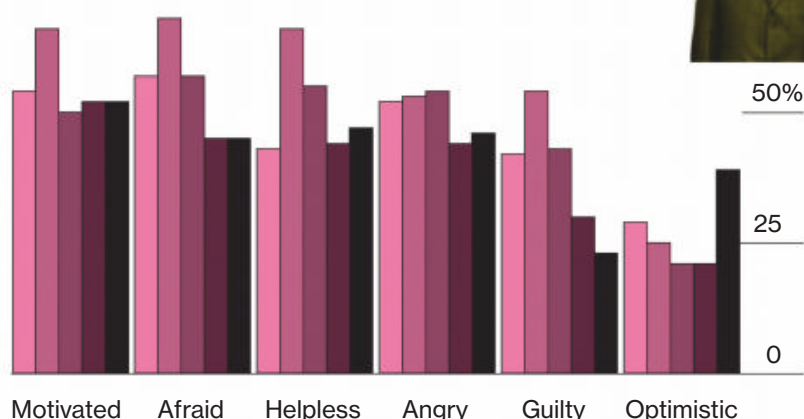
A record August 2018 heat wave in her home country inspired Thunberg to protest outside parliament, urging her leaders to live up to the promises they made when they signed on to the Paris climate accord. A year later, she's still protesting.

She's in front of parliament every Friday—unless she's boating around the world to give political leaders a dressing-down in person. Her dedication to climate change has turned her into a leader of a growing grassroots movement.

Thunberg's success is a result of her refusal to play nice. In January she told the crowd at Davos that they know "exactly what priceless values they have been sacrificing to continue making unimaginable amounts of money." Three months later she reprimanded Britain's government for its "ongoing irresponsible behavior" for allowing fracking and a new coal mine. Her blunt assessments have gotten attention. Earlier this year, OPEC called Thunberg the "greatest threat" to the fossil fuel industry. Thunberg responded, "Thank you!" —*Claire Suddath*

How climate change makes people feel, by age

■ 13-17 ■ 18-29 ■ 30-49 ■ 50-64 ■ 65+



DATA: KAISER FAMILY FOUNDATION/WASHINGTON POST

## ETHAN BROWN

↘ CEO, BEYOND MEAT INC., EL SEGUNDO, CALIF.

Since its May IPO, shares have risen about 200% to give the company a \$4.5 billion valuation.

Barclays Plc forecasts that meat alternatives will be a \$140 billion market worldwide in the next decade, and Brown is positioning his company to be the leader. His products are used or sold in more



than 58,000 restaurants, food-service operations, and supermarkets globally, and they include not only plant-based burgers but Beyond Sausage (now available in breakfast sandwiches at Dunkin' across the U.S.) and Beyond Fried Chicken (an August pilot sale at a KFC in Atlanta ran out in hours). Competition is fierce, however. Impossible Foods Inc. closed \$300 million in funding in May, and its burgers are now sold as Impossible Whoppers at Burger King. Nestlé, Kellogg, and Conagra Brands are developing their own alternatives, too. —*Kate Krader and Deena Shanker*

## ZHANG YONG & SHU PING

↘ FOUNDERS, HAIDILAO INTERNATIONAL HOLDING LTD., BEIJING

China's largest hot pot chain opened 130 restaurants and saw its stock value almost double this year.



The first Haidilao hot pot restaurant had only four tables when it opened in 1994 in Jianyang, in China's Sichuan province. Since then, Zhang and Shu have expanded it into a chain of almost 600 restaurants in 10 countries. Customers know Haidilao for its quirky service (if you dine alone at a table, a waiter will place a stuffed animal in the empty seat so you're not lonely) and amenities (shoeshines, manicures). But the company's real innovation is technological. Last year, Zhang and Shu opened their first fully automated restaurant in Beijing, where robot arms made by Panasonic Corp. prepare and deliver dishes that customers order on an iPad. Haidilao plans to lower labor costs and boost efficiency in this way at all its restaurants, which this year included new locations in Sydney and London. —*Venus Feng*

## MAREK & TOMASZ SEKIELSKI

↘ DOCUMENTARIANS

After the release of *Tell No One*, their documentary revealing the extent of the pedophilia crisis in Poland's Catholic Church, the country doubled prison terms for child sex offenders, to as many as 30 years.



Unable to secure financing from Polish media outlets or film studios, the Sekielski brothers got crowdfunding—1.42 million zloty (\$367,000) so far—to investigate allegations of abuse and church complicity in covering it all up. The documentary they released this year combines interviews with victims and hidden-camera footage of priests admitting to their crimes. In one scene a priest leads a retreat for children even though he's been convicted of abusing kids.

*Tell No One* has been watched more than 23 million times on YouTube (it's subtitled in English) and was so popular that it was shown on prime-time TV in Poland. Within days of its release, the government announced the harsher prison terms. The episcopate issued an apology that was read aloud during Mass across the country, and some statues of priests accused of child abuse were taken down or covered up. A follow-up film is planned, but no release date has been set. —*Wojciech Moskwa*

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# GABRIELA CÁMARA

## CHEF AND PRESIDENTIAL ADVISER

Anyone unfamiliar with Cámara had the opportunity to get to know her this year, thanks to four high-profile projects: a restaurant opening, a cookbook, a Netflix documentary—and a role as food policy adviser to Mexico’s president.

*No chef has done more to popularize contemporary Mexican cooking (fish tostadas!) than Cámara, and this year her celebrity brought even more attention to the cuisine and the people it supports. Her doc, A Tale of Two Kitchens, is as much about the waiters, line cooks, and busboys who make restaurants hum as it is about the food. Her first cookbook, My Mexico City Kitchen, mixes recipes with essays on subjects such as her opposition to genetically modified corn. Onda, her newest restaurant, is her first in Los Angeles and was one of the city’s most anticipated openings of 2019.*

*And yet it’s her political work that could have the most impact: After President Andrés Manuel López Obrador took office, he appointed Cámara to the Board for the Promotion of Tourism, which was allegedly rife with fraud. (She doesn’t have a policy background, but they were acquaintances before he took office.) She advocated to close it, freeing up about \$300 million. Today she’s focused on how the food industry can help address the immigration crisis in the Americas. Edited excerpts from her conversation with Bloomberg Businessweek’s Kate Krader:*

### **What are you trying to do to help migrants?**

We’re seeing an increasing number of deported Mexicans who have worked with food in the U.S. and tons of migrants from Central America who are stuck in Mexico. I’m working on a way of integrating them into jobs. It’s challenging to make them feel at home. Food is a great place for that. Restaurant jobs, from construction to cooking, have traditionally been a way for people to move up in society.

### **How can you make that happen?**

I want to bring people to the countryside. Mexico is a centralized country: Migration to the capital has been huge, and deported people don’t want to go back to the towns they were born in. The Ministry of Social Development is working on a program that will help people live in places where they were born. We have even changed the name to the Ministry of Wellbeing.

### **Meanwhile, you continue to open restaurants.**

Onda has finally opened. That’s a collaboration with Jessica Koslow [chef-owner of the popular L.A. breakfast-lunch spot Sqirl]. It’s a combination of all the foods we love—it has Mexican-ness, but also Asian-ness, European-ness. I’ve added a strong corn program. We’re nixtamalizing [soaking and hulling] and grinding corn for fresh tortillas. We’re importing heirloom corn from

Mexico, which is another way to support local industries there.

But in 2020, I’ll be spending more time in Mexico City. I’m opening a new restaurant downtown. The deported community could be a crucial part of my new kitchen.





# Angola, Reenergized

Sub-Saharan Africa's third-largest market has turned the page on decades of civil war and is embarking on an ambitious program to diversify its economy away from the oil sector.

President João Lourenço's government, in place since 2017, has not hesitated when it comes to reform in this nation of 30 million people. The country's first **Competition Law** aims to create a "market economy based on fair competition, morality and ethics"; amendments to the **Private Investment law** allow foreigners to invest without a local partner; and a **state assets privatization program** aims to privatize 195 public companies to boost their efficiency and spur job creation.

Such reforms have set the stage for economic diversification to thrive, even as oil prices have receded. Opportunities for investment abound in agriculture, construction, fishing, forestry, mining, power generation and tourism, to mention a few, buoyed by **loosened visa requirements** and other investment-friendly measures. The country has access to 38 of the top 50 minerals used in various industries, such as diamonds, iron, gold, titanium, marble and uranium; microclimates that allow for varied agricultural production over the year; 69 million hectares of forests for forestry projects; and 1,650 kilometers of coastline. Key structural sectors that require investment are education, health, energy, water and infrastructure.

Private investment and foreign direct investment is expected to be forthcoming. The IMF forecasts that growth of the non-oil sector will almost double to 6.5% in 2022 from 3.5% this year, according to its April 2018 Angola Country Report. The oil sector, which accounts for 37% of GDP, 75% of government revenues and 90% of exports, will remain stable.



The government's renewed commitment to major infrastructure initiatives around the country aims to further facilitate trade and the movement of goods and services. Work on the new **Luanda International Airport** has recommenced, paving the way for the country to serve as a hub for neighboring nations. The **Benguela Railway**, which crosses the country eastward from the

port of Lobito on the Atlantic coast all the way to the border with the Democratic Republic of Congo, was completed in October 2019. The railway forms part of the **Lobito Corridor** transport system, linking mineral-rich regions in the DRC and Zambia to the Atlantic.

In Africa, the world's fastest growing continent, Angola is set to benefit from a myriad of opportunities supported by free-trade agreements and other measures. The **African Continental Free Trade Agreement** will establish the world's largest free-trade area, eventually creating a single market of 54 African Union states and 1.2 billion people. The **Southern African Development Community** aims to further economic cooperation between its 16 member countries, while the **African Growth and Opportunity Act** significantly enhances market access to the U.S. AIPEX, Angola's Private Investment and Export Promotion Agency, has identified 27 countries worldwide from which to attract investment, including Portugal, China, the USA, and the UK.

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E PROMOÇÃO DAS EXPORTAÇÕES

## FOUNDER AND CEO, OYO ROOMS, GURGAON, INDIA

OYO became the world's No. 2 hotel operator by room count in August, and it's poised to overtake No. 1 Marriott International Inc. early next year.

*When he was 19, Agarwal spent three months traveling around India. In places such as Darjeeling, Delhi, Goa, Kerala, and Rajasthan, he lived a budget traveler's nightmare: filthy hotels with dirty sheets, roaches, lizards, bedbugs, peeling wall paint, doors that didn't close properly, foam blocks that passed as mattresses, and buckets to collect water for bathing. "I learned something truly fascinating in my journeys," he says from OYO's headquarters outside Delhi. His takeaway: There was a huge business opportunity in standardizing and improving service in hotels with 150 rooms or fewer that the major chains ignored. The first OYO opened in Gurgaon in 2013 with high-thread-count sheets, thick mattresses, flatscreen TVs, and hot water. Occupancy rates went from 18% to 90% in the first month, Agarwal says.*

*Today, he's 26 years old, and his company is valued at \$10 billion—thanks in part to a roughly \$1.6 billion investment over the past two years from SoftBank Group Corp. Like most hotel chains, OYO doesn't own its properties. Instead it provides capital and training to hotel owners who rebrand to OYO's specs, along with proprietary data-mining technology that helps properties maximize revenue. OYO takes a portion of that revenue, Agarwal says, with gross margins averaging 20%. There are 44,000 OYO hotels with 1.2 million rooms on four continents. In the U.S., an average night's stay runs \$70 to \$80. (OYO stands for "On Your Own," though the company uses only the acronym now.) Edited excerpts from his conversation with Bloomberg's Saritha Rai:*

### **How did you grow so quickly?**

Less than a year ago, we were mainly in India and starting to make a mark in China. We were the fourth- or fifth-largest hotel operator in the world. Almost every day we add 70 to 80 hotels.

We will open close to 100,000 rooms in the next 30 days. At the end of June, we had 50 properties in 35 U.S. cities. Now we are close to 200 properties.

We were building the business in India, but we were creating a product that we could transport. We redo interiors much faster and more intelligently than other companies. We operate more efficiently through measures like a housekeeping app that incentivizes cleaning a room quickly and getting a high customer rating. We change our prices worldwide about 60 million times daily, maximizing revenue per room based on demand. Three years back we were growing at 60%. This year it will be 300% or more. In Tier 2, 3, and 4 cities in China, you can't miss the OYO hotel sign. When you drive around Jakarta or London—and, increasingly, Dallas, Houston, or Las Vegas—it's hard to miss the sign.

### **What's the business model?**

Everything is optimized for occupancy and repeat customers. Generally, occupancy goes from 30% to 40% before OYO to 60% to 80% after. We have a 99% owner-retention rate. In India we spend roughly \$500 to renovate a room. In China's smaller cities, it's \$500; in the bigger cities, it's \$750. In the U.S., it's \$1,000. We recoup our money in approximately six months on average, globally.

Before we design interiors, we predict what kind of design, for the lowest capital expenditure, will give us the best returns. For instance, we found that portraits of Marilyn Monroe increased revPAR [revenue per available room] of a property by 10% to 11% on average. Consumers classify hotels like this as "boutique." It began when one of our hotels in Wichita Falls, Texas, saw revPAR improve by 25% after we put Marilyn Monroe portraits on the walls. Then we started copy-pasting this.

In India over 50% of our hotels are full service—that means you can order room service. Imagine doing that at a price point of \$25 per night. Outside India we don't have full-service hotels for that price. When a guest checks in to a full-service hotel, the lobby staff knows that the guest ordered pizza to the room on a previous visit and will

proactively ask if the guest wants a pizza. If a receptionist sells additional services, he earns an incentive. Our OYO training institutes groom employees. We've created 300,000 jobs in housekeeping, front desk, maintenance, and so on.

### **How did you become an entrepreneur?**

I grew up in Rayagada in Orissa state in eastern India. Few people have even heard of it. Roughly 70% of the people there live below the poverty line. When I was 13, I started reselling SIM cards because big companies didn't want to sell in that small town. My father ran a grocery store. We were four siblings. I'm the youngest. The older three are engineers, and two have MBAs. I'm a college dropout. My parents thought they had three respectable children, and I was the black sheep. They rued, "*Isko ghas katnewala kam milega*" ["He will get a grass cutter's job"].

### **You travel around India and to China and the U.S. each month. Does that leave time for a personal life?**

The only constant in my life besides OYO is Lisa, my dog. She's a Lhasa apso. The only reason I shop is to buy accessories for Lisa.

My parents still don't understand what I do. They can spot two OYO hotels from the balcony of their house, so they don't worry so much. They now think I have a reasonable job because they send me pocket money, and I don't ask for more.

# R I T T E E S H

# A G A R W A L

*"I'm a college dropout. My parents thought they had three respectable children, and I was the black sheep."*







# U.S. WOMEN'S NATIONAL SOCCER TEAM

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↑ More than 15.6 million Americans watched them win their second consecutive World Cup in July, which, along with the team's 2015 win, are the two most watched soccer games in the country's history.

The team celebrated its victory over the Netherlands with a ticker tape parade in New York City, festivities that also focused attention on the players' campaign for equal pay: Four months before the World Cup, all 28 players had sued the U.S. Soccer Federation, alleging that it was paying them less than the men's team even though they had the same job responsibilities,

played more games in a season, and had won four World Cups to the men's zero. "I don't think that's an unrealistic or unreasonable ask, to have equality," co-captain Megan Rapinoe said on the *Today* show.

U.S. Soccer argues in response that the women's team has historically generated less revenue than the men, though since 2016 it has actually generated more.

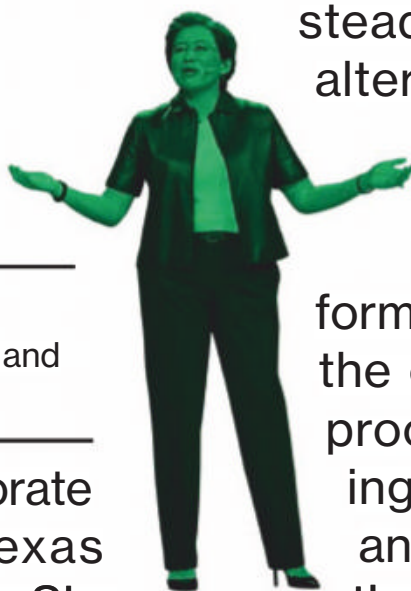
In August the women ended mediation talks with the federation. A trial date is set for May 2020. Even if the team prevails in court, its players will still be underpaid: FIFA, the Swiss nonprofit that governs the World Cup, offered \$30 million in prize money for the women's tournament, compared with about \$440 million for the men's in 2022. —*Claire Suddath*

## LISA SU

→ CEO, ADVANCED MICRO DEVICES INC., SANTA CLARA, CALIF.

AMD's stock is up about 90% during a year when it unveiled processors that are faster and cheaper than Intel Corp.'s.

Born in Taiwan, Su got her doctorate at MIT before stints at Texas Instruments Inc. and IBM Corp. She took over AMD in 2014. Five years later, the company isn't going to unseat Intel, which has 96.6% of the \$16.5 billion server processor market, anytime soon. But Su's



steady hand has made AMD a credible alternative for big customers that have long relied on the industry giant. For 30 years, Intel has led the way in improving chips' capacity and performance while lowering costs. But when the company botched a 2017 rollout of processors—with some parts measuring only 10 nanometers thick—Su had an opening. AMD announced in August that its 7-nanometer-thick server chips were ready to order and that Google's cloud service was already using them. Microsoft Corp. and Amazon.com Inc. are customers, too. —*Ian King*

# JAMES MWANGI

↘ CEO, EQUITY GROUP HOLDINGS PLC, NAIROBI, KENYA

Two deals in southern and central Africa will give Equity Group, which has 14 million customers, access to 2 million more.

The Kenyan capital is trying to position itself as a regional financial hub—the Dubai of Africa. Nairobi's banks have expanded to other East African nations but haven't been as successful in moving into southern, central, and western ones. In April, however, Mwangi led Equity Group, Kenya's largest lender by valuation, in a deal with Atlas Mara Ltd. that gives it access to Mozambique and Zambia and allows it to expand in Tanzania and Rwanda. In exchange for 6.3% of Equity, Atlas is exiting those four markets. In November, Equity Group made a cash offer for a bank in Congo that it plans to combine with an existing subsidiary there. Mwangi says his company is on course to be in 15 countries by 2026. —David Malingha



# JON STEWART

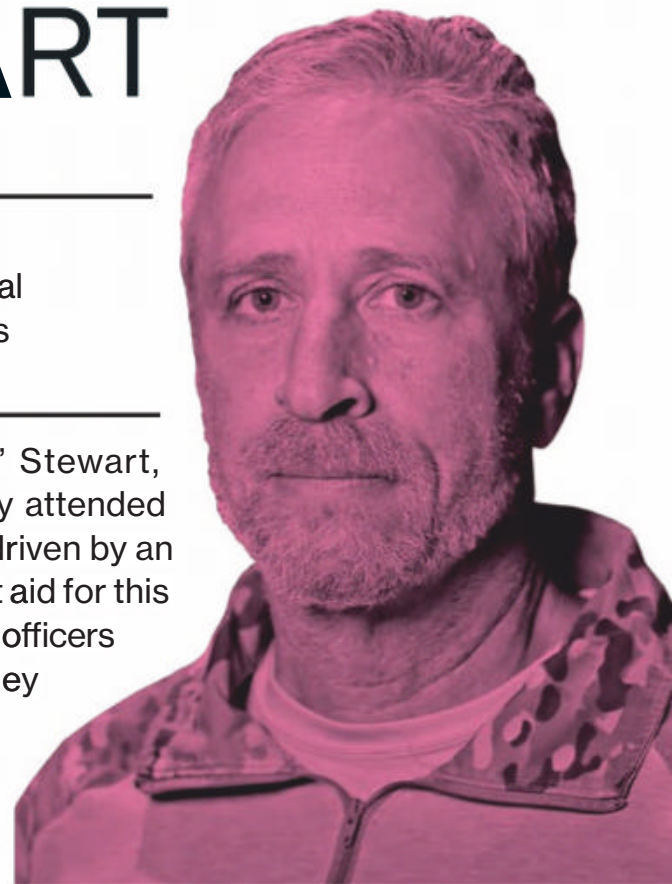
→ ACTIVIST

His unrelenting efforts got Congress and the president to provide medical and financial aid for thousands of Sept. 11 first responders for the next seven decades.

“You should be ashamed of yourselves,” Stewart, the former *Daily Show* host, told a sparsely attended congressional hearing in June. His ire was driven by an announcement in February that government aid for this desperately ill group of firefighters and police officers was about to expire. “Sick and dying, they brought themselves down here to speak to no one,” Stewart said, surrounded by victims. “Shameful.”

His emotional testimony got results. Under the spotlight

and driven by embarrassment, the House and Senate passed legislation ensuring that the September 11th Victim Compensation Fund will remain solvent through 2090. It guarantees that the 17,600 claimants Stewart advocated for—people who inhaled toxic fumes and dust at ground zero, many now suffering from cancer—won't be stiffed by indifferent legislators. In



a highly partisan era that's ground the political system to a standstill, it took a comedian to accomplish something that's eluded Washington: He made Congress work. —Joshua Green

# RIHANNA

↙ FOUNDER, FENTY, PARIS

In May the pop star-actor-influencer became the first woman to create an original fashion brand at LVMH SE and the first woman of color to run a label at the company, which is the first new house there in 32 years.

Rihanna broke through the very white and mostly male ranks of the world's largest luxury fashion company in part because it had already worked with her. Her Fenty Beauty line, also part of LVMH, changed cosmetics when it was introduced two years ago with 40 shades of foundation. The company did \$562 million in sales in its first year by appealing to women of color who'd previously settled for makeup that didn't match their skin tone. Now CoverGirl, Maybelline, Christian Dior, and Mac Cosmetics all offer at least 40 shades, too.

Rihanna—whose full name is Robyn Rihanna Fenty—has said she wants her fashion line to be “as disruptive as possible.” Her clothes will go up to U.S. size 14 and won't be previewed in fashion shows. New collections will drop monthly and be available to purchase online immediately because millennials, Rihanna has said, don't like waiting to buy things. But they are willing to pay \$120 for a see-through T-shirt. —Rebecca Greenfield



# JEFF ZUCKER

*"We were conscious of those who*

*rightly criticized television in the last election"*



## CHAIRMAN, WARNER MEDIA NEWS & SPORTS, AND PRESIDENT, CNN, NEW YORK

The roughly 50 town halls CNN has hosted for Democratic presidential candidates have played a major role in shaping the primary.

On Sept. 28, Zucker got into bed at home and settled in to watch the season premiere of *Saturday Night Live*. It didn't take long for the show to mention CNN, the cable news network he's run since 2013. The opening bit featured a phone call between Rudy Giuliani (Kate McKinnon) and President Trump (Alec Baldwin) about covering up the Ukraine scandal. "Rudy, where are you right now?" Trump asked. "I'm on CNN," Giuliani responded. Later, the show devoted a sketch to a CNN "Impeachment Town Hall." "Good evening," said anchor Erin Burnett (Cecily Strong). "The Democratic candidates have united together and decided to handle the impeachment the only way they know how—with a muddled, 10-person town hall debate."

In real life, Giuliani's wild-eyed CNN interviews, in which he's jawboned with the likes of anchors Jake Tapper and Chris Cuomo, have been one of 2019's most fascinating, spittle-flying side-shows. And the network's town halls have given practically every candidate an opportunity—and some, multiple opportunities—for an extended Q&A with potential voters uninterrupted by rivals. *SNL*'s portrayals acknowledged the "great impact" CNN has played in a loony year in politics and its "part in the popular culture," Zucker says a few days later in his office on the 17th floor of CNN's new Manhattan headquarters.

The idea for the sessions can be traced to the 2016 Republican primary. At the time, critics hammered CNN and the other networks for devoting hours to Trump's campaign rallies while denying other members of the field similar airtime. Zucker says the criticism was valid: "We were conscious of those who rightly criticized television in the last election for not spending enough time on the

issues and for not digging deeper into where each candidate stood on them."

The town hall format is simple: A candidate stands center stage inside a theater packed with potential voters while a moderator solicits questions from them about topics such as foreign policy, health care, and the economy. (CNN has also hosted a handful of topic-driven town halls in which multiple candidates debate a single issue, including climate change and LGBTQ concerns.) On March 10, South Bend, Ind., Mayor Pete Buttigieg turned in a sharp performance at his town hall in Austin. He talked about his husband ("I married a teacher, so I married up"), spoke movingly about losing his father to cancer a few weeks earlier, and took aim at Vice President Mike Pence, the former governor of Buttigieg's home state.

According to Nielsen Co., Buttigieg drew an average of 546,000 total viewers. In the next 24 hours, he raised over \$600,000 from more than 22,200 donations. "It was a game changer for our campaign," says communications adviser Lis Smith. "It is hard to imagine how a long-shot, unknown candidate like Pete Buttigieg could have taken off in this race without that one hour of free airtime."

Since AT&T Inc. completed its \$85 billion acquisition of CNN parent company Time Warner Inc. in 2018, the renamed Warner Media LLC has seen an exodus of top executives. Zucker not only stayed on but also expanded his role—in March he was named chairman of Warner Media News & Sports. In September, NBC News reported that Zucker was the leading candidate to become Warner Media's next CEO, which would put him in charge of all the company's entertainment assets, including Warner Bros., HBO, TNT, and TBS. (Zucker declined to comment on the report.) While CNN trails rival Fox News in the ratings, it continues to thrive financially. The network is on pace to exceed \$1 billion in profit for the third straight year—a run of good fortune that coincides, as Zucker well knows, with Trump's time in office. It also comes as CNN has caused the occasional

self-inflicted wound, often involving Trump surrogates with dubious commitments to the truth. In September, Corey Lewandowski, Trump's former campaign manager and a onetime CNN commentator, testified to Congress, "I have no obligation to be honest with the media."

It feels like yesterday that Zucker was Trump's boss. In 2004, while Zucker oversaw programming at NBC, the network began airing *The Apprentice*, the reality show that returned Trump to cultural prominence. As Trump dove into politics and Zucker moved to CNN, their relationship curdled because Trump wasn't getting fawning coverage. CNN has emerged as a frequent target of the president's haymakers against the free press.

In Zucker's office, on a shelf filled with mementos such as a personal note from the late political analyst Tim Russert, he keeps a customized nameplate that reads "Little Jeff Zuker." It's drawn from one of Trump's Twitter attacks, of course, in which he misspelled Zucker's name. "Check out the fact that you can't get a job at ratings challenged @CNN unless you state that you are totally anti-Trump?" he tweeted in April 2018. "Little Jeff Zuker, whose job is in jeopardy, is not having much fun lately." In April, Trump retweeted an article from the *Daily Caller* knocking the ratings for CNN town halls. In October one of his lawyers sent a letter to Zucker and Randall Stephenson, the CEO of AT&T, bemoaning CNN's coverage and threatening legal action. ("Nothing more than a desperate PR stunt," said a CNN spokesperson.)

The president's vitriol has helped inspire everything from chants of "CNN sucks!" at political rallies to death threats against CNN journalists to a foiled plot to bomb the network. "We've talked to his people, but I don't think they have any control over him," says Zucker. "It's because he knows it matters what CNN reports. He's got Fox News in the bag. He doesn't think the people who watch MSNBC are ever going to be persuadable voters. That's why he is always obsessed with what CNN is reporting." —*Felix Gillette*

# ALEX BLUMBERG & MATT LIEBER

↓ CO-FOUNDERS, GIMLET MEDIA INC., NEW YORK

In February, Bloomberg and Lieber sold their podcasting company to Spotify Technology SA for \$230 million, the biggest deal yet in the industry.

More than 100 million people pay for Spotify, but the music subscription service is forecast to lose money this year because record companies collect the majority of every dollar it takes in. Podcasting is a way to attract new subscribers without paying royalties to the recording industry. Gimlet has a reputation for high-end production: It's behind *Reply All*, a hit show about internet culture, and *Crimetown*, an exploration of urban crime; *Homecoming*, a fictional thriller about military veterans, was turned into an Amazon.com Inc. TV series starring Julia Roberts. Much as Netflix Inc. started making shows instead of licensing them from other studios, Spotify wants to own its hits and keep costs under control with Gimlet as an in-house studio. —*Lucas Shaw*

# EKREM IMAMOGLU

↗ MAYOR, ISTANBUL

He won 54% of the vote in a June rerun of the mayoral election, a stinging indictment of President Recep Tayyip Erdogan's economic policies and refusal to accept the outcome of the first vote.

Erdogan's party had already lost Turkey's capital, Ankara, and other big cities in March balloting as inflation, unemployment, and a plunging lira took their toll. But he refused to concede defeat in Istanbul, crying voter fraud after Imamoglu won by 14,000 votes. After Turkey's top election board made the controversial decision to rerun the race, Imamoglu increased his margin of victory to 800,000 votes.

The president's detractors in the city erupted in celebration at their first big political win since Erdogan became Turkey's leader 16 years ago. Building on his reputation as someone who works across political lines, Imamoglu ran on a message of unity, with the campaign slogan "Everything Is Going to Be Great." He also promised to tackle waste and debt.

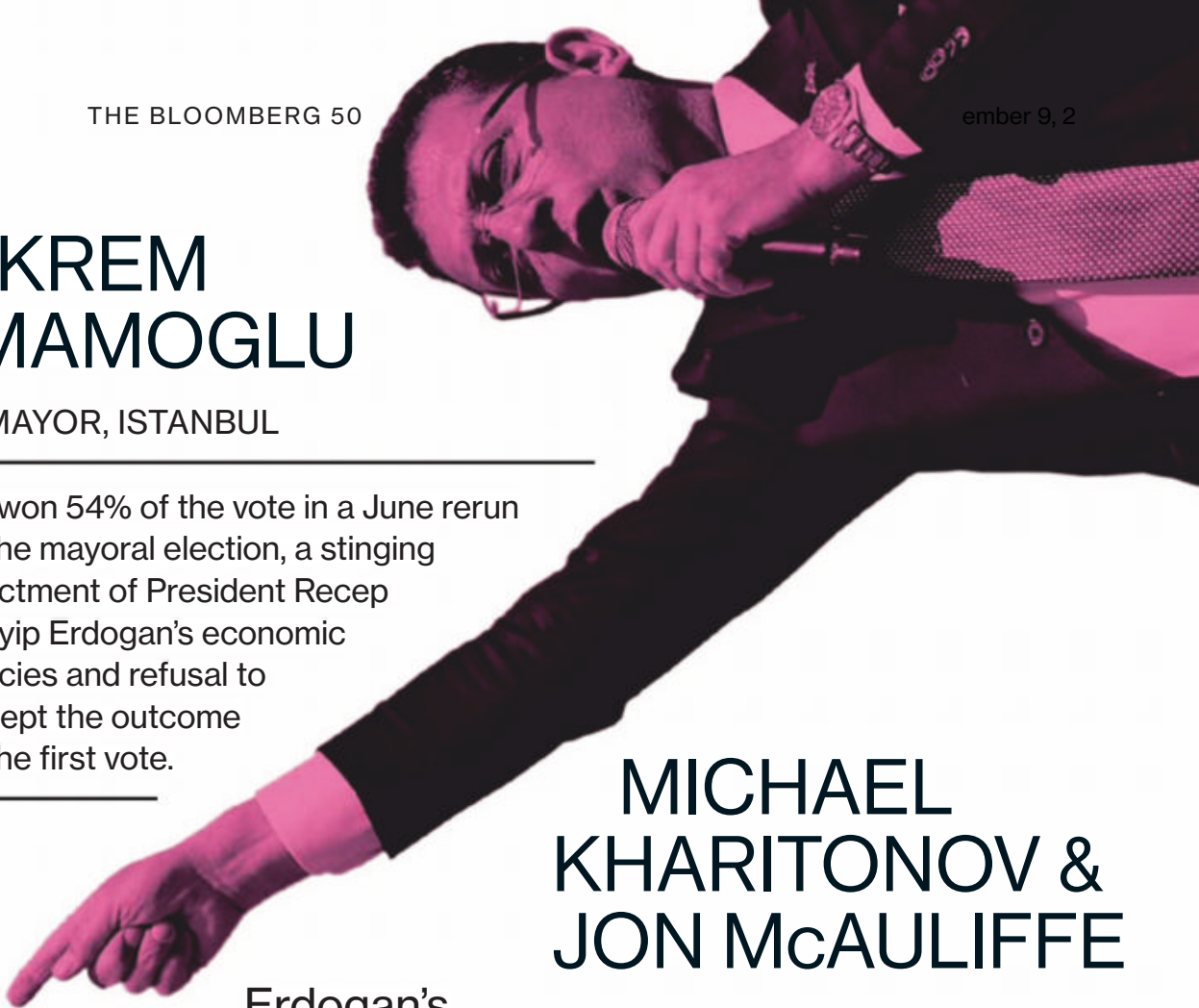
If Imamoglu does well, the president could have a challenger on his hands in 2023: The mayoralty was the springboard for Erdogan's own national political career. —*Cagan Koc*

# MICHAEL KHARITONOV & JON MCAULIFFE

↓ CO-FOUNDERS, VOLEON GROUP, BERKELEY, CALIF.

As some big names in the quant world have struggled, the duo has quietly raked in almost \$3 billion this year.

Kharitonov and McAuliffe started in quantitative investing more than 20 years ago at pioneering company D.E. Shaw & Co. Kharitonov had trained as a computer scientist at Stanford, and McAuliffe got his doctorate in statistics at the University of California at Berkeley. Voleon, which they founded in 2007, has about 150 employees. Its recent success—almost doubling assets under management since the start of 2019, to a little more than \$6 billion, according to a person familiar with the matter—is owed to its early embrace of machine learning. The hedge fund is among the largest to exclusively use this form of artificial intelligence to trade. It's reaping rewards as fewer companies are relying solely on AI for live trading because it requires so much expertise, money, and time to build an algorithm capable of weathering markets roiled by unpredictable events. —*Melissa Karsh*



# VICKI HOLLUB

PRESIDENT AND CEO, OCCIDENTAL PETROLEUM CORP., HOUSTON

Her eleventh-hour hustle secured Occidental's \$55 billion takeover of Anadarko Petroleum Corp.

*In April, Anadarko rebuffed a bid from Occidental in favor of a lower one from Chevron Corp., partly because Anadarko wasn't convinced Hollub could win shareholder approval for the purchase. Hollub thought that if she could decrease the proportion of the offer that was in stock—her company initially proposed 60% stock, 40% cash—she wouldn't need shareholders to vote yes.*

*So she flew to Omaha, pitched the deal to Warren Buffett, and came away with a \$10 billion investment from Berkshire Hathaway Inc. (Buffett got high guaranteed dividends on preferred shares.) Then she went to France and presold Anadarko's African assets, which included a liquefied natural gas project in Mozambique, to Total SA for an additional \$8.8 billion. With what was now a 78% cash bid, Anadarko reversed course and accepted Hollub's offer. The move consolidated Occidental's position as the top producer in the Permian Basin, the world's biggest shale field. Edited excerpts from her conversation with Bloomberg's Kevin Crowley:*

**When did you find out that Anadarko Petroleum had a deal with Chevron?**

I was driving and heard it on the radio. I was shocked because we were still talking with Anadarko.

**How did the trip to Omaha come about?**

Brian Moynihan, [the CEO] of Bank of America, [one of Occidental's M&A advisers on the Anadarko deal], told Warren Buffett I would be calling. I called him on a Saturday morning to ask if I could come to Omaha and talk with him about a potential arrangement. He said, "Sure, when can you be here?"

I said, "Sunday morning, 10 o'clock."

He was at the door, waiting. We went up to his offices. I wanted him to know more about me and the company. But he already knew everything, knew all about the deal, so I quickly realized I didn't need to tell him anything. The whole meeting was probably an hour and a half.

**And what about the Africa sale?**

Total was not the first company we talked to. It was never spur-of-the-moment. For more than six months prior to that, we'd talked to another company about buying the Africa assets.

**You've faced a lot of criticism over the deal to buy Anadarko. [In November activist investor Carl Icahn announced a plan to launch a proxy fight because he's unhappy with**

**leadership.] Occidental is saddled with debt, and the stock has plunged. How do you deal with that?**

I just get in my kayak. I go kayaking on the bay in Galveston. What bothers me more than anything is our shareholders are going through some stress. I care about that. I want to lower their stress, and I want to do it as quickly as possible.



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*“It feels like people have forgotten what it takes to do these hard things.”*

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CO-CREATOR OF LIBRA,  
FACEBOOK INC.,  
MENLO PARK, CALIF.

Although there have been notable defections from his cryptocurrency project, it still has the support of 21 organizations and has more than 100 employees inside Facebook working on it.

David Marcus removed his tie, undid the top two buttons of his shirt, and ordered a bourbon. It had been a long week.

Five days earlier, on Oct. 11, Marcus, the executive leading Facebook's ambitious and controversial foray into cryptocurrencies, had listened as a handful of high-profile partners he'd helped recruit to the project—including Visa, Mastercard, and Stripe—called to say they were dropping out. Then, three days after that, hours before the group was to sign its charter and elect a board of directors to oversee the currency, news broke of another. By the time the group convened later that day, 21 of 28 members remained, among them Uber Technologies, Lyft, and Spotify Technology. “I stopped trying to convince people” not to leave, Marcus says at Succotash, a swanky, Southern-style restaurant in an old bank building in Washington, D.C. “I would have preferred having them. But it's OK. I think in the long run, they'll come around.”

Libra may be the most embattled idea that Facebook has ever proposed. The vision—a global cryptocurrency that promises to make sending money internationally cheap and as fast as texting—has run into political opposition at every step. Libra could be a tool for money launderers and traffickers, opponents say, while others worry that it could undermine the global economy by eliminating the ability of governments and central banks to regulate their currencies. “You should be concerned,” two U.S. senators warned in an October letter to Visa, Mastercard, and Stripe before they bailed, “that any weaknesses in Facebook's risk management systems will become weaknesses in your systems.”

Marcus is more optimistic. He sees people taking their dollars, euros, or pounds and exchanging them for Libra in a digital wallet such as the one Facebook is building, called Calibra. Your Libra could then be moved across borders instantly to others with digital wallets.

Libra would be stable enough for everyday transactions, which hasn't been possible with most other popular cryptocurrencies, including Bitcoin. While Bitcoin is built on the same blockchain technology, it's finite and traded by speculators who want to buy low and sell high. Its value can swing, making it a poor currency for transferring money. Libra, by contrast, is a “stablecoin” and will be backed “one-to-one,” meaning that no new Libra can be created without an equal amount of dollars, euros, or pounds placed in reserve.

Marcus says Libra could most help people without bank accounts and those in countries where currencies fluctuate wildly. Over cocktails and hors d'oeuvres, he compares Libra to the telephone and electricity. Because of its lofty ambition, he's not surprised that it's gotten pushback from politicians and regulators and criticism in the press. “It feels like people have forgotten what it takes to do these hard things,” he says.

The likelier reason he's facing opposition is because of Libra's association with Facebook—the company that has mishandled users' private data, allowed the spread of disinformation during U.S. elections, and come under antitrust investigation from multiple U.S. agencies. Also, Facebook isn't spearheading this effort out of altruism. The company envisions making money from Libra the same way it makes money with its other products, through ads. The thinking is that if more people have disposable income at their digital fingertips, Facebook's ads become more expensive because advertisers can reach consumers when they have money at the ready. Facebook says it doesn't plan to take a cut of personal transactions, but it's possible that the company could offer financial services later on.

Libra was birthed in December 2017

while Marcus was vacationing in the Dominican Republic. (The name, he says, is taken from a unit of measure in ancient Rome and the astrological symbol for balance and justice.) At the time, he was running Facebook's 1 billion-plus-user Messenger app and doing the kind of self-reflection common on a beach vacation. He messaged Chief Executive Officer Mark Zuckerberg with an idea that had been percolating in his head for a while.

Marcus is an entrepreneur at heart. He sold his first startup, a telecommunications company, at 27. He landed at PayPal Holdings Inc. when he sold it a payments startup for \$240 million in 2011; he was president of PayPal less than a year later. Zuckerberg recruited him to Facebook, where he's become one of its most important senior executives and a trusted confidant. Libra combined Marcus's passion for tech with his interest in building something from scratch. “I'm not interested in cruising-altitude things,” he says. He got Zuckerberg's blessing and has spent almost two years assembling a Libra team, pulling from his old employer and other parts of Facebook, such as Instagram.

Part of what Marcus has had to figure out is how to convince U.S. lawmakers that while Libra is a Facebook invention, the company won't control it once it's live. The Libra Association—the 21-member governing body that will oversee the cryptocurrency—was key to Facebook's pitch. The company has the same voting power as the other members, even if it's Libra's most important booster. Ultimately, this setup may help the project get regulatory approval.

Facebook has pledged that it won't launch the currency until it gets that OK, which should appease some critics. (It's unclear which domestic and foreign entities will have jurisdiction.) That likely jeopardizes Facebook's goal of introducing Libra in 2020. But, Marcus says, “I have no doubt that we'll get there,” adding, “the important thing for me is the 100-year impact that this has.” —*Kurt Wagner*



# KEVIN MAYER

↓ CHAIRMAN, DISNEY DIRECT-TO-CONSUMER AND INTERNATIONAL DIVISION, BURBANK, CALIF.

Disney+, the company's new streaming service, drew 10 million subscribers after its introduction in November, sending the stock to a record high.

For more than a decade, Mayer has helped the world's largest entertainment company strategize and expand its offerings. He provided the rationale for acquiring Pixar Animation Studios, Marvel Entertainment, Lucasfilm, and the entertainment assets of Twenty-First Century Fox Inc. for \$71 billion in March. The idea has been that Walt Disney Co. needs to own franchises it can milk for movies, TV shows, games, toys, and theme park rides.

Now Mayer's job is to deploy that content across three subscription services—Disney+, ESPN+, and Hulu—that will further shift the company's focus from

DVDs and regularly scheduled programming to on-demand streaming. Mayer's division will spend \$1 billion next year on original programming for Disney+, complementing movies and TV shows from *Avengers: Endgame* to *Mickey Mouse Clubhouse* in the \$7-a-month subscription. The service isn't expected to be profitable until 2024, by which time Disney projects it will have as many as 90 million subscribers worldwide. Mayer could have a new title by then: CEO Bob Iger is due to retire in 2021, and Mayer is considered a strong candidate to replace him. —*Christopher Palmeri*

# BRIAN NICCOL

↓ CEO, CHIPOTLE MEXICAN GRILL INC., NEWPORT BEACH, CALIF.

The restaurant's stock price is up about 75% this year and traded at a record high after it rebounded from a food-safety crisis.

Niccol's turnaround of Chipotle would have been hard to imagine when he got the job in February 2018. The company had lost more than \$16 billion in market value after outbreaks of *E. coli* and norovirus made hundreds of customers sick in multiple states, raising questions about its food-safety practices. The brand was so badly tarnished that some analysts wondered whether Chipotle could ever recover.

But the chain, which once disrupted the fast-food industry by offering customized burritos stuffed with options such as fresh guacamole and responsibly sourced pork, has been one of the best stocks in the S&P 500 this year. Sales have accelerated each quarter for a year. The company has been buoyed by Niccol's push into delivery, a focus on fundamentals (promotions such as milkshakes and avocado tostadas, digital ordering, and faster service times), and perhaps most important, an absence of foodborne illnesses. —*Craig Giammona*



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# PHOEBE WALLER-BRIDGE

↘ ACTOR, WRITER, AND PRODUCER

Her two shows, *Fleabag* and *Killing Eve*, were nominated for 20 Emmy Awards, with *Fleabag* winning six and *Killing Eve* one.

the second season, in which Waller-Bridge's character falls in love with a priest, was 2019's best show; its Emmy victories included best comedy (over Emmy-darling *Veep*), best writing, best directing, and best actress. (The win for *Killing Eve*, which Waller-Bridge executive-produces, was for Jodie Comer as best lead actress in a drama.)

Waller-Bridge has said there won't be a third season of *Fleabag*, but she has plenty to keep her busy. She'll produce and appear in *Run*, a comedic-romantic thriller about a serial killer and the intelligence analyst who tries to track her down. And she's punching up a script for a new James Bond movie. The day after the Emmys, Amazon.com Inc. signed her to a three-year deal worth tens of millions of dollars. —*Lucas Shaw*

*Fleabag* began life as a one-woman play that opened at the Edinburgh Festival Fringe in 2013. The BBC asked Waller-Bridge to adapt the tale—of a “dirty, pervy, angry, messed-up woman,” as she put it in her Emmys acceptance speech—for TV, and, after the channel broadcast the show, it aired on Amazon.

Many critics said

# TOBIAS LÜTKE

↘ CEO, SHOPIFY INC., OTTAWA

Shopify's shares have more than doubled this year, adding about \$21 billion in market value to the e-commerce company.

Shopify makes setting up an online store easy by selling tools that manage orders, help with branding, and analyze performance. There are more than 1 million companies selling everything from heirloom popcorn to cars (Tesla Inc.) with Shopify software.

Investor confidence stems, in part, from the news that Shopify is building out a U.S. delivery network. The September announcement that it was buying 6 River Systems Inc. for \$450 million—part of a \$1 billion investment in fulfillment—could help Shopify win over small merchants wary of being too reliant on Amazon, which is focusing more on megabrands.

Lütke, a German immigrant to Canada, started Shopify in 2006 after realizing that the software he built to sell snowboards online was more valuable than the product. Now he's a billionaire and has helped restore dignity to a Canadian tech scene traumatized by flops such as BlackBerry Ltd. and Nortel Networks Corp.

—*Jacqueline Thorpe*



# ANN SARNOFF

→ CEO, WARNER BROS. ENTERTAINMENT INC.,  
BURBANK, CALIF.

She's the first woman to lead the studio founded by the four Warner brothers in 1923.

Sarnoff had never run a major movie studio until being named CEO in June. Her experience was largely in TV: She had led a team at Viacom that started the Noggin kids channel; had been chief operating officer of VH1 and president of BBC Studios Americas; and had chaired the board of BritBox, which streams British TV shows. Sarnoff's streaming expertise will come in handy as AT&T Inc., the new Warner Bros. parent company, introduces its own streaming service to compete with Netflix Inc. and Walt Disney Co. AT&T's Warner Media division also includes HBO and CNN, but Warner Bros.' deep movie library—*Casablanca*, *Wonder Woman*, the *Harry Potter* series, the Looney Tunes franchise, etc.—makes it integral to the success of the service, HBO Max. Sarnoff succeeds Kevin Tsujihara, who left in March amid a sex scandal. —Gerry Smith



# SABINE WEYAND

→ DIRECTOR GENERAL FOR TRADE, EUROPEAN COMMISSION

As Europe's chief Brexit negotiator, she got all 27 remaining EU governments to unite behind an accord, and now she'll need her dealmaking skills to ensure that tariffs don't crush the bloc's economy.

It's hard to find any winners in the Brexit saga, but Weyand might be the closest there is: Her priority was to keep the European Union united in its negotiations with the U.K., and it's a task she stuck to without wavering. When the British Parliament decided the 584-page Brexit deal was skewed in the EU's favor and rejected it three times, she showed a politician's flair for the public put-down, dismissing some of the U.K.'s Brexit policies as "Groundhog Day."

Although the deal has yet to get final U.K. approval, Weyand's successful negotiations earned her a promotion: heading up EU trade policy at a time when the bloc's relations with the U.S. have never been so tense. With President Trump determined to take action against the \$109 billion U.S. trade deficit with the EU, Weyand will have to avoid punitive measures on car exports, an almost catastrophic prospect for the European economy. —Ian Wishart



# DAVID SIMON

## SCREENWRITER

More than 7,000 screenwriters fired their agents in April, saying they weren't acting in the interest of their clients, a month after Simon published a widely circulated blog post advocating for the mass defection.

Mocking Hollywood talent agents is hardly an original exercise. But Simon's 4,251-word diatribe summoned a vitriol that would be familiar to fans of his HBO series *The Wire*. The F-word appears 17 times in various iterations, including, in order, "f---failing greedhead," "f---squib," "soulless f---bonnets," and "grifting motherf---ers."

The bee in Simon's f---bonnet? "Packaging," an industry practice in which agents combine big-time writers, actors, producers, and directors from their companies into one project. Instead of taking a commission from each client, as they would for a solo endeavor, agents get something more lucrative: a share of the TV show's or movie's profits. Standard for decades, writers went along with it to avoid the 10% fees. But as streaming services such as Netflix and Hulu have reshaped the entertainment business and generated enormous sums for corporate chieftains, writers have started to question whether agents are getting rich at their expense.

Along with the Writers Guild of America, Simon and seven other screenwriters, including *Cold Case* creator Meredith Stiehm, sued the big four talent agencies, alleging they'd breached their fiduciary duty and engaged in unfair competitive practices. The fight has turned Simon, who fired his team at Creative Artists Agency, into the face of Hollywood's biggest labor dispute in years. (Actors, producers, and directors haven't joined the fight.) It's an odd position to be in for the screenwriter, because he's made millions of dollars from more than 20 years of work in TV. But that success gives him power.

"People established in the industry

can weather affronting the big four. The agency can't punish me like they can punish someone who is a co-executive producer," Simon says by phone from the Baltimore offices of his production company, Blown Deadline Productions. He's at home for a couple of days in between work on the final season of *The Deuce*, a drama about the New York sex-trade and porn industries in the 1970s and '80s, and on an adaptation of Philip Roth's *The Plot Against America*.

Although more money is being spent than ever to make TV—Netflix Inc. alone will lay out \$15 billion on programming this year—the riches aren't trickling far down. Showrunners such as Ryan Murphy and Shonda Rhimes are getting nine-figure deals, but the payment for screenwriters has stagnated at \$14,000 per episode for co-producers and \$32,000 for executive producers. Writers blame packaging: Agents are incentivized to want a show to be more profitable, so they're less likely to demand higher pay for writers because that would increase production costs. When the contract between the guild and the Association of Talent Agents expired in April, the writers saw a chance to demand changes.

The big four agencies—William Morris Endeavor Entertainment, ICM Partners, United Talent Agency, and CAA—reject the writers' claims as absurd. Packaging stars, agents say, lets them zero out client fees and get projects approved. Netflix isn't going to entertain a pitch from a no-name writer, but if Steve Carell and Martin Scorsese are attached, it will. The agencies argue that pay is stagnant because the industry requires writers to work longer on an hour of TV than they once did. What took two weeks now takes two months, something they say is Netflix's fault, not theirs.

Simon...disagrees. "F--- you," he says. "This has been going on for a decade, 15 years. Per-episode fees have to go up." He argues that big agencies say to agents, "If you fought to get your client an extra \$85,000, you wasted your day."

Simon has wanted this fight since the

early '90s, when he hired CAA to sell the film and TV rights to his book *Homicide: A Year on the Killing Streets*, which was based on his experience with homicide detectives as a crime reporter for the *Baltimore Sun*. Oscar-winning director Barry Levinson bought the book in a deal that still bothers Simon. He felt he wasn't being paid enough, but when he pushed his CAA literary agent to get him more money, he got nowhere. Years later he found out why from his CAA TV agent: The agency, also representing Levinson, had packaged the two of them to make *Homicide: Life on the Street*, which NBC aired from 1993 to 1999. (CAA rejects this interpretation of events.)

It's a financial detriment now for Simon not to be part of the system. But, he says, "I don't want to be part of a process that takes money out of a class of writers." He predicts that the big agencies will eventually share more of their earnings from packaging. If not, they'll be at risk of seeing smaller agencies sign writers to friendlier contracts or having actors join the dispute.

That kind of power shift would be a Hollywood ending, though—the kind you see in its films, not in its boardrooms. Simon and the guild withdrew the lawsuit in September, prior to reelecting its president. (The judge in the case could have dismissed it before elections, which would have made leadership look bad, and keeping it in place to continue the fight was more important, they decided.) The agencies aren't budging, and three of them—CAA, WME, and UTA—filed a civil suit against the guild seeking damages from lost commissions; the writers responded with a new suit of their own. The agencies haven't negotiated with the writers in months—some have gone back to their agents—and continue to package without them.

The writers do have one big card left to play: Their contract with the studios expires next year. The last time they couldn't reach an agreement, Hollywood shut down for 100 days. —Lucas Shaw

"I don't want to be part of a process that takes money out of a class of writers."

A woman with short blonde hair and glasses, wearing a bright yellow blazer and a matching skirt, walking and carrying a black folder. 

# EMMA WALMSLEY

← CEO, GLAXOSMITHKLINE PLC, LONDON

Her \$5.1 billion acquisition of cancer-drug specialist Tesaro Inc., completed in January, made lucrative oncology therapies key to the company's future.

When Walmsley hired a new head of R&D in late 2017, she gave him three priorities: “The pipeline, the pipeline, and the pipeline.” As CEO, she's narrowed the company's focus to potential blockbuster drugs, culling at least 100 experimental medicines from its roster. Meanwhile, Glaxo in the last year doubled the number of cancer therapies it has under development; three could hit the market in 2020. Walmsley also completed a deal in August to form a joint venture with Pfizer Inc. that will split off Glaxo's consumer-health business, further strengthening its focus on pharmaceuticals. Her strategic redesign attracted the attention of Microsoft Corp., which is preparing to add her to its board. —*James Paton*

A woman with short, curly dark hair, wearing a purple hoodie, smiling and looking to the right. 

## STACEY ABRAMS

→ FOUNDER, FAIR FIGHT 2020

Her group is tackling voter suppression in 20 battleground states before next year's elections.

In 2018 the former state representative lost a tight Georgia gubernatorial election tainted by charges of voter suppression. Quashing speculation that she might run for U.S. Senate or president, she started Fair Fight 2020 in August to ensure that voting rolls are accurate, absentee ballots are counted properly, and polling places stay open through their posted hours. The organization is spending about \$5 million, largely in Midwestern and Southern battleground states, with particular focus this year on gubernatorial contests in Kentucky, Louisiana, and Mississippi. (The latter remained Republican, while voters in Kentucky and Louisiana went for Democrats.) Abrams told Boston's WBUR, “My job is to make sure democracy works.”

Fair Fight 2020 grew out of Fair Fight Action, the organization she co-founded shortly after her election loss. It filed a lawsuit alleging that minority voters had been intentionally disenfranchised—Abrams's opponent, Brian Kemp, was at the time secretary of state and in charge of Georgia's voter rolls—and that voting in the state needs to once again be supervised by the U.S. Department of Justice. (Until the U.S. Supreme Court struck down parts of the Voting Rights Act as unconstitutional in 2013, nine states with a history of voter suppression, including Georgia, needed department approval before changing voter registration rules.) The suit is set for trial next year.

—*Claire Suddath*



# BRUCE FLATT

← CEO, BROOKFIELD ASSET MANAGEMENT INC., TORONTO

After Flatt acquired a majority stake in distressed debt specialist Oaktree Capital Management LP in March, Brookfield became the second-largest alternative-asset manager in the world with more than \$500 billion in its portfolio.

For the past two decades, Flatt, a mild-mannered accountant from Winnipeg, Manitoba, has bought up real estate, roads, bridges, and other critical infrastructure from India to Brazil. Brookfield's properties now include some of the most recognizable real estate in the world, such as the Manhattan West development in New York's Hudson Yards and Canary Wharf in London. The company hasn't enjoyed the same name recognition as

its peers like Blackstone Group, Carlyle Group, and KKR, but that changed with the 61% purchase for \$4.7 billion of Oaktree, which put Brookfield's portfolio behind only Blackstone's. In the past year alone, Brookfield has spent about \$33 billion, including \$6.3 billion to acquire U.S. regional railway Genessee & Wyoming Inc. in July and, that same month, about \$3.7 billion for a mobile-phone tower business in India. —*Scott Deveau*

## EVENT HORIZON TELESCOPE LEADERSHIP TEAM

→ The researchers unveiled the first picture of a black hole in April.



**SHEP DOELEMAN**  
senior research fellow,  
Harvard-Smithsonian Center  
for Astrophysics



**CHARLES GAMMIE**  
astronomy and physics  
professor, University  
of Illinois



**MAREKI HONMA**  
astrophysics professor,  
National Astronomical  
Observatory of Japan



**MICHAEL JOHNSON**  
astrophysicist, Harvard-  
Smithsonian Center for  
Astrophysics



**SERA MARKOFF**  
professor of theoretical  
high energy astrophysics,  
University of Amsterdam



**MONIKA MOSCIBRODZKA**  
assistant professor of  
astrophysics, Radboud  
University, the Netherlands

Albert Einstein was right again. More than 100 years ago, his calculations suggested that when too much energy or matter is concentrated in one place, it will collapse in on itself and turn into a dark vortex of nothingness. Physicists found evidence to support Einstein's black hole concept, but they'd never observed one directly. In 2017, 200-plus scientists affiliated with more than 60 institutions set out to change that, using eight global radio observatories to chart the sky for 10 days. In April they released their findings, which included an image of a dark circle surrounded by a fiery doughnut (the galaxy Messier 87), 55 million light years away and 6.5 billion times more massive than our sun. "We have seen what we thought was unseeable," said Shep Doeleman, leader of what came to be known as the Event Horizon Telescope team. The team's name refers to the edge of a black hole, the point beyond which light and matter cannot escape. In some ways, the first picture of a black hole is also the first picture of nothing. —*Claire Suddath*



# GITA GOPINATH

ECONOMIST

She became the International Monetary Fund's first female chief economist in January.

The IMF is a pillar of the post-World War II global order at a time when pillars of the post-World War II global order are under attack. The fund's headquarters are three blocks from the White House, where President Trump routinely threatens to pull the U.S. out of multilateral institutions it created. Relations have been tense: The IMF has slammed Trump's trade war as a threat to world growth, and the U.S. Department of the Treasury has rejected a boost in IMF funding.

That might have been what Christine Lagarde, the outgoing IMF managing director who picked Gopinath for the job, meant when she called Gopinath "exceptionally well placed to lead our research department at this important juncture." Born in Kolkata to a father who runs a farmers collective and a mother who ran a preschool, Gopinath moved to the U.S. in 1994. She got a master's degree, her second, from the University of Washington, followed by a doctorate from Princeton, where Ben Bernanke was one of her advisers before he became Federal Reserve chairman. Since 2005 she's taught in Harvard's economics department. Now, she says, she's leading research into "some of the most important and sensitive policy debates of our time."

Her work this year has shown that the cost of U.S.

tariffs on imports from China are borne almost entirely by American importers and consumers, not Chinese producers, contradicting the president's assertion. And, building on work she did at Harvard, she and some IMF colleagues documented a sharp short-term hit to economic growth in India following Prime Minister Narendra Modi's shock 2016 program, which invalidated certain large bank notes to fight corruption and terrorism.

But Gopinath's main area of interest is on the effects of the U.S. dollar's dominance in international trade. She's been studying what happens when buyers and sellers price their products in dollars—the lingua franca for international commerce—even when neither party is American. What she's found is that when fragile nations price this way they lose resilience to economic shocks: When their currencies fall, their imports cost more, as expected. But they don't get an offsetting boost on the export side; because their exports are denominated in dollars, the depreciation doesn't make their exports cheaper. Meanwhile, their currency's decline makes it harder to borrow from abroad. Brazil and Peru have been walloped in this way.

How IMF member nations will apply her work to help struggling economies is unclear. Meanwhile, Gopinath has another legacy on her mind. It's unfortunate, she says, that economics is so male-dominated. "My hope is that my tenure both at Harvard and at the IMF can help change that status quo," she says, "and encourage young women to enter the field knowing they can also make a difference in the world of economics."

—Peter Coy



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# MORTIMER "TIM" BUCKLEY

→ CEO AND CHAIRMAN, VANGUARD GROUP INC., MALVERN, PA.

This year, investors added more than \$214 billion into all Vanguard funds, second only to asset management industry leader BlackRock Inc.



For the first time, more money is now held in passive U.S. equity funds (which follow an index) than in ones that stockpickers manage. Vanguard has \$4.4 trillion, or 75% of its \$5.9 trillion in total assets, in passive funds, which trails only BlackRock. And as competitors have started slashing their fees to attract investors—last year, Fidelity announced the industry's first zero-fee index fund—Buckley, who became Vanguard's chairman in January, is tacking in the other direction. He wants to expand his company's reach by offering more investment advice, pointing out that many of the 10,000 baby boomers retiring daily will want advisers to help them manage their money. In September, Vanguard filed a plan with regulators for a robo-advising service that would charge half its current fee for advice. The company is also developing a software service for registered independent advisers to compete directly with services run by Fidelity and Charles Schwab Corp., a rivalry becoming more cutthroat amid Schwab's deal to buy TD Ameritrade Holding Corp. for \$26 billion. —John Gittelsohn

Vanguard's chairman in January, is tacking in the other direction. He wants to expand his company's reach by offering more investment advice, pointing out that many of the 10,000 baby boomers retiring daily will want advisers to help them manage their money. In September, Vanguard filed a plan with regulators for a robo-advising service that would charge half its current fee for advice. The company is also developing a software service for registered independent advisers to compete directly with services run by Fidelity and Charles Schwab Corp., a rivalry becoming more cutthroat amid Schwab's deal to buy TD Ameritrade Holding Corp. for \$26 billion. —John Gittelsohn

# KEVIN FEIGE

↓ PRESIDENT, MARVEL STUDIOS LLC, BURBANK, CALIF.

Marvel's *Avengers: Endgame* became the top-grossing film of all time, with ticket sales of more than \$2.8 billion.



Top-grossing movies of 2019, U.S.\*

- Walt Disney Studios
  - Superhero franchise film
  - Produced by Kevin Feige
- 1 *Avengers: Endgame*
  - 2 *The Lion King*
  - 3 *Toy Story 4*
  - 4 *Captain Marvel*
  - 5 *Spider-Man: Far From Home*
  - 6 *Aladdin*
  - 7 *Joker*
  - 8 *It Chapter Two*
  - 9 *Us*
  - 10 *Fast & Furious Presents: Hobbs & Shaw*

When Feige joined Marvel 19 years ago, the comic book publisher had recently emerged from bankruptcy. Unlike rival DC Comics, which had its Batman and Superman franchises, Marvel had yet to prove itself at the box office. But all of that changed in 2008 with *Iron Man*. Today, the 23 movies in the Marvel Cinematic Universe have grossed a combined \$23 billion. *Black Panther* made \$1.3 billion globally last year with a largely black cast, and *Captain Marvel* took in \$1.1 billion this year while introducing the company's first female lead.

Feige treats blockbusters the way Stan Lee treated comics—as serials with interlocking plots and cliffhanger endings. With Walt Disney Co.'s new streaming service, Disney+, Marvel will have even more universes to conquer. (Disney bought Marvel in 2009. It also owns Lucasfilm Ltd., which Feige will team up with on a new *Star Wars* movie.) Marvel is already planning a slate of TV shows that will add more female, black, gay, and Muslim characters to its roster of box-office staples. —Christopher Palmeri



# SIMONE BILES

↓ GYMNAST

With 25 medals, she's the most decorated athlete in the history of the sport's world championships.

Biles almost swept this year's competition in Stuttgart, Germany, winning five out of a possible six gold medals (she finished fifth on the uneven bars). Her world championship medals, 19 of them gold, give her two more than Vitaly Scherbo of Belarus, who held the record for more than two decades. Including the Olympics, Biles ranks third all-time internationally with 30 medals, and she's still the most decorated American gymnast in history.

This year the International Gymnastics Federation also officially named two skills after her: a double-twisting, double-backflip balance beam dismount and a double backflip with three twists in the floor exercise. (There's also a Biles vault and a second Biles floor move.) She'll lead the U.S. women's team next year at the Summer Olympics in Tokyo—her second games and, she says, her last. —*Claire Suddath*

was chosen five years ago to run the retail empire, which generates a half-trillion dollars in sales annually from more than 11,300 stores. What has been surprising, though, is McMillon's willingness to buck the retailer's deep-red-state roots on issues such as diversity, employee wages, and now guns, with no guarantee that blue-state shoppers will fill the gap. His request for customers to refrain from openly carrying guns in its stores

was called "shameful" by the National Rifle Association, but McMillon's

stance was clear: "The status quo is unacceptable." —*Matthew Boyle*

## DOUG McMILLON

→ CEO, WALMART INC.,  
BENTONVILLE, ARK.

After two shootings at his stores claimed 24 lives this summer, McMillon discontinued sales of bullets that are used in both handguns and some assault-style weapons, a decision with major repercussions given that Walmart had been selling 20% of ammunition in the U.S. and will now only sell 6% to 9%.

McMillon got his first Walmart job as a teenager, unloading trucks at an Arkansas distribution center. He returned after college and impressed higher-ups (including the Walton family) with his merchandising and leadership skills, swiftly climbing the ranks. So it was no surprise when he



# THE HONG KONG



Their demonstrations, ongoing for six months, have by their count at times involved almost 2 million people.

The origins of the chaos are clear: Earlier this year, Hong Kong's government proposed an extradition bill that critics feared would have let anyone in the city of 7.4 million residents be swept up in China's opaque legal system. A leaderless protest movement, organized in online forums, took to the streets for largely peaceful rallies, deploying umbrellas as a shield from police in riot gear.

Although the extradition bill was ultimately withdrawn, the protesters expanded their demands to include greater democratic accountability. And when Hong Kong's Beijing-backed government ruled

70

# THE SANDWICH THAT BROKE THE INTERNET

Popeyes Louisiana Kitchen Inc. ran through what was supposed to be a three-month supply in 14 days.

The chain's buttermilk fried chicken has long had a devoted following. The late Anthony Bourdain praised it in interviews. Nicki Minaj put it on her tour rider. Beyoncé has a special membership card giving her a free supply for life. Despite the adoration, for

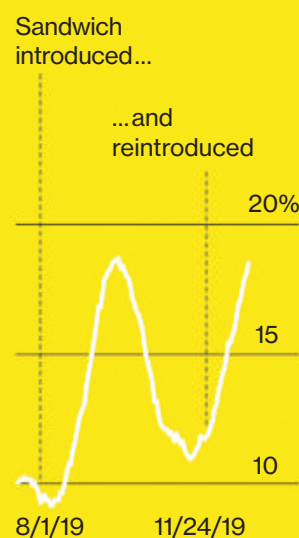
47 years the chain had never offered the chicken between two pieces of bread.

That changed in August when Popeyes tweeted that it was selling a \$3.99 sandwich—fried chicken topped with pickles and either mayonnaise or spicy Cajun sauce on a brioche

bun—at its 2,400 U.S. locations. The news went viral after a Twitter spat: Following the Popeyes announcement, Chick-fil-A Inc. made a passive-aggressive claim that its sandwich was the “original.” Popeyes replied, “y’all good?”

Popeyes had prepared for franchises to sell about 60 sandwiches a day; in many cases, it was closer to 1,000. Customers waited in line for hours. Some listed sandwiches on EBay with asking prices up to \$7,000. When Popeyes ran out, locations offered a BYOB

Share of people who'd talked about Popeyes in the previous two weeks



DATA: YOUNG & RUBICAM SURVEY

sandwich—an order of fried chicken for people who brought their own buns. In November, Popeyes restocked the sandwich, and at one location the frenzy turned deadly: A man was stabbed and killed outside a Maryland restaurant by another customer who accused him of cutting in line.

The company still hasn't nailed down its supply chain—some Popeyes ran out of the sandwich a second time—but its viral sensation has helped it post its best numbers in more than two decades. —*Claire Suddath*

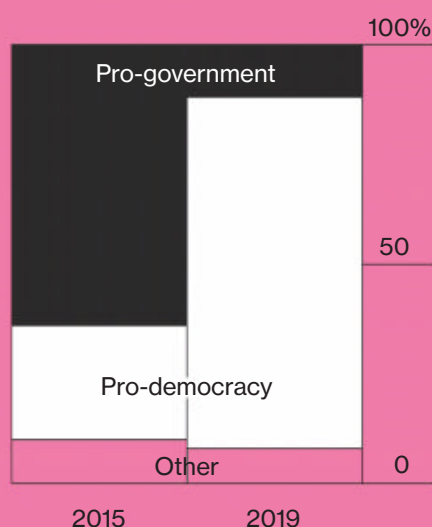


# G PROTESTERS

out further concessions, relentless clashes sent the financial hub into an economic tailspin. The government is forecasting the first annual recession in a decade, with gross domestic product contracting 1.3% from 2018.

Protesters, who now dress in black with yellow hard hats and gas masks, have thrown Molotov cocktails and set up flaming barricades; vandalized large swaths of the subway system; clashed

Share of seats across districts held by each camp after Hong Kong's District Council elections



DATA: HONG KONG REGISTRATION AND ELECTORAL OFFICE, COMPILED BY BLOOMBERG. RESULTS WITH MORE THAN 99.8 PERCENT OF SEATS REPORTED.

with residents who disagree with their methods (even lighting one on fire); and doxxed police officers by releasing their personal information online. Police, in turn, have fired 10,000 rounds of tear gas, used live bullets, and faced criticism for a range of abuses. The bureaucrats who run Hong Kong and China's top officials, who've taken an uncompromising approach to the city's increasingly violent battle for democracy, have yet to see the protests fade—and the impact is being felt near and far. Pro-democracy candidates won the Nov. 24 district council elections in a landslide, while U.S. legislation signed by President Trump expressed support for the protesters.—*Iain Marlow and Josie Wong*



## DON'T FORGET THE USUAL SUSPECTS

Many of these names appear regularly on lists of influential people, which is why we're acknowledging them here.

William Barr, U.S. attorney general ● Jeff Bezos, CEO, Amazon.com Inc. ● Jair Bolsonaro, president of Brazil ● Sergey Brin, director, Alphabet Inc. ● Warren Buffett, chairman and CEO, Berkshire Hathaway Inc. ● Tim Cook, CEO, Apple Inc. ● Ronan Farrow, journalist ● Pope Francis ● Xi Jinping, president of the People's Republic of China ● Boris Johnson, prime minister of the U.K. ● Kim Jong Un, supreme leader of North Korea ● Emmanuel Macron, president of France ● Narendra Modi, prime minister of India ● Elon Musk, CEO, Tesla Inc. and SpaceX ● Larry Page, director, Alphabet Inc. ● Nancy Pelosi, speaker of the U.S. House of Representatives ● Mike Pompeo, U.S. secretary of state ● Vladimir Putin, president of Russia ● Mohammed bin Salman, crown prince of Saudi Arabia ● Masayoshi Son, CEO, SoftBank Group Corp. ● Donald Trump, president of the U.S. ● Margrethe Vestager, European commissioner for competition ● Serena Williams, tennis player ● Oprah Winfrey, chairman and CEO, Oprah Winfrey Network LLC ● Mark Zuckerberg, chairman and CEO, Facebook Inc.

# METTE FREDERIKSEN

→ PRIME MINISTER, DENMARK

In June she became the youngest person to lead a Danish government, then two months later drew President Trump's ire by saying Greenland wasn't for sale.

The Social Democrat, 42, won election after pulling off what few left-leaning political leaders in Europe have managed: neutralizing anti-immigrant nationalism. She acknowledged that curbs on immigration are needed in a country where everyone has access to free health care and education, but she did so without resorting to xenophobic rhetoric. At the same time, Frederiksen, the down-to-earth daughter of a trade unionist and a day-care worker from the northern city of Aalborg, pledged to protect low-skilled workers with laws that ensure their pay and job security won't erode. In changing the tone of the debate, she may have established a model to reinvigorate the Left across Europe.

# RAMON ANG

↓ PRESIDENT, SAN MIGUEL CORP.,  
MANDALUYONG CITY, PHILIPPINES

San Miguel won a bid in May to acquire a majority stake in Holcim Philippines Inc., the country's largest cement maker, a purchase that will help it build a 734 billion-peso (\$14.4 billion) airport, the biggest infrastructure project in the nation's history.

Ten years ago, San Miguel was primarily a food and beer conglomerate. (It's named after its original 1890 brewery, opened when the Philippines was still a Spanish colony.) Ang, who's run the company since 2002, has expanded into the electricity, oil, and construction industries. San Miguel still makes plenty of beer, but the \$2.15 billion purchase for 86% of Holcim likely allows it to capitalize on President Rodrigo Duterte's pledge to spend \$170 billion on infrastructure.

San Miguel is building a light-rail system and will soon break ground on the airport in Bulacan province, not far from the capital. It will have three times the capacity of Manila's current one, which is 71 years old and regularly ranks among the world's worst. —*Cecilia Yap*

# BHUSHAN KUMAR

→ CHAIRMAN, T-SERIES PVT LTD.,  
NOIDA, INDIA

The record label and film production company's YouTube channel became the world's most popular and now has 119 million subscribers.

T-Series, which owns the rights to about 70% of the Bollywood songbook recorded in the past three decades, has been flooding YouTube with music videos. Its ascent to the top of the site—it dethroned comedian-gamer-troll PewDiePie—was powered by an explosion of cheap mobile data in India, which has helped bring online about 300 million new users since 2016.

Kumar took over the business in 1997 after his father, the founder, was gunned down by criminals linked to India's most notorious gangster. As chairman, Kumar transformed T-Series from a seller of cheap cassette tapes into a dominant music industry force, a prolific film production house, and more recently, a partner for entertainment giants clamoring to break into India's massive streaming market. In January, Spotify Technology SA signed a deal with the company to give global listeners access to the 160,000-plus songs in the label's catalog. —*Ari Altstedter*



# KYLIE JENNER

↳ CEO, KYLIE COSMETICS LLC,  
CALABASAS, CALIF.

Jenner, 22, knows the power she holds over her 151 million Instagram followers. If she posts a pic-

ture of, say, Kylie Skin coconut body lotion, they'll click on her website or visit the nearest Ulta store to buy it. Jenner, who was only 10 when her family's show *Keeping Up With the Kardashians* first aired, has monetized her fame through Kylie Cosmetics' exhaustive line of bronzers, blushes, pomade, lip gloss, and something called Glitter Eyes, which seems to be just glitter for your eyes.

Jenner is the world's youngest—and Gen Z's first—billionaire entrepreneur.

An exclusive partnership with Ulta Beauty Inc., signed in 2018, boosted Kylie Cosmetics to a \$1.1 billion valuation earlier this year; the Bloomberg Billionaires Index estimates that she owned 90% of the company, for a net worth of \$1.02 billion, with her mother, Kris, controlling the rest. (Bloomberg classifies Jenner as a “self-made” billionaire because she didn't inherit her wealth through marriage, death, or bequests.) In November, Coty Inc. bought a majority stake in the line for \$600 million, giving it a \$1.2 billion valuation. —*Sophie Alexander*

# BRIAN DONNELLY, AKA KAWS

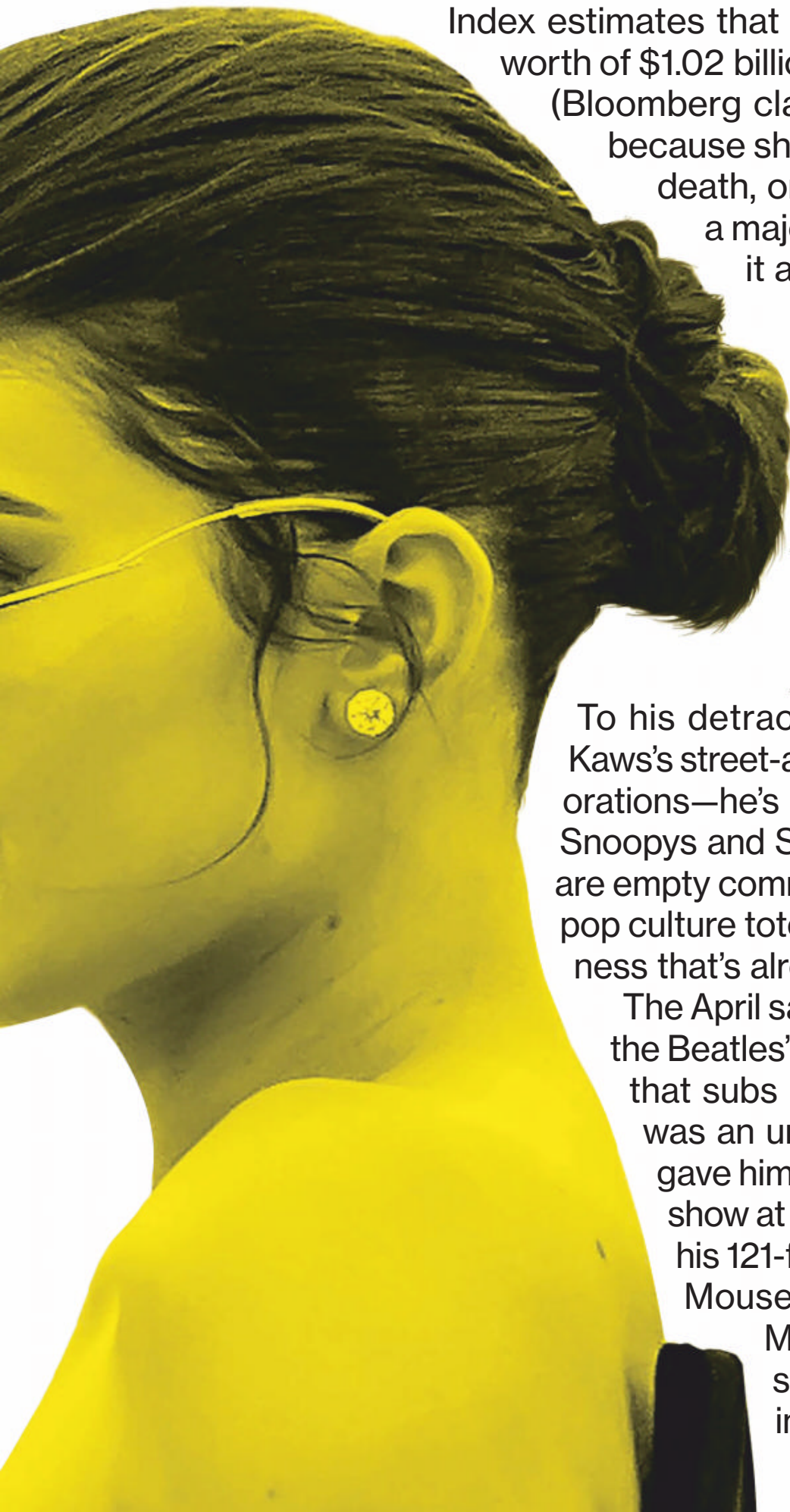
→ ARTIST

In April one of his paintings, expected to sell at auction for about \$1 million, went for \$14.8 million instead.



To his detractors over the past decade, Kaws's street-art aesthetic and brand collaborations—he's most famous for paintings and sculptures of Snoopys and SpongeBobs and Smurfs with XXs for eyes—are empty commercialism. To his supporters, Kaws subverts pop culture totems: His art isn't shallow; it reveals a shallowness that's already there.

The April sale was for *The Kaws Album*, a 2005 spoof on the Beatles' *Sgt. Pepper's Lonely Hearts Club Band* cover that subs in altered characters from *The Simpsons*. It was an undeniable sign of his cultural potency, and it gave him peerless momentum this year: He had a solo show at the Museum of Contemporary Art Detroit, and his 121-foot-long sculpture resembling a dead Mickey Mouse floated in Hong Kong's Victoria Harbor. In May the Brooklyn Museum announced a massive exhibition of his work that's set to open in 2021. —*James Tarmy*





# SIMÓN BORRERO, SEBASTIAN MEJIA & FELIPE VILLAMARIN

→ FOUNDERS, RAPPI INC.,  
BOGOTÁ

In April, Rappi received as much as \$1 billion, the largest venture capital investment in a Latin American company.

The Colombian entrepreneurs started Rappi four and a half years ago to see if they could improve how quickly online grocers fulfilled orders. (Rappi is a play on *rápido*, Spanish for



“fast.”) With some 200,000 bike couriers in nine countries, it shaved about a fifth off the delivery times offered by its competitors. Today, Rappi is one of Latin America’s most valuable startups, worth about \$3.5 billion, according to people familiar with its financials. The app is quickly becoming a super app akin to those of Alibaba Group Holding Ltd. and Meituan Dianping in Asia, giving users access to about 100,000 businesses offering services as diverse as manicures, electric-scooter rentals, and vehicle insurance. —*Ezra Fieser*

# ROBERT SMITH

↙ CHAIRMAN AND CEO,  
VISTA EQUITY PARTNERS,  
AUSTIN

His commencement address in May offered the usual inspirational platitudes and advice to serve the common good.

But then Smith—whose personal worth is about \$6 billion, according to Bloomberg data, which makes

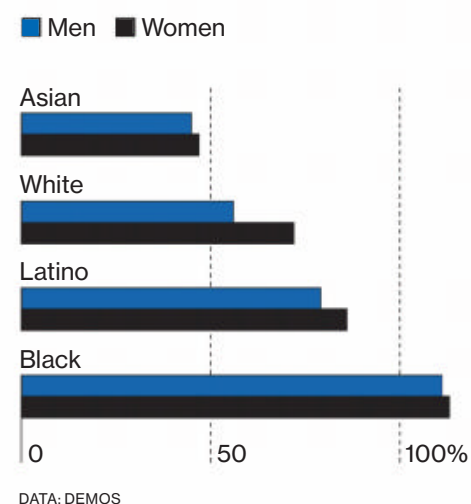
him the wealthiest black American—followed up with something no one expected. “On behalf of eight generations of my family that have been in this country, we’re gonna put a little fuel in your bus,” he said. “This is the challenge to you, alumni. This is my class—2019. And my family is making a grant to eliminate their student loans.” The money will cover both public and private loans for the students of the historically black men’s college. Parents who borrowed on behalf of their kids will also be repaid.

According to Morehouse, about 68% of its undergraduates take out loans, owing an average of about \$40,000 at graduation (both figures are higher than the national average). The school’s new Morehouse Student Success Program will solicit donations with the specific aim of reducing student debt.

—*Dimitra Kessenides*

Smith pledged to pay off the student loans of Morehouse College’s graduating class, a gift of about \$34 million for more than 400 students.

Median share of original balance still owed on federal loans, 12 years after beginning college, by race and ethnicity



# JOEY LEVIN

CEO, IAC/INTERACTIVECORP, NEW YORK

The combined market value of digital-services incubator IAC and subsidiary Match Group Inc. is up \$10.5 billion this year.

*Levin was a junior investment banker at Credit Suisse First Boston when Barry Diller brought him over to IAC/Interactive Corp. in 2003; 12 years later, he succeeded the billionaire media mogul as CEO. Today he's solving the riddle facing almost every tech chief executive: How do you compete with Amazon.com, Facebook, and Google? The answer: Don't. Levin built a digital powerhouse by finding white space the tech giants have mostly ignored. When he saw four years ago that Facebook was steering clear of online dating, he doubled down on IAC's Match Group, with \$1.5 billion of sales, marketing, and advertising spending to make its Match and Tinder apps dominant. Match Group shares are up 60% this year, and profits are expected to top \$500 million for the first time. Now he's spinning off the company so the market can more easily value smaller IAC businesses, such as video platform Vimeo. He might do the same for Angi Homeservices Inc., the home improvement booking engine he created by merging IAC's HomeAdvisor.com with Angie's List.*

*IAC continues to find overlooked areas. In July, Levin invested \$250 million in Turo Inc., which lets people rent out their cars when they're not driving them. He needs to keep prospecting: Facebook introduced its own dating service in the U.S. in September, and earlier this year, Google forced Angi to pay more to get referrals. Edited excerpts from Levin's conversation with Bloomberg's Erik Schatzker.*

**What's the secret to competing with Big Tech, as you do with Facebook in dating?**

They'll always have distribution advantages. They'll always have cost advantages. We can have a better product. We've got a group of people who eat, breathe, sleep, and live dating. Success or failure depends entirely on dating. For us, having nowhere to hide is a huge advantage. The other thing is, their product is free. Some of our products are not free. You're

saying, "OK, I'm committing to this in some sort of way, and it happens to be with money." That's a signal, and those signals are important in dating.

Earlier this year, Google made a change to its search results that limited free clicks to the Angi homepage. You think of that as an abuse of market power.

Google wants to take all of that distribution, or portions of that distribution, for itself. It's frustrating. That's designed to exclude us. **Why spin off businesses like Match and, before it, Expedia? Why not become an internet conglomerate?**

We're not empire builders. Match casts such a huge shadow over the rest of IAC that if we make a \$50 million bet or \$250 million bet on a business, no one cares. It's lost in the rounding. If we're going to keep build-

ing new businesses, we've got to focus. Eliminating the thing that starts to make life easy and focusing on the hard things is how you build them up.

**What's the one thing you learned from Diller that continues to shape IAC?**

Thinking bigger. You think, We have zero revenue, and there's this opportunity where we can make \$20 million. Wow, that would be unbelievable. But then you say, "Why aim for \$20 million? Why not \$200 million? Why not \$2 billion?"



# ONES TO WATCH

The people below are prime contenders to wind up on next year's Bloomberg 50. Don't say we didn't give you a heads-up.



## SEEMA HINGORANI

← FOUNDER AND CHAIR, GIRLS WHO INVEST INC.

The former chief investment officer who managed \$160 billion with the New York City Retirement Systems started a training program for women in investing.

## AUDREY TANG

→ DIGITAL MINISTER, TAIWAN

The free-software advocate—and Taiwan's first transgender government minister—is pushing for a "digital democracy" that would allow for things such as online participation in budget matters and petitions.



## DEBORAH NAVARRO

← ENGINEER AND CO-FOUNDER, AIRLEV

After getting Elon Musk's attention in a SpaceX competition that saw her and a team design passenger pods for his "hyperloop" system, the 27-year-old co-founded a company dedicated to moving goods autonomously using air levitation.



## JASON KELLY

← CO-FOUNDER AND CEO, GINKGO BIOWORKS INC.

Kelly's synthetic biology company genetically engineers organisms for fertilizer, drugs, food flavorings, and other industrial applications. This year it raised an additional \$290 million to apply its technology to cosmetics, nutrition, and consumer goods.

## DAN McCABE

→ CEO, PRECIDIAN INVESTMENTS

McCabe patented a style of exchange-traded fund that reports holdings quarterly, not daily, as is usual. Active managers used to steer clear of ETFs, fearing the required disclosures would compromise their secret sauce, but McCabe's is now being licensed to BlackRock Inc. and Goldman Sachs Group Inc.



## DORON MYERSDORF

↓ CO-FOUNDER AND CEO, STOREDOT LTD.

The company raised \$130 million to develop batteries that can charge a cellphone in 60 seconds and an electric vehicle in 5 minutes. Its technology is based on a new generation of organic compounds that store energy more efficiently and safely.



## SUSAN KORN

→ DESIGNER AND CREATIVE DIRECTOR, SUSAN ALEXANDRA

After working for a jewelry designer in New York, Korn started her own accessories line—rainbow-colored beaded handbags and earrings—from her apartment in Chinatown. The brand was already popular with fashion editors and influencers, but it went viral after model Gigi Hadid sported one of Korn's handbags on Instagram. Korn recently introduced a ready-to-wear fashion line for 2020.



## BOBI WINE

← POLITICIAN AND POP STAR

Wine, a member of the Ugandan Parliament and leader of a loose opposition group called People Power, will likely challenge Yoweri Museveni in the 2021 presidential election. Born in the slums of Kampala, Wine (real name: Robert Kyagulanyi) sings about social justice and criticizes the government. In *Freedom*, he sings, "We're living in a world similar to the one of the slave trade / This oppression is worse than apartheid."

## VERONICA ESCOBAR

↗ REPRESENTATIVE FOR TEXAS' 16TH CONGRESSIONAL DISTRICT

The Democrat, who represents Beto O'Rourke's former district, saw her star rise after her refusal to meet with President Trump during his visit to El Paso in the wake of last summer's Walmart shooting. Her phrasing—that he was "not welcome here"—drew comparisons to Trump's language describing an immigrant "invasion," which the gunman was seeking to beat back.

## NADYA OKAMOTO

↓ FOUNDER AND EXECUTIVE DIRECTOR, PERIOD INC.

The 21-year-old's nonprofit—the largest youth-run nongovernmental organization in women's health—is working to improve access to menstrual products by handing them out for free.

This year she announced a national donation drive and a campaign to end taxes on tampons.



## ALISON ROMAN

↑ COOKBOOK AUTHOR

Roman's recipes regularly go viral. The salted shortbread and chocolate chunk cookies in her bestselling *Dining In* became known simply as "the cookies" on social media, and her chickpea and coconut stew recipe for the *New York Times*, where she's a columnist, is "the stew." She recently released her second cookbook, *Nothing Fancy*.

## ANTHONY VON MANDL

→ FOUNDER AND CEO, MARK ANTHONY GROUP OF COS.

The Canadian wine seller's beverage portfolio now includes Mike's Hard Lemonade and White Claw, which has 60% market share for spiked seltzer. Flavored malt beverages might not be the height of good taste, but von Mandl sees them as the bedrock of an "iconic global brand."



## DESUS NICE & THE KID MERO

→ COMEDIANS

The duo from the Bronx host a late-night talk show, *Desus & Mero*, that evolved from their *Bodega Boys* podcast. Daniel Baker and Joel Martinez have an internet-savvy, New York-focused take on news and pop culture, inflected with their respective Jamaican and Dominican backgrounds. The pair refer to President Trump as "Trumpito," and the inaugural guest on their Showtime program was Bronx native Representative Alexandria Ocasio-Cortez.



## JEREMIAH STONE & FABIAN VON HAUSKE VALTIERRA

← CHEFS AND RESTAURATEURS

After opening three acclaimed Manhattan restaurants (*Contra*, *Wildair*, and *Una Pizza Napoletana*), publishing *A Very Serious Cookbook* (with Alison Roman), and starting a podcast, the pair is opening a wine shop and bar inside a marketplace and high-end food court on the Lower East Side.

## JOHN TARGON

→ FASHION DESIGNER, FALL RISK

Targon struck out on his own after stints at Celine and Burberry Group Plc. His current project is a retro-inspired line that includes cashmere waffle knits and kitschy sweaters. Instead of following the fashion calendar, Targon drops "volumes" at random times and takes orders by phone and Instagram.





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