

● YouTube's cleanup plan 46

● Kraft Heinz must feed again 15

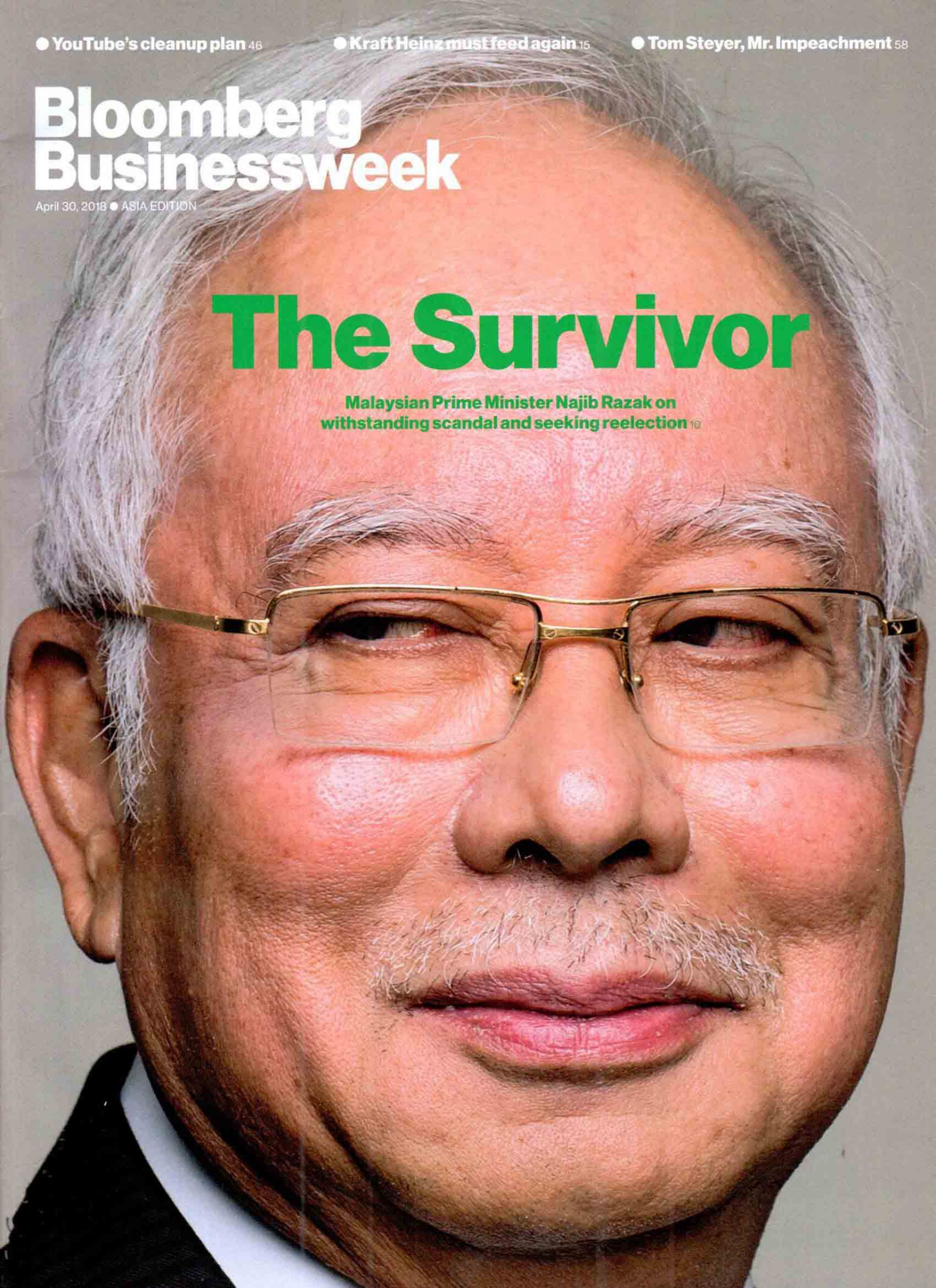
● Tom Steyer, Mr. Impeachment 58

Bloomberg Businessweek

April 30, 2018 ● ASIA EDITION

The Survivor

Malaysian Prime Minister Najib Razak on
withstanding scandal and seeking reelection 10



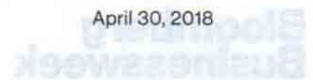


◀ Steyer's impeachment ads have prompted speculation about a possible White House bid of his own in 2020

- MARKETS
- BUSINESS
- TECHNOLOGY
- FINANCE
- ECONOMICS
- POLITICS
- EDUCATION

FEATURES

- 46 **YouTube's Plan to Clean Up the Mess That Made It Rich**
Propaganda, hoaxes, repellent videos—but bet you can't stop watching
- 50 **Thousands of Women Say LuLaRoe Is a Scam**
Pyramid scheme accusations plague the leggings empire
- 58 **Tom Steyer Is Mr. Impeachment**
Many Democrats are jittery over the billionaire's boot-Trump effort



■ IN BRIEF	7	A plunging Dow; electric Ferraris; Amazon in your trunk
■ AGENDA	8	Apple earnings; the Fed meets; a Weinstein Co. auction
■ VIEW	8	Lifetime education can save workers from obsolescence

■ REMARKS	10	Surviving the Game of Thrones that is Malaysian politics
-----------	----	--

1 BUSINESS	15	Kraft Heinz may be hungry for another megadeal
-------------------	----	--



17	FlixBus, having conquered Europe, heads for California
18	China's carmakers crave a bigger global footprint

2 TECHNOLOGY	21	Apple teaches India's kid coders to win at the App Store
	22	Instagram becomes a very hot thrift shop
	24	Intermittent-fasting startups invade Silicon Valley
	25	Man vs. Machine: Meet Amelia, a customer service Alexa

3 FINANCE	26	Will Blackstone buy back Chinese-owned real estate?
	28	BlackRock and Goldman push LGBT rights in Hong Kong
	29	Hedge funds that take a hit before their investors do

4 ECONOMICS	30	Everything is for sale in Cyprus—and China's buying
	32	What's holding up progress on Nafta

5 POLITICS	34	Farm states may be the GOP's undoing in the midterms
	36	Saudi Arabia rethinks its Washington lobbying blitz
	38	The National Guard's new gig: Election cybersecurity
	39	A legal battle could really batter Michael Cohen's assets

+ SOLUTIONS	41	Security researchers try to build a business on bugs
	43	Facebook and its app makers share a dicey relationship
	44	Verizon's report on data breaches

■ PURSUITS	63	Board game nights are Wall Streeters' latest power move
	66	Critic: Test-driving the Lamborghini Urus
	68	Real Estate: 15 Central Park West, the prototype condo
	70	Wellness: These LED masks give space-age facials
	71	The One: Stylish garden tools from Sneebor
	72	Game Changer: Audette Exel's pro bono financiers

How to Contact
Bloomberg
Businessweek

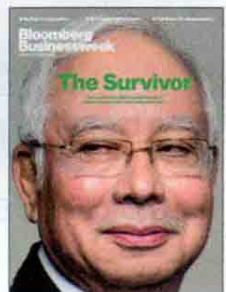
Editorial
212 617-8120
Ad Sales
212 617-2900
731 Lexington Ave.,
New York, NY 10022

Email
bwreader
@bloomberg.net
Fax
212 617-9065
Subscription Customer
Service URL
businessweekmag
.com/service
Reprints/Permissions
800 290-5460 x100
or email
businessweekreprints
@theygsgroup.com

Letters to the Editor
can be sent by email,
fax, or regular mail.
They should include
the sender's address,
phone number(s),
and email address if
available. Connections
with the subject of
the letter should be
disclosed. We reserve
the right to edit for
sense, style, and space.

Follow us on
social media

Facebook
facebook.com/
bloomberg
businessweek/
Twitter
@BW
Instagram
@bloomberg
businessweek



Cover: Brent Lewin/
Bloomberg

● The Dow Jones industrial average closed down 425 points on April 24, as industrial and tech stocks took a beating. Meanwhile, the yield on the 10-year Treasury note hit

3%

for the first time in four years.

● Amazon.com started delivering packages to parked cars in 37 cities.

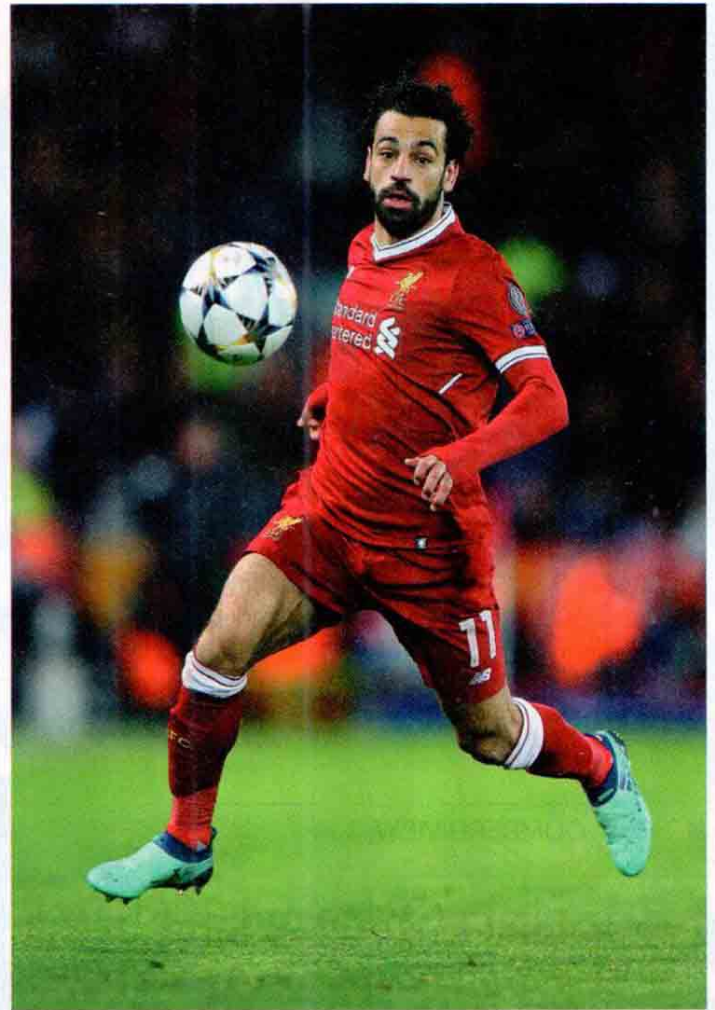
The option, which depends on couriers being able to unlock the trunk, is only available for now to owners of General Motors or Volvo vehicles.

● Oscar Munoz, CEO of United Continental, said he'll forgo his bonus for 2017.



The company also said Chairman Robert Milton was stepping down. In April 2017, a listless passenger was dragged from one of the carrier's planes. In March, a dog died after a flight attendant made its owner put it into an overhead bin.

● The U.S. Department of Justice is investigating whether Huawei Technologies violated sanctions with sales to Iran. The Chinese smartphone giant has also received sanctions-related subpoenas from the Commerce and Treasury departments. Huawei has said it complies with all applicable laws where it operates.



● Mohamed Salah delighted crowds on April 24 with two goals as Liverpool routed Roma 5-2. Roma sold the Egyptian player to Liverpool for €37 million (\$45 million) last year. He's now poised to break England's Premier League scoring record.

● "We had a hierarchy in my office in Congress. If you're a lobbyist who never gave us money, I didn't talk to you. If you're a lobbyist who gave us money, I might talk to you."

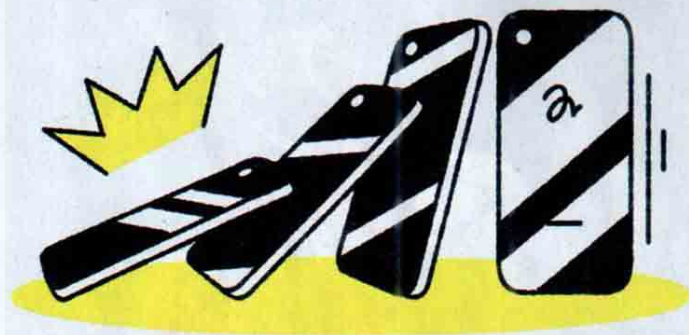
Mick Mulvaney, acting director of the Consumer Financial Protection Bureau, urged 1,300 bankers to keep lobbying, according to the *New York Times*. He spoke at an American Bankers Association conference in Washington on April 24.

● Ferrari is finally going electric, though CEO Sergio Marchionne once called battery-powered sports cars "an obscene concept." The brand said its first SUV will be a hybrid, and the company is considering an all-electric sports car for 2022.



● Comcast submitted a **\$30b** proposal to buy Sky, topping a pending offer from rival 21st Century Fox, which already owns 39 percent of the European TV giant. The bidding may be just beginning; Fox said it remains committed to making a deal.

- Nicaragua canceled an overhaul of its social security system after five days of violent protests left 26 people dead.
- Federal Judge John Bates barred the Trump administration from killing DACA, calling the move "arbitrary and capricious."
- Tencent Music announced that it's planning an IPO this year that could value it at about \$25 billion, on par with Spotify.
- Bosch said it's developed a diesel exhaust system with emissions far below limits going into effect in Europe in 2020.



► The Plight of the \$1,000 Phone

With Apple preparing to announce its second-quarter earnings on May 1, analysts are sounding funereal. The company's key suppliers have reported sharply slower growth, suggesting that sales of the iPhone X fizzled after the winter holidays.

► The U.S. Federal Reserve, meeting on May 1-2, is expected to leave borrowing costs unchanged but lay the groundwork for a June rate hike.

► More than 40,000 people will gather in Omaha on May 5 for the annual meeting of Warren Buffett's Berkshire Hathaway.

► This year's Facebook Developer Conference, on May 1-2 in San Jose, will explore a host of topics, including "Authenticity and Quality in News Feed." ► 43

► On May 4, the U.S. Department of Labor issues its employment report for April. Job gains are projected to rebound after March's weak numbers.

► The Weinstein Co., hobbled by accusations of sexual harassment against its co-founder, will auction off its assets on May 4 in bankruptcy court.

► Modigliani's most famous painting, *Nu couché*, is expected to fetch more than \$150 million when it's put up for sale at Sotheby's on May 14.

■ THE BLOOMBERG VIEW

Learning Over a Lifetime

● Too many workers lack the skills employers demand. Here's how to help

The world's rich countries face a looming challenge in education: Too many of their citizens lack the skills and credentials for the jobs of the future. To keep people productively engaged in the coming decades and to ensure that economies maintain robust growth, governments, educators, and employers need to make lasting investments in a new class of students: adults.

The trouble for now is demographics. Although the share of people age 18 to 24 going to college is growing, the population of young adults is shrinking in the U.S. and Europe. So college enrollment is largely in decline. Meanwhile, the population of older workers keeps growing. By the middle of the next decade nearly one-quarter of the U.S. workforce will be over 55. Many adults lack the post-high school education and training employers demand.

A majority of jobs created in the U.S. since 2010 have required workers to have medium to advanced digital skills. Over the next decade, the percentage of jobs worldwide requiring a college degree or higher will increase, according to a McKinsey Global Institute analysis.

As a result efforts are needed to bring adult workers back into the classroom. About 17 percent of Americans age 25 and

older—36 million adults—have some college education but no credential to show for it. If all U.S. "near-completers" finished at least an associate's degree, incomes would rise by \$112 billion, according to the American Council on Education.

One hurdle is financial aid. Government subsidies are overwhelmingly geared toward traditional college-age students. In the U.S., Pell Grants, which provide \$36.8 billion to low-income students, can't be used for most of the short-term certificate-granting programs, including coding boot camps, that older students want.

Government educational grants and loans should be expanded to cover such programs, as a bipartisan bill in the U.S. Congress would do for Pell Grants. In Singapore, the government's SkillsFuture initiative provides every citizen over 25 a \$500 credit to enroll in a career-training program, with additional subsidies for those over 40. Private companies should give their existing employees incentives to go back to school while they remain on the job, through tuition assistance and opportunities for promotion.

Colleges should also accommodate working adults by expanding online classes and giving returning students credits for the skills cultivated on the job. Older adults fare better in—and are more likely to graduate from—"accelerated" monthlong courses than in standard, 18-week semesters.

Most critically, older adults need to be steered toward the education that employers want them to have. Training programs and apprenticeships that connect local businesses with students and technical colleges should be expanded. ■

For more commentary, go to bloomberg.com/opinion



The Sultan of Survival

● Malaysia's prime minister has withstood rivals and scandal. But he could do with one more big victory

● By Shamim Adam

Abdul Razak Hussein, a revered former premier in Malaysia, didn't think his son was cut out for politics. Turns out Prime Minister Najib Razak is quite skilled at the mortal combat required for public life, despite his stately manner and posh, accented English. He's withstood a multibillion-dollar financial scandal at a state fund, known as 1MDB, that caught the attention of investigators in the U.S., Singapore, and Switzerland. His onetime political mentor has also turned on him, posing a serious challenge to Najib. Yet he's still favored to prevail in a May 9 election that could keep him in power well into the next decade.

His political instincts and cunning have allowed him to sideline threats at home and conduct affairs of state unimpeded overseas, even charming Donald Trump at the White House last September. Malaysia's image may have taken a hit from the 1MDB scandal, yet there's no denying that 64-year-old Najib, the prime minister since 2009, has survived challenges that would have leveled most leaders in Western democracies. "I've gone through some hard times," he said in an April 24 interview with Bloomberg News, his first with an international media organization in more than three years. "Not only recently, but when I started in politics—the rough-and-tumble world of politics. I've learned to get along with difficult people, difficult circumstances."

Najib spoke at his party's headquarters in Kuala Lumpur, where, during this election period, he often meets with people seeking help getting seats in the legislature. "I believe in developing personal relationships within the party, so even during difficult times the party stood by me," he says. As for the opponents who tried to topple him in the past: "They couldn't shake me. The support base was strong. I may appear to be mild in my temperament, but I have a strong resilience in me."

For all of Malaysia's trappings of multiculturalism and wealth—it's home to both classic Ottoman-style mosques with blue-tiled minarets and the César Pelli-designed Petronas Twin Towers—muted racial and religious tensions among Chinese, Indians, and the predominant Malay population have shaped government policies, and political calculations, since the country's independence in 1957.

Najib's Barisan Nasional ruling coalition, anchored by the United Malays National Organisation, the country's biggest party, is trying to prolong a six-decade run in power. It has unveiled a big-spending manifesto, with promises of debt forgiveness for farmers, more affordable housing, and infrastructure projects that are targeted mainly to its

base of ethnic Malays, who are the core of what is called the *bumiputera*, or "sons of the soil." Najib has warned his supporters that a win by the opposition coalition, which he says is led by an ethnic Chinese party, would turn the bumiputera into "vagabonds, beggars, and destitutes in their own land."

Business leaders, including property and commodities billionaire Robert Kuok and Najib's own younger brother Nazir Razak, a banker, have argued against the affirmative-action program favoring the bumiputera, with some saying it impedes competitiveness and shackles the economy at a time when regional peers are opening their markets to lure investment. The government says the programs are still needed to improve the economic plight of Malays, even 47 years after the so-called New Economic Policy sought more wealth for them.

"Change—that's a cliché," Najib says. "Everyone talks about change. But you can't be ahead of the curve, doing something people aren't ready for. I believe in change, but I also believe you have to set a timetable for change that is constant with the acceptance and willingness of people."

Najib has also indulged in some Trumpian flourishes, ranging from his campaign slogan ("Make My Country Great With BN") to his tweet blasts at opponents. On April 2, Parliament passed a "fake news" law that calls for sentences as long as six years and big fines for creators or publishers of information "wholly or partly false."

The prime minister's nemesis is his former patron, Mahathir Mohamad, 92, who had been the longest-serving premier. He defected from Najib's party in 2016. Mahathir has said Najib's tenure has hurt Malaysia's global standing and that his economic policies will leave the country awash in debt. "Najib has to be stopped," he wrote in a blog post in February, urging voters to come out in force and support the Pakatan Harapan coalition. "Companies and businesses, big and small, are closing down. People have to pay more because of high cost of living."

Yet the four-party alliance Mahathir leads faces several obstacles. Anwar Ibrahim, who helped the opposition win the popular vote in 2013, is in jail on a sodomy conviction. A key Muslim party that won almost a third of the opposition's votes quit in 2015 because of differences over Shariah, or Islamic, law. In March, Najib's allies in Parliament pushed through electoral maps that critics say favor the ruling parties. Then, on April 5, Mahathir's Malaysian United Indigenous Party received a 30-day ban from campaigning for failing to meet a deadline for documents—a decision the High Court has suspended while it hears an appeal.

"Najib is not a firebrand like Mahathir, but he knows how to play the game and he plays the game very well," says Ahmad Martadha Mohamed, an associate professor at Universiti Utara Malaysia. "Mahathir had that charismatic leadership whereas Najib's style is more of a transactional and situational leader." ▶