

OPINION

The Market's Tough Love Delivers

By Andy Kessler

Foot Locker's stock imploded on Friday—crashing down \$12, or 17%. It happens all the time, one of the great features of the stock market. A week earlier, Snap, which went public two months ago, saw a chunk of value disappear. It dropped almost 25% overnight after the social-media firm revealed that sales were up only 5% and the number of users was a little light—oh, and that it had lost \$2.2 billion. That's billion with a "b." Even if you take out one-time costs, the company lost \$200 million on \$150 million in sales. Impressive.

Did I mention CEO Evan Spiegel got a \$750 million bonus for taking the company public? Investors who bought the stock didn't want to ruin the party, figuring it was going turn into the next Facebook. Snap's stock was selling at 44 times future sales, on the expectation that growth and profits were coming. Or not. After lousy earnings, investors basically shouted, "Enough!"

No one sits around and says, "we need to teach Snap a lesson." Rather, it's the collective selling that sends the message. That same day, CEO Travis Kalanick of Uber, another company with gargantuan losses and personnel issues, tweeted and then deleted, "Thank God we're not public." But Uber should

be public. If only for the discipline of the public markets that its board of directors refused to impose.

Many people think the stock market is a cesspool of Wall Street greed. I look at it differently. To me, the stock market is the greatest enforcer ever invented. No person controls the market. Investors separately make

If only government had the discipline traders collectively impose on companies.

decisions every day to buy and sell. But collectively they enforce discipline on corporations. Buy and sell orders have more sway over CEOs than corporate boards, Congress or any White House.

United Airlines stock fell 6.3% before the market even opened after it "reaccommodated" a passenger, in the wording of its CEO. Twitter's stock is down almost 75% from its 2014 peak and has been in penalty box since early last year after revelations of lame user growth. Yelp was pummeled by a 28% drop a few weeks back and is now exploring markets beyond reviews. The stock market gets the job done.

Going public also provides CEOs the cheapest form of capital: You issue pieces of

paper giving claim to a share of future profits. You can use that capital to do anything and don't ever have to pay it back. But if you want more, you'd better get yourself on a path to growth and profits. It's that simple.

But the Faustian bargain is that you live by the rules of the enforcer: Feed success, starve incompetence. That's it. Markets provide cheap capital to those that can grow productively and profitably, and make funds expensive for the rest. This is how capital is allocated efficiently. The more human hands touch the process, the worse the outcome (see Chrysler, Solyndra).

No one likes layoffs. No one looks forward to closing divisions or firing CEOs. Instead, the stock market does the dirty work, mimicking Col. Jessup—Jack Nicholson's character in "A Few Good Men"—who says, "You don't want the truth because deep down in places you don't talk about at parties, you want me on that wall. You need me on that wall."

As Amazon stock hits all-time highs 20 years after its initial public offering, retailers are getting whacked. You'd think they'd have seen it coming, but the stock market sent the wake-up call. Sears peaked in 2007 and has since been starved of capital. Macy's peaked in July of 2015. J.C. Penney halved in the past six months. Both Target and Dick's Sporting Goods were

down last week, and both are scrambling to upgrade stores and increase digital sales.

The enforcer shakes up politicians, too. On Sept. 29, 2008, the Dow Jones Industrial Average fell 777.68 points on news that Congress had rejected the bank-bailout bill. Message sent. The Troubled Asset Relief Program was signed into law Oct. 3. That's action. The Brazil stock market dropped 10% last Thursday with troubles surrounding the country's president. In the U.S. the Trump bump hasn't let up, but investors got queasy on news of a special prosecutor.

We used to have the same enforcer in the debt market, the so-called bond vigilantes. When federal deficits got too large, the vigilantes would squawk, driving interest rates up and forcing some budget discipline on Washington. Those days are long gone, aren't they? The Ben Bernanke-Janet Yellen regime at the Federal Reserve maintained interest rates at virtual zero. As Phil Gramm and Thomas Saving pointed out on these pages last week, the Fed bought over half of Obama-era Treasury debt. With no discipline, Congress spent like a Snapchatting teen with a stolen credit card. We need the enforcer back on that wall, giving Congress the Foot Locker treatment.

Mr. Kessler writes on technology and markets for the Journal.

BOOKSHELF | By Carol Tavis

Talking the Same Language

You're the Only One I Can Tell

By Deborah Tannen

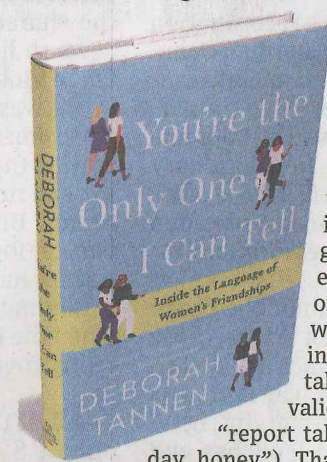
(Ballantine, 276 pages, \$27)

Deborah Tannen, a professor of linguistics at Georgetown University, has spent decades studying "conversational styles," the unspoken rules we learn from family, culture, region and status that shape how we talk to one another. Take something as deceptively simple as turn-taking: How does a listener know the speaker is finished? How does a speaker know if an interruption means "keep going" or is a grab to take the floor? If one party gets it wrong, the other will be annoyed or hurt. We're talking everyday conversation here, not workplace power imbalances, where men often interrupt women precisely because the men aren't listening and have no intention of hearing what the women have to say (unless the woman is Facebook COO Sheryl Sandberg).

In her charming 1990 best seller "You Just Don't Understand: Women and Men in Conversation," Ms. Tannen described the different language worlds that women and men inhabit. On average, she argued, the sexes attribute different meanings to interruptions, often talk at cross purposes without realizing why, and differ in their preferences for "rapport talk" (conversation as emotional validation and connection) versus

"report talk" ("here's what happened today, honey"). That book was great fun and provided many "aha!" moments for couples, though some critics felt that it was a little too Mars-and-Venusy, implying that these differences between men and women were created more by nature than by status, power, culture and context. In Ms. Tannen's new book, she shows that some of the gender differences she discussed in her earlier classic also apply to women talking with other women.

In "You're the Only One I Can Tell"—a phrase that, right away, every woman will understand—Ms. Tannen looks "inside the language of women's friendships." Her field is "interactional sociolinguistics," which she describes as using "a case-study method that allows for in-depth analysis of real-life examples." She interviewed girls and women ages 9 to 97, of different "ethnic, geographic, economic, and religious backgrounds," but this variety is only meant to ensure a "broad range of experience, not to characterize or compare groups of people." Even so, she provides a wealth of cultural insight: For example, in Korean, age hierarchies constrain the language of friendship. Even the word "friend" applies only to friends of the same age; someone younger than you must use a different word to connote respect.



Cuba's Proxy War in Venezuela



AMERICAS
By Mary Anastasia O'Grady

breaks with the regime, the

Venezuelan strongman Nicolás Maduro is responding to mass demonstrations by selectively killing civilians. If, as a result, some branch of the military

April 2002, when snipers backing the regime picked off protesters during a demonstration in Caracas. When some members of the army refused to help then-President Hugo Chávez crack down on the crowd, he was forced to step aside, albeit temporarily.

Once back in power, Chávez accelerated the recruitment and arming of paramilitaries. Thousands now show up at

neighborhoods where Maduro critics live. They break down gates and doors, rampage through apartment complexes, fire tear-gas canisters through windows and loot homes.

On May 7 the Venezuelan newspaper El Nacional reported that between April 4 and May 5 the National Guard, together with National Bolivarian Police and *chavista* militia, invaded 11

paramilitary have engaged in similar violence and theft against 13 condominiums in six cities including Maracay, Valencia, Barquisimeto and Merida. Forty-seven people have been killed in the violence perpetrated by the anti-riot squads and paramilitary madmen since early April.

This is state terrorism. But it may not have its intended effect. Most of the country is sol-

country will descend into civil war. But until then it's a one-sided slaughter.

It's also a Cuban proxy war. More than a dozen high-ranking Cuban officers are said to be in Venezuela, along with thousands of Cuban intelligence agents. Their job is to keep Venezuelan army officers under constant surveillance to prevent the feared military uprising to restore democracy. If the international community wants to head off disaster, a good place to start would be in Havana.

On Thursday Miami's El Nuevo Herald reported it has a recording of Venezuelan generals—at a meeting in Barquisimeto three weeks ago—"giving orders to use snipers to control demonstrators." According to the Herald they did so "with the argument that they find themselves on the threshold of a civil war."

Maybe the generals know something not yet acknowledged publicly—that the commitment to Mr. Maduro among the nation's soldiers and police is breaking down.

It happened once before, in

antigovernment protests, firing weapons into crowds and using their motorcycles to run down demonstrators. If the Cubans remain the power behind the throne, there will be no one to stop these trained killers from slitting the throats of the opposition.

The possibility of a break inside the armed forces seems to be on the rise. As the Journal's Anatoly Kurmanaev reported on Wednesday, National Guard riot police are worn down from taking on thousands of street protesters almost daily since the beginning of April. Rank-and-file soldiers also are not immune to the hardship and hunger caused by Mr. Maduro's senseless economic policies. They say they too are underpaid and underfed.

The dictatorship is clearly worried about this and recognizes it will lose a war of attrition. One source in Caracas who marched in the streets Thursday observed a noted increase in regime repression.

In recent weeks government enforcers also have launched attacks on lower middle-class

The commitment to Maduro among soldiers and police is breaking down.

different residential areas in Caracas. One family of four in the El Paraíso district, requesting anonymity, told of how they cowered together in a bathroom for eight hours to keep from being asphyxiated by the tear gas that had inundated the rest of their apartment.

It wasn't the first blitz on the building complex known as Terrazas del Paraíso. On April 19 pro-government thugs smashed an iron grille to get in and rob one of the neighbors. On April 26 civilian-clothed militia entered the complex and fired rubber bullets, injuring some residents. "But it was to frighten us, because they didn't steal anything," one of the victims told the newspaper.

On May 11 El Nacional reported that since this most recent wave of protests began, state security forces and

idly joined the government, and this includes low-income Venezuelans, once the base for *chavismo*. Paradoxically the repression seems to be strengthening opposition resolve. Perhaps Venezuelans have reached a tipping point. They will get new elections and freedom for political prisoners, or are ready to die trying.

The brutality also may be eroding the confidence of the men and women in uniform. Many seem not to have the stomach for the cruelty their Cuban handlers expect from their South American protégés. On May 5 opposition leader Henrique Capriles said 85 members of the armed forces, including some young captains and sergeants, had been detained by the regime for criticizing the repression. On May 19 a member of the National Guard was arrested in Táchira for having crossed over to defend protesters.

The international community has the power, through sanctions, to rein in Cuba. If it fails to do so, the Venezuelan opposition will be massacred.

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If a friend is someone you can share your 'true self' with, how is friendship affected by the fragmenting of 'true' selves on social media?

"I do not doubt that some of what I write might also be true of friendships between women and men, and among men," Ms. Tannen notes in her introduction. "But friendships play a particularly large role, and a particularly complex one, in women's lives. Men are often surprised by the depth of women's friendships, the depth of their distress when those friendships go awry, and the sheer amount of time that women spend talking to—and about—their friends." That's one reason men will enjoy and profit from this book as much as women will.

And what a rich diversity of stories Ms. Tannen tells. The eight chapters cover the waterfront (and sofa, and coffee room, wherever women gather) in showing how women talk to one another, how they negotiate the delicate dance of connection and competition. The chapter titled "Too Close for Comfort: Cutoffs, Poaching, Drama!" will resonate with every teenage girl, former teenage girl, and adult woman whose inner teenager occasionally surfaces. Ms. Tannen dissects the appeal and instability of friendship groups: from trios, with their shifting alliances between any two of the three, to social packs and their ability to include or shun. Fear of missing out (FOMO) afflicts almost everyone in this hyper-connected age, but Ms. Tannen discusses a more wrenching experience, FOBLO, fear of being left out. FOBLO is "a universal human frailty," she writes, but it is readily inflamed by social media. When a girl or woman can see immediately on Facebook or Instagram (or any of a dozen other platforms) that she wasn't invited to the party, there's no escaping the hurt that ensues—not only on the part of the girl left out but also on the part of her friends who were invited and worry about hurting her feelings.

Ms. Tannen's last chapter, "My Friend, My Sister, My Self: What It Means to Be Close," evokes the eternal verities of women's friendships as well as the specific challenges to friendship today. If a friend is "someone with whom you can be your true self," someone who is "the only one" you can tell, how is friendship affected by the fragmenting of our "true" selves on social media? What should we make of Finstagram—an Instagram spinoff in which people post photos to only a select group? The "F" means it is a fake Instagram and claims to let users "present truer versions of themselves" (in a superficial way, of course). Thus Finstagram is another of what Ms. Tannen calls "the real fake things" that permeate our lives. She is much more patient than I am with the Alice-in-Wonderland rabbit holes that pockmark the landscape of modern relationships. Sociolinguist to the core, she pays as much thoughtful attention to emojis, the difference between 'hi' and 'hiiii,' exclamation points, abbreviations and other forms of text-based communication between women friends as to old-fashioned words in face-to-face conversations.

Ms. Tannen eloquently describes her own close friendship with a gay man she met when they were 15. "Karl is like family," she writes, "because of how I feel when I'm around him: completely and unself-consciously myself." That's the moral of these stories: The need for friendship is forever, no matter what forms it takes. Friends come and go, but those who allow us to be unself-consciously ourselves? Hamlet understood. We grapple them to our souls with hoops of steel.

Ms. Tavis, a social psychologist, is the author, with Elliot Aronson, of "Mistakes Were Made (But Not by Me)."

Israelis and Palestinians as Co-Workers

By Oded Revivi

President Trump has described the conflict between the Israelis and the Palestinians in terms of a business negotiation. Days after taking office he told The Wall Street Journal that Middle East peace would be "the ultimate deal."

Mr. Trump might be onto something. Conventional wisdom for almost a century has dictated that for peace to prevail, Israelis and Palestinians must be physically separated. But separation is one of the main reasons the conflict drags on interminably. Peace is fostered over generations, through personal bonds and even business relationships.

Most Israelis and Palestinians don't interact with someone from the other side on a daily basis. The exceptions are the 450,000 Israelis and more than one million Palestinians who live side by side in Judea and Samaria, or what many call the West Bank. The tens of

thousands who work together every day in the area's 14 industrial zones have built the closest bonds.

During his visit to Israel this week, Mr. Trump should drop in on a business like Lipski Plastics in the Barkan Industrial Park, some 15 miles east of Tel Aviv. Half the company's

Opportunity, not separation, is the key to peace.

workers are Palestinian and half are Israeli. They eat, laugh and solve problems together. The Palestinians at Lipski make four times the average wage in the autonomous Palestinian areas. Many are in senior management, with dozens of Israeli employees beneath them. Muslim, Christian or Jew, these people return home each day with a sense of accomplishment knowing that they can provide for their families with dignity and pride.

Islands of peace like Barkan show what could be achieved on a massive scale by a leader with true vision. Sadly, for decades these examples have been largely ignored or boycotted because of the flawed notion that any Israeli presence in Judea and Samaria is an impediment to peace.

Prime Minister Benjamin Netanyahu has proposed to restart negotiations with the Palestinian Authority and offered the possibility of further investment in industrial zones bordering Palestinian towns and villages. Businesses like Lipski Plastics may not be as glamorous as an international peace summit, but they are far likelier to yield serious dividends in the long run.

The new White House has already brought a fresh perspective to the Middle East. Mr. Trump's special envoy, Jason Greenblatt, broke with decades of failed State Department policy by meeting in March with a delegation of Israeli residents of Judea and

Samaria. He also met with young Palestinians and Israelis from across the political, religious and socioeconomic spectrum. These meetings demonstrated a genuine attempt to understand the reality on the ground, something that has been lacking in international diplomatic efforts for decades. This is how peace will be built.

Millions of Americans voted for Mr. Trump because they were tired of business as usual. They saw him as a blue-collar billionaire who empathized with them and could get them back to work. If Mr. Trump really wants to broker peace between the Israelis and the Palestinians, he will need a lot of patience. Like the skyscrapers that bear his name, this deal will have to be built from the ground up, one brick at a time.

Mr. Revivi is chief foreign envoy of the Yesha Council, which represents the 450,000 Israeli residents of Judea and Samaria.