



Smart Aid For the World's Poor

By Matt Ridley

REVIEW

THE WALL STREET JOURNAL.

WSJ

The Gimmick-Free Watch



OFF DUTY

VOL. CCLXIV NO. 22

DOW JONES

News Corp.

WEEKEND

★★★★ \$2.00

SATURDAY/SUNDAY, JULY 26 - 27, 2014

WSJ.com

What's News

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World-Wide

Israel and Hamas agreed to a 12-hour humanitarian truce in the Gaza Strip to begin on Saturday, but a more ambitious one-week cease-fire eluded U.S. negotiators. **A1**

■ **The U.S. said Putin is "culpable"** in the Malaysia Airlines Flight 17 crash, as the Pentagon charged Moscow with preparing to transfer rocket systems to separatists. **A1**

■ **Europe is lining up** behind a plan to impose wider sanctions on Russia over its support of rebels in Ukraine. **A7**

■ **The Dutch-led** investigation team was preparing to access the Flight 17 crash site for the first time. **A7**

■ **Obama said** the U.S. could create a limited refugee program in Central America for people to apply for entry without making the trip north. **A4**

■ **A number of states** are scrambling to protect their health-insurance exchanges after court rulings this week. **A4**

■ **Gunmen in Afghanistan** executed 15 civilians belonging to the Shiite minority in a rare sectarian attack. **A10**

■ **Investigators are** looking into whether storms along the southern rim of the Sahara caused an Air Algérie crash that killed 118 people. **A9**

■ **The EPA is failing** to con-



Israeli army officers escort journalists on a tour of one of the tunnels that Israel says Palestinian militants use to gain entry to the Jewish state.



Brief Pause in Gaza Fighting

Israel Rejects U.S. Plan for 7-Day Cease-Fire, but Agrees to 12-Hour Truce With Hamas

Israel and the Palestinian militant group Hamas agreed to a 12-hour humanitarian truce in the embattled Gaza Strip to begin on Saturday, but a more ambitious one-week cease-fire eluded American negotiators.

Israel on Friday rejected the

By Jay Solomon in Cairo,
Joshua Mitnick in Tel Aviv
and Nicholas Casey
in Gaza City

Palestinians.
Mr. Kerry flew to Paris on Fri-

wounded. But a previously arranged pause, which was to last two hours, broke down after less than an hour.

Israeli officials say their army needs at least another week to achieve the aim of the offensive: to degrade Hamas's rocket arse-

Shortly after Israel's security cabinet rejected the cease-fire proposal, Israeli Defense Minister Moshe Ya'alon told a group of soldiers to be prepared for a "significant expansion" of Israel's ground operation in Gaza "very soon."

Overseas Tax Deals Draw Bets By Funds

By Liz Hoffman
and Rob Copeland

Hedge funds are wagering billions of dollars on companies they believe will benefit from a wave of takeover deals designed to lower taxes for U.S. acquirers.

The boom in "inversion" deals, in which a U.S. firm buys a foreign company and moves overseas, has raised the ire of President Barack Obama, who has said the practice is "wrong." But many bankers and lawyers believe the trend could continue until at least the end of the year, potentially enabling hedge funds to make hefty profits.

Wall Street has long tried to guess which companies are likely to engage in takeovers, both acquiring companies and target firms, sometimes a lucrative game.

This time hedge funds are scouting for U.S. companies and the foreign firms they could target in a bid to reincorporate overseas to escape higher U.S. taxes.

Almost a dozen such transactions are pending valued at more than \$100 billion, including Medtronic Inc.'s \$42.9 billion acquisition of Irish medical-device maker Covidien PLC and AbbVie Inc.'s \$54 billion acquisition of Dublin-based pharmaceutical company Shire PLC.

ADVENTURE & TRAVEL

SHOPPING TRIP

Crafted in Capri

Known for its beaches and panache, the island is also home to shops that sell highly covetable handmade wares

BY J.J. MARTIN

ENCHANTING features aren't in short supply on Capri. The Mediterranean haven has emerald waters, fragrant lemon groves, tile-embellished hotels and fleets of open-air stretch taxis. But shopping on the Italian isle can be a less than storybook experience.

Capri's center, where most boutiques are concentrated, encompasses an uneven mix of local vendors; luxury stores are crammed with the same merchandise browsers can find elsewhere in the world. And all of it is often blanketed with crowds of day-trippers.

Still, tiny Capri (it totals just over 4 square miles) does have a number of true gems—including purveyors of custom knitwear, charming embroidered totes and bespoke trousers. You just have to know where to look.

This summer I spent a long weekend on Capri with Susanne Thun, the wife and collaborator of Italian architect Matteo Thun, whose design work includes Vigilius Mountain Resort, a high-end property in the Dolomites, as well as lights for Flos and coffee cups for Illy. Ms. Thun has been going to Capri since 1986, and from 1999 to 2005 oversaw the construction and decoration of the couple's modern home overlooking the island's southern marina and its iconic Faraglioni rock formation. Now, she spends several weeks each year there, entertaining friends, family and business associates—and searching for memorable clothing, gift and home-décor items.

"There are a whole lot of shops that pretend to be Caprese, but they are not," Ms. Thun said, leading me around one June afternoon, wearing a crisp, oversize Celine cotton shirt, Saint Laurent sunglasses, cropped J Brand jeans and handmade da Costanzo sandals. "It's harder and harder to find authentic places because they flatten everything here for the common tourist."

In the center of Capri's eponymous main town, she bypassed the Gucci and Dolce & Gabbana outposts, as well as some overrated local operations. She paused in the main piazza above the port for an aperitivo under the blue striped awning at Bar Tiberio. Soon, she was darting into narrow streets where few tourists (or anyone, really) ventured.

Her favorite shops are run by locals, though they may not

necessarily seem like finds at the door.

"They all speak to me in some way—but not from the outside," Ms. Thun said. "You need to go in to discover."

Winsome Stitchery

Everything in **Eco Capri**, Federico Alvarez de Toledo's 3-year-old shop, is inspired by his grandmother Laetitia Cerio, an artist and illustrator who worked on the island in the 1950s. Ms. Thun gravitates to the whimsical needlepoint pillow covers (about \$340), eyeglass cases with brightly colored velvet backs (about \$80), printed plastic trays (about \$125) and small linen tote bags embroidered with animals, which she uses to carry sunscreen or beach supplies (around \$100). *Piazzetta Cerio 11, 39-0818374510*

Perfect Pants

Custom-made trousers for men and women have been the specialty of **Il Laboratorio**, since the 1950s, and today the boutique makes a full range of custom clothing. Ms. Thun had a cropped pair of men's pants (about \$270) made for her husband from a striped shawl she had bought elsewhere on Capri. She also loves the shop's private-label ikat shorts (about \$300) and collarless white cotton shirts (about \$400). *Via Ignazio Cerio 6, 39-0818376296*

Bikinis and Baubles

At **Sud Capri's** tiny swim shop, squeezed into the island's main luxury drag, Ms. Thun purchases color-blocked bathing suits by Laura Urbinati—admittedly, not Capri-made but a coveted niche Milanese brand (about \$240). She heads to **Sud Capri Gallery**, its fashion and accessories location just up the hill, for copper bracelets dangling with coin charms (about \$130). "They are very summer," she said, stacking them up her arm. *Sud Capri: Via Camerelle 61, 39-0818389445; Sud Capri Gallery: Via le Botteghe 4-6, 39-0818370165*

Artisanal Kicks

For decades, Capri's cobblers have crafted leather-soled sandals for the island's chicest patrons. Today, with a sandal shop on seemingly every corner, the tradition has almost become a cliché. But Ms. Thun swears by the nimble hands at **da Costanzo**, where she has purchased at least 20 pairs of custom-made shoes. Founded by Costanzo Ruoco in the 1960s, the small workshop is now run by Costanzo's son Antonio, who can whip up a new



SHOP STALK Clockwise from top: Antonio Ruoco makes sandals by hand at da Costanzo; stackable rings for sale at Sud Capri Gallery; a strip of shops on via Camerelle, in the center of Capri.

set of sandals in a matter of hours (or the next day for unusual requests). Ms. Thun's favorite model is a leather T-strap, which she has requested embellished with a thick strip of Swarovski crystals. Recently, she took the store's black thin-strap Nodino design and added a giant black suede flower over its knot closure. Prices start around \$95. *Via Roma 49, 39-0818378077*

Wraps and Delights

The island's best knitwear is found at **Farella**, where spools of wool, cashmere and cotton yarns are knitted into garments in a small room in the back of the shop. "You can personalize or custom-make any style," said Ms. Thun, who favors the pompom-trimmed shawls (about \$470) and boxy, hooded sweaters with slim, ribbed sleeves (about \$530). When we visited, she snapped up an oversize, wildly striped gaucho-style scarf to pair with white jeans (about \$590). *Via Fuoriovado 21c, farella.it*

Pottery Steals

While painted ceramics are a local product, many stores on Capri sell the same designs—and at astronomical prices, warned Ms. Thun. A traditional giant pinecone sculpture could set you back thousands of dollars at **Eureka Ceramiche d'Autore**, which has two locations on the island, but great deals are to be had on small tabletop objects, such as colorful ceramic lizards (about \$40). Eureka's smaller pieces are easier to pack, too. *Via Roma 61 in Capri; Via G. Orlandi 55/57 in Anacapri; www.eurekacapri.it*

The Island Blend

Capri native Antonio Arcucci opened his multibrand boutique, **Blue**, 20 years ago. "It was the first thing of its kind on the island," Ms. Thun said. In addition to international labels including Dries Van Noten, Lisa Corti and Stella Jean, Mr. Arcucci sells a limited quantity of locally produced clothing for women (about \$380 for trousers, \$680 for skirts) as well as graphically striped carpets made from exotic fabrics he sources while traveling the globe in Capri's off-season (about \$400). *Via le Botteghe 57, 39-0818376827*



Eco Capri, which sells unique embroidered wares.



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Eco Capri, which sells unique embroidered wares.