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WSJ.com EUROPE EDITION

DJIA 20663.22 ▼ 0.31%

NASDAQ 5911.74 ▼ 0.04%

NIKKEI 18909.26 ▼ 0.81%

STOXX 600 381.14 ▲ 0.18%

BRENT 52.83 ▼ 0.25%

GOLD 1247.30 ▲ 0.18%

EURO 1.0697 ▲ 0.21%

What's News

Business & Finance

Investors are dialing back expectations for a major shift in U.S. trade policy, fueling a rebound in multinational shares, the peso and emerging markets. **A1**

◆ The emerging markets stock index rose to a nearly two-year high in March, led by rallies in China, South Korea and India. **B5**

◆ The world's top oil firms are struggling to break even after failing to make enough money last year to cover their costs. **A2**

◆ Deal value in Europe rose sharply last quarter on transactions by European and North American firms. **B1**

◆ Schneider is close to selling its DTN data-software business to a European investor for about \$1 billion. **B1**

◆ Chinese firms issued \$52.6 billion of U.S. dollar bonds last quarter, up 72% from the previous period. **B5**

◆ U.S. seaports are joining forces in response to a wave of consolidation in the shipping industry. **B2**

◆ Danone agreed to sell its Stonyfield business to clear an antitrust hurdle to its WhiteWave acquisition. **B3**

◆ Credit Suisse offices in London, Paris and Amsterdam were targeted by authorities in a tax probe. **B7**

◆ Glencore agreed to sell a 51% stake in its oil-products storage business for \$775 million to China's HNA. **B7**

◆ Snapchat launched a search tool for its Stories feature, an attempt to broaden the app's appeal. **B4**

World-Wide

◆ Venezuela's high court scrapped parts of a ruling that dissolved the assembly, but the move was unlikely to quell concerns over a power grab by Maduro. **A4**

◆ Rescue workers in Colombia searched for survivors of a flood and landslide that left more than 200 people dead. **A4**

◆ The U.S. envoy to the U.N. said she is "beating up" on Russia over its actions in Ukraine and its interference in the U.S. election. **A5**

◆ The nuclear arms race between India and Pakistan is intensifying, with new weaponry and more aggressive doctrines. **A3**

◆ The custodian of a remote shrine in central Pakistan drugged, tortured and killed 20 people. **A3**

◆ Ecuador's president has launched public-works projects and attacked the opposition as he pushed for his handpicked successor. **A4**

◆ Serbs voted in a presidential election that was a test of their leader's authoritarian rule. **A4**

◆ Trump will host Egyptian leader Sisi Monday as the U.S. administration focuses on its security relationship with Cairo. **A4**

◆ Trump's ex-national security adviser didn't disclose payments from three Russia-linked entities. **A5**

◆ Rifts in South Africa between allies and opponents of President Zuma deepened over the weekend. **A3**

CONTENTS Markets B8
Business News B3 Markets B5
Crossword A14 Opinion A12-13
Europe File A2 Technology B4
Head on Street... B8 U.S. News A5
Keywords B1 Weather A14
Life & Arts A10-11,14 World News A2-4

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Colombia Searches for Survivors After Deadly Flood, Landslide



DESTITUTION: Rescuers in the small Colombian city of Mocoa on Sunday, after a disaster that left more than 200 people dead. **A4**

SYRIA WAR'S WINNER: HEZBOLLAH

Lebanese militant group has gained strength, independence and recognition by supporting Assad

By MARIA ABI-HABIB

Few wars have seen such a tangle of combatants as Syria's, from obscure and morphing rebel groups to Russians, Turks, Kurdish and Iraqi militias. From the chaos, one clear winner is emerging.

Returning to his ancestral Syrian town of Qusayr after years away, a man named Mohammed discovered a new militia patrolling the neighborhood. Patches on the men's camouflage uniforms called them the Islamic Resistance of Syria. Their identity became clearer when he found a notice on his house claiming it for Hezbollah, the Lebanese militant group.

"Many houses have been confiscated with notices that they've been reserved for this or that family," Mohammed said.

Hezbollah, founded in the early 1980s to fight Israel's occupation of southern Lebanon, became involved in the civil war next door to protect its patrons in Damascus and a supply line of Iranian weapons. After years of growing engagement, including training thousands of mostly Shiite Muslim fighters and beginning to provide social services, Hezbollah is today stronger, more independent and in command of a new Syrian militia that its officials say is ready to be deployed to other conflicts in the region.

Hezbollah now fights alongside Russian troops, its first alliance with a global power. It was Hezbollah that devised the battlefield plan for Aleppo used by Syrian and Russian forces last year, according to Arab and U.S. officials who monitor the group.

Thanks to money and arms from Tehran, Hezbollah now stands almost on a par with Iran as a protector of President Bashar al-Assad's government, and as a sponsor of Shiite fighting forces in Syria.

"It's hard to see people rising through Syrian intelligence or military ranks without the blessing of Hezbollah or the Iranians," said Andrew

Please see SYRIA page A8

INSIDE



BREXIT BATTLE LINES ARE DRAWN

EUROPE FILE, A2

Inflation Targets Under Scrutiny

By DAVID HARRISON

Inflation has finally returned to the Federal Reserve's 2% goal after undershooting it for nearly five years. Now, just as the U.S. central bank has inflation where it wants it, economists and central bankers are starting to think such a rigid goal is a mistake.

After that long period of exceptionally low inflation and interest rates, central banks are talking about alternatives to the target, many of which involve the option of letting inflation rise above 2%, either permanently or for a time.

"This is one of those ideas

that has moved from a crazy idea that no one would discuss to an idea that is being seriously discussed by important policy makers," said Emi Nakamura, an economist at Columbia University.

Central bankers, spooked by inflation spikes during the 1970s and early 1980s, had come to view targets as a core tenet of sound monetary policy. In the 1990s and 2000s, many picked a 2% target, seeing it as not so high that it would disrupt business decisions and wage negotiations, and not so low that it would make interest rates unmanageable.

The financial crisis and its

Please see OUTLOOK page A5

Hey, You! Stop Eating My Yard!

* * *

Wild vegetation's rising popularity pits foragers against landowners

By JENNIFER LEVITZ

In late April, Tim Marks's 40 acres of Maine forest land faces an infestation: fiddlehead foragers.

The retired state trooper spots dozens of them traipsing across his property, stuffing burlap sacks with the greens to sell at farmers markets. He has shooed them off, and even put up trail cameras. But they'll go as far as to sneak back at night, with headlamps. "I'm a victim of fiddlehead theft," he sighed. "It's ridiculous."

Such tensions are becoming more common in Maine, where the rise in popularity of wild vegetation like fiddleheads, ramps, mushrooms and seaweed for uses from gourmet cooking to nutritional supplements is causing friction between foragers and landowners.

State Sen. Thomas Saviello thinks it is time to stop this free-range foraging, saying many are abusing the state's land-access culture.

"There is the perception here that we are allowed to go

ers. It is also threatening the state's unusual and centuries-old tradition of allowing public access to private property.

For Mr. Marks, the fiddleheads on his property if not dug up by foragers can generate as much as \$600 at local markets, which he uses to help pay his property tax.

"Some people pickle them, make quiche out of them," he said. "I eat them, but my wife won't touch them. She thinks they look like a fern."

State Sen. Thomas Saviello thinks it is time to stop this free-range foraging, saying many are abusing the state's land-access culture.

"There is the perception here that we are allowed to go

onto someone else's land," he said. "What's changed is some of the value of some of the natural resources that are on this land that I don't think some of our forefathers really thought about. I mean, fiddleheads?"

The Republican lawmaker understands the appeal of regional delicacies like fiddleheads, which he likens to a very hard green bean.

"They're crunchy. They're full of fiber and help

keep you regular," he said.

"Put a little olive oil on it, butter, fry it up and eat it. It's delicious."

Even so, he has sponsored a bill, still being tweaked, that would require written permis-

Please see FORAGE page A8

Fiddlehead

Serbian Leader Favored in Vote



BALLOT BOX: A projection indicated Prime Minister Aleksandar Vucic won Serbia's presidential election Sunday. A voter in Belgrade, above. **A4**

BY KRISTINA PETERSON

WASHINGTON—A sharply divided Senate this week will vote on Judge Neil Gorsuch's nomination to the Supreme Court, with Democrats in red-leaning states put in the position of choosing between a Republican-nominated judge and their own party's wish to block President Donald Trump at every turn.

Monday, the Senate Judiciary Committee is expected to vote largely along party lines to send Judge Gorsuch's nomination to the Senate floor. That will intensify the scrambling for votes on both sides ahead of the full Senate votes later in the week.

Judge Gorsuch needs 60 votes to clear procedural hurdles in the Senate, where Repub-

licans hold 52 seats. If Republicans can't secure the necessary eight Democratic votes, they have threatened to change Senate rules so they can confirm him—and future high-court justices—with a simple majority.

One party forcing a change to the chamber's rules is referred to as the "nuclear option." About three dozen Democrats, outraged that Republicans refused even to hold a hearing last year for former President Barack Obama's high-court nominee, have indicated they would vote to block Judge Gorsuch. Three Senate Democrats have said they would vote for Mr. Gorsuch. That puts the focus on the remaining Democrats, some up for re-election next year and from states that Mr. Trump

Please see COURT page A5

Gorsuch Vote Tests Some Democrats

By KRISTINA PETERSON

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WORLD NEWS

U.K.'s Challenge: Reconciling Its Brexit Aims

EUROPE FILE
SIMON NIXON

After nine months of phony war, the Brexit battle lines have been drawn.

Last week's opening salvos were cloaked in generous diplomatic language. British Prime Minister Theresa May used her letter invoking Article 50 of the Lisbon Treaty to laud Europe's liberal democratic values and declared her wish for a "deep and special partnership" with the European Union.

EU Council President Donald Tusk reciprocated by declaring the Brexit negotiations an exercise in "damage control" with the goal of keeping the U.K. as close a partner as possible.

The desire for an amicable divorce on both sides is sincere, not least because the consequences of a collapse of the legal frameworks underpinning current cooperation in areas such as trade, finance, science and security would be so severe. Yet neither side is confident that the obstacles to a deal can be overcome.

The greatest obstacles lie within the U.K. itself. Mrs. May faces what may prove an impossible trilemma.

She needs a deal that, first, is close enough to the EU to minimize disruption to business and allow the continued free flow of people, goods and services that are vital to the U.K.'s prosperity. Second, she needs a deal that will satisfy those in her own party who dream of a "global Britain" that can pursue an independent trade policy and cut regulation and taxes. Third, she needs a deal that will preserve the unity of the United Kingdom amid rising nationalism in Scotland and Northern Ireland and questions about the status of Gibraltar.

These three goals may be irreconcilable. The EU made clear in its draft negotiating guidelines that the price of a deep and comprehensive trade deal will be fiscal, social and environmental safeguards to protect the EU from suffering a competitive disadvantage through what it calls "social dumping."

Brexiters fear that whatever right the U.K. may have regained in theory to strike its own trade deals and re-engineer its economic model would likely be constrained in practice as the country would remain bound by rules over which it no longer had any control.

On the other hand, the kind of "clean Brexit" demanded by hard-line Brexiters whereby the U.K. simply seeks to trade with the EU on World Trade Organization terms would not only cause maximum economic disruption, it would create a hard border with the Republic of Ireland which could fuel Irish nationalism and jeopardize the peace process.

If forced to choose, it seems clear which way Mrs. May in-



Prime Minister Theresa May

tends to jump. In her public statements last week, she used the cloak of a largely concocted row about whether she was blackmailing the EU by linking future security cooperation to a trade deal to drop many of the cherished goals of the hard-line Brexiters.

She accepted that British businesses would have to abide by EU rules—at least when doing business with the EU; that the U.K. would have to pay a financial price to secure an exit deal; and

that far from gaining £350 million a week, as Brexiters famously promised, there would be "consequences" for the U.K. economy.

Meanwhile, ministers acknowledged that immigration from the EU might even go up after Brexit and that the U.K. would continue to abide by EU freedom of movement rules until the U.K. leaves the EU in 2019.

Privately, some cabinet ministers accept that further substantial compromises will be essential if the U.K. is to get any negotiated exit and trade deal. They believe that Mrs. May has established enough political capital with the Brexiters to negotiate whatever deal she thinks is in the national interest. They believe that many Brexiters will back down from their most hard-line demands if it helps to preserve the unity of the U.K.

These cabinet ministers also hope that even if Brexiters don't like what Mrs. May agrees to, they will back her because once Brexit is delivered, it will be easier

for future U.K. governments to renegotiate the deal.

Nonetheless, Mrs. May's political capital is about to be severely tested. The EU's draft negotiating guidelines show that the bloc will be tough in defending the interests of its member states. It won't discuss future trade arrangements until the two sides have made "sufficient progress" toward a deal that will settle the U.K.'s financial obligations and which protects the rights of EU citizens currently settled in the U.K. Neither of these are straightforward.

Far more problematically, the EU is determined to find a solution that avoids a hard border in Northern Ireland before trade talks start and it wants to make any deal effectively conditional on the U.K. reaching an agreement with Spain over the future status of Gibraltar. Both may require compromises beyond even Mrs. May's capacity to deliver.

Indeed, as Mrs. May contemplates her trilemma, it is clear that her need for a deal that strengthens the unity of the U.K. may be the toughest condition to fulfill.

ECONOMIC CALENDAR

MONDAY: The Bank of Japan's **tankan corporate survey** out Monday (Sunday evening in the U.S.) likely will show a sharp rise in sentiment during the January-to-March period, in a further sign of recovery in the world's third-largest economy.

The eurozone's **jobless rate** resumed its long decline in February, figures to be released by the European Union's statistics agency are expected to show. Economists predict a decline to 9.5% in February as the currency area's modest recovery continues.

TUESDAY: Statistics Canada releases Canadian **merchandise trade** data for February, and ex-

pectations are for the country to record a fourth straight monthly trade surplus. The outlook for trade in Canada has become murky due to potential North American Free Trade Agreement changes under U.S. President Donald Trump.

WEDNESDAY: An IHS Markit **survey of purchasing managers** in the U.K. service industry will be parsed for clues about the state of this key economic engine as the country begins exit negotiations with the EU.

The Federal Reserve will release minutes from its March 14-15 policy meeting, which ended with the U.S. central bank voting

to raise short-term interest rates for the third time since the financial crisis. The minutes will offer insight into that decision and could clarify when the Fed might move rates higher again. Fed watchers also will look for details about when and how it might start to shrink its large balance sheet.

FRIDAY: The U.S. Labor Department releases its **jobs report** for March. Any further decline in the unemployment rate, combined with more pickup in wage growth, would point to a tightening labor market and could prompt Fed officials to consider a more rapid pace of rate increases to contain potential inflation.

Oil Companies Take On Modest Goal: Break Even

BY SARAH KENT

The world's biggest oil companies are struggling just to break even.

Despite billions of dollars in spending cuts and a modest oil-price rebound, **Exxon Mobil Corp.**, **Royal Dutch Shell PLC**, **Chevron Corp.** and **BP PLC** didn't make enough money in 2016 to cover their costs, according to a Wall Street Journal analysis.

To calculate each companies' free cash flow—the excess cash remaining after costs—the Journal deducted the firm's dividends and capital expenditures from its cash from operations. The analysis also showed that all four companies ended last year with more debt than they began it.

This year, the companies' ability to break even by balancing cash generation against capital expenditures and dividends remains precarious, as oil prices hover around \$50 a barrel. BP says it will need oil at \$60 a barrel to cover its spending, while Chevron is targeting \$50 a barrel with the help of asset sales. Investment bank Jefferies estimates neither Shell nor Exxon require more than \$50 a barrel, though those companies don't disclose break-even prices.

For companies once known as profit machines—whose executives were hauled before Congress in 2005 to explain their enormous earnings—their cash problems demonstrate just how unprepared they were for a historic crash and tepid recovery.

ery in oil prices. They have maintained the same large dividends they had when oil prices were over \$100 a barrel, piling on debt and selling off assets to prioritize shareholders above all else.

The result is that spending on dividends and capital investments has ballooned above cash generated from their businesses. The issue has worried investors who expect those steady dividends because oil giants

\$60

Oil price that BP says it will need to cover its costs

don't have the capacity to grow much. Exxon, Shell and their competitors are under pressure to show they can drum up cash to keep shelling out dividends.

In a sign that investors remain fixated on companies' cash flow position, BP's share price tumbled around 4% when the company upgraded its break-even oil price to \$60 a barrel in February. International benchmark Brent crude hasn't hit that level since the middle of 2015.

"The ultimate goal of the company is to generate excess free cash flow," BP Chief Executive Bob Dudley said in a March interview in Houston. The company has seven new projects starting up this

year and nine more under way that will add 800,000 barrels a day of new production by the end of the decade, pushing up returns.

Exxon, Shell and their peers spent much of the past three years scrambling to reassure investors that their dividends were safe amid the oil-price crash. These companies were already struggling to live within their means at elevated oil prices.

In response to the tumble in prices, the companies laid off thousands of workers, slashed billions in spending and piled on debt to protect the payouts. Despite disappointing profits last year, they say that medicine is now working.

Shell has already brought spending into balance, generating enough cash from operations to cover capital spending and shareholder payouts in both the third and fourth quarter of last year.

Exxon also broke even in the fourth quarter, and by its own metrics, which exclude dividend payouts, it was the only major oil company to generate enough cash to cover spending last year. The Texas company has increased its dividend annually for the past 34 years and says it remains committed to that track record.

In the fourth quarter Exxon generated \$400 million more than it spent and Shell made \$1.2 billion over its outlays, according to the Journal's analysis.

—Bradley Olson

contributed to this article.

World War II-Era Bomb Found Before Famed Race



RIVALS: Oxford, above left, took the men's boat-race title from Cambridge hours after police removed an old unexploded bomb near the course's start on the River Thames. Cambridge won the women's race.

TRADE

Continued from Page One

Navarro, an ardent skeptic of trade with China, to head the White House National Trade Council and pulled the U.S. out of negotiations to form the Trans-Pacific Partnership, a 12-nation trade deal.

There are already signs the White House is backtracking on some of the antitrade rhetoric on which Mr. Trump campaigned. The administration, for instance, recently signaled it would seek mostly modest changes to the North American Free Trade Agreement in coming negotiations with Mexico and Canada, a deal Mr. Trump called a "disaster" during the campaign.

"The fact that there hasn't been much saber rattling there has been greeted favorably by the market," said David Donabedian, chief investment officer at CIBC Atlantic Trust.

The recent failure of Mr. Trump's health-care bill has also, for many investors, highlighted divisions in Congress that make some of the administration's more controversial policies appear less likely.

"I think we had some nightmares of a sort of big

bang trade agenda including labeling China a currency manipulator and talk of a rapid imposition of tariffs, and we have now realized it's going to be much more nuanced," said Guy Monson, chief investment officer at asset manager Sarasin & Partners.

In February, 34% of fund managers surveyed by Bank America Merrill Lynch saw protectionist policies as the most likely catalyst to end the eight-year equity bull market. And in March, just 21% cited protectionism as their big fear, ranking below worries over higher interest rates or weaker earnings.

To be sure, the Trump administration's pursuit of a broad "America First" agenda could still ignite global trade conflicts, hurting export economies and global companies as they struggle to reconfigure com-

pany supply chains.

In March, U.S. Treasury Secretary Steven Mnuchin rebuffed a concerted push by finance ministers and central bankers from the Group of 20 largest economies to disavow protectionism. Mr. Trump recently warned on Twitter a coming meeting with China "will be a very difficult one."

"Protectionism could spark at any point, but for now the rhetoric out of Washington is

quite subdued and that is suppressing volatility," said Richard Benson, co-head of portfolio investments at \$15 billion fund Millennium Global Investments.

Among investors in key U.S. trading partners, concerns over a global trade clampdown have eased. The Mexican peso is up nearly 11% against the dollar this year, nearly back to pre-election levels, and the **iShares MSCI Mexico Capped** exchange-traded fund, which tracks publicly traded companies, has climbed roughly 16%.

Shares of U.S. multinationals have also started to pick up pace. Shortly after the November election, small-capitalization stocks outperformed larger ones, in part as investors bet that domestically focused companies would do better than multinationals in the event of trade friction.

The Russell 2000 index of small-company shares jumped nearly 14% between the November election and the end of last year, compared with a 4.6% climb for the S&P 500. But the Russell 2000 is up just 2.1% on the year, compared with a 5.5% gain for the S&P 500.

The technology sector, among the largest exporters and importers in the U.S., was

perceived as a potential loser from changes to trade and immigration policies. It is now the best performer in the S&P 500, up around 12% this year.

Emerging markets in Asia have rebounded as Mr. Trump's campaign rhetoric against Chinese trade and currency policies has subsided. Mr. Trump is due to meet Chinese President Xi Jinping at the Mar-a-Lago resort in Florida this week.

The MSCI Emerging Markets index lagged behind after the November election, but it is up more than 12% this year to date. Asian markets with the biggest dependency on U.S. trade, including Taiwan's Taiex index and Korea's Kospi index, have out-

CORRECTIONS & AMPLIFICATIONS

Tencent Holdings' first popular product, instant messenger QQ, was initially named OICQ. A China Circuit column in the Friday-Sunday edition about Tencent's investment in Tesla Inc. misspelled it as QICQ.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

performed the S&P 500, up 6% and 6.6%, respectively.

While protectionism may be a risk in the longer term, "it's not meaningfully reflected in markets today," said Paul Griffiths, a chief investment officer at First State Investments.

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WORLD NEWS

South Africa Cabinet Shuffle Opens Divide

BY GABRIELE STEINHAUSER

JOHANNESBURG—Rifts between allies and opponents of South African President Jacob Zuma deepened over the weekend, setting up a decisive week for the ruling African National Congress following the ouster of the country's popular finance minister.

The ANC's top six officials—three of whom have lashed out against the firing of Pravin Gordhan—will meet on Monday to decide whether to take further steps against Mr. Zuma, including a gathering of the party's National Executive Committee, which could force the president to step down.

Opposition parties demanded that Parliament be convened for a special session to consider motions of no confidence against Mr. Zuma, while civil-society groups called on citizens to wear black on Monday to protest the cabinet shuffle. The hashtag #BlackMonday was trending on Twitter in South Africa.

More street protests are planned for Friday, the same day Moody's Investors Service is expected to release its latest assessment of South Africa's creditworthiness. It currently rates the country's debt at Baa2, two notches above junk.

"What we see this time is a more all-around mobilization against the president," said Su-



CORNELL TUKUR/EUROPEAN PRESSPHOTO AGENCY

ZUMA WORST

Former Finance Minister Pravin Gordhan, flanked by former cabinet minister Derek Hanekom and Graca Machel, the wife of the late former president, Nelson Mandela, attend a memorial gathering for antiapartheid activist Ahmed Kathrada. Mr. Zuma didn't attend.

san Booyens, professor at the Wits School of Government in Johannesburg. "What we do not know is whether this time around it will go further."

Mr. Zuma dismissed Mr. Gordhan—along with 19 other ministers and deputy ministers who were either moved out of or around the cabinet—early Friday, ignoring objections from his own party's top brass. The move sent the rand tum-

bling and triggered a selloff of South African banking stocks, as well as analyst warnings of an almost-certain downgrade of the country's credit rating.

But it is unclear how much the opposition or a disgruntled ANC leadership can do to rein in Mr. Zuma. The 86-member National Executive Committee, the ANC's top decision-making panel, remains stacked with the president's allies. A previous at-

tempt to oust him failed in late November and among the officials promoted in Friday's cabinet shuffle were several members of the National Executive Committee.

"That is Zuma taking out insurance against the NEC tipping against him," Ms. Booyens said.

Parliament Speaker Baleka Mbete said on Sunday that she would spend the week in con-

sultations on whether lawmakers should be recalled from recess to vote on the president's future. Without a special session, any motion against Mr. Zuma would be delayed until early May, giving the ANC time to pacify defectors in its own ranks.

Zweli Mkhize, the ANC's treasurer, added his criticism of Mr. Zuma's conduct to that of Deputy President Cyril Rama-

U.K. Outsider Farage Finds a Home in Trump's Orbit

Brexit advocate sees a kindred spirit in the White House, where his advice is welcome

BY JENNY GROSS

LONDON—British politician Nigel Farage huddled with top aides to President Donald Trump at the White House for nearly three hours on a recent Saturday, discussing, among other things, what he sees as the deep flaws of the European Union. Then Mr. Farage bumped into Mr. Trump, who invited him to the steakhouse in the Trump International Hotel.

"Dinner with The Donald," Mr. Farage wrote in a Twitter post with a picture of himself grinning next to Mr. Trump, the president's daughter, Ivanka Trump, and son-in-law and adviser Jared Kushner. Also at the table was Florida Gov. Rick Scott.

A commodities trader turned antiestablishment activist, Mr. Farage campaigned for the U.K. to pull out of the bloc in last year's referendum fight and then for Mr. Trump's election. He has since become a regular presence in the president's orbit, offering counsel and comparing notes, people familiar with the situation say.

Largely outside mainstream politics in Britain, Mr. Farage plays a role in the U.S. that reflects the relatively freewheeling atmosphere in the Trump White House, where the president solicits opinions from many informal advisers outside the policy establishment.

Mr. Farage has met Mr. Trump some half a dozen times since the president's victory in November, discussing topics including climate change, relations with Russia, and the functioning of the North Atlantic Treaty Organization and EU, aides to Mr. Farage say.

"The president appreciates Mr. Farage's support," a White House official said, noting that both men led antiestablishment movements and bonded over that. While the White House couldn't verify how many times the two have met, the official said they discuss a range of topics when they talk.

"We'd been fellow travelers. We'd been through similar experiences," Mr. Farage said in an interview, adding they shared success in reaching voters who hadn't been engaged in politics.



GERALD HERBERT/ASSOCIATED PRESS

Then-candidate Donald Trump, right, welcoming Nigel Farage, ex-leader of the UKIP party, at a rally in Jackson, Miss. in August.

"It is a personal relationship, it is a kindred spirit," says Mississippi Gov. Phil Bryant, who introduced Messrs. Farage and Trump at a fundraiser last summer.

"These two men have the same philosophy about how government has got to be managed."

Mr. Farage is a member—and a gadfly—of the European Parliament and hosts a London talk-radio show four nights a week. He is also part of a trans-Atlantic network of right-leaning politicians and

ideologues eager to overthrow what they see as the Western liberal political order and replace it with one built on nationalism and traditional values. He recently signed on as a commentator for Fox News, whose parent company, 21st Century Fox, shares common ownership with News Corp., The Wall Street Journal's owner.

At the annual Conservative Political Action Conference in February, where Mr. Trump, his chief strategist Steve Ban-

non and other White House officials spoke, Mr. Farage made a broad prediction: "We witnessed the beginning of a global political revolution, and it's one that is not going to stop. It's one that is going to roll out across the rest of the free world."

Despite his role in pushing Britain's exit from the EU, Mr. Farage is mostly on the political sidelines at home. He holds no government office in the U.K., and Parliament's sole member from his euroskeptic UK Independence Party left the party over the weekend. Mr. Farage was also shunned by the official Brexit campaign group, Vote Leave, which was run by mostly Conservative politicians.

Douglas Carswell, the former UKIP lawmaker who now sits as an independent, said Mr. Trump seems to have an overinflated view of Mr. Farage's importance.

"Imagine if there was someone who had run for Congress six or seven times in five different U.S. states and failed each time," said Mr. Carswell, now an independent. "You probably wouldn't

make them the main conduit for Anglo-American relations."

Mr. Carswell is "consumed with jealousy," said Mr. Farage, who has had public spats with him about the party's post-Brexit direction.

Mr. Farage was the first foreign politician to meet with Mr. Trump after his election. On that occasion the U.S. leader thanked him for speaking up for him at a low point, after a video surfaced of Mr. Trump bragging about groping women, according to two people who were at the meeting.

The close relationship has ruffled feathers in Britain. Mr. Trump floated the idea that the U.K. should name Mr. Farage its ambassador to Washington, prompting a dismissal from the government of Prime Minister Theresa May.

Asked if he would consider working outright for the Trump administration, Mr. Farage said he hoped he was more useful as a freelancer.

"I'm a foreigner," Mr. Farage said. "Although I do feel a bit more American every time I go."

—Carol E. Lee contributed to this article.

Neighbors Jockey For a Nuclear Edge

BY SAEED SHAH

ISLAMABAD, Pakistan—The nuclear arms race between India and Pakistan is intensifying, with new weaponry and more aggressive doctrines that are stoking tensions between two powers at growing risk of confrontation.

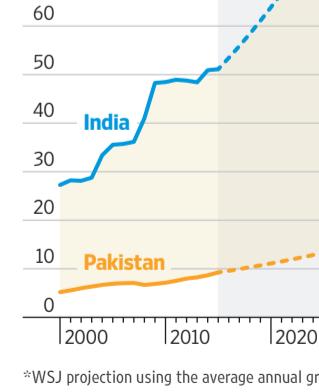
The neighbors, which have fought three wars and many skirmishes, have in recent months adopted dueling steps aimed at gaining strategic advantage. Each has more than 100 nuclear warheads and new ways to deliver them from land, air and sea. India appears to be considering changing its nuclear doctrine to allow a first strike against Pakistan, according to some analysts.

Among rival developments, India tested interceptor missiles twice this year as part of its plan to develop a ballistic missile-defense shield. Pakistan in January tested a missile with multiple warheads capable of evading it.

India said last year it began testing its first homemade nuclear-powered submarine at sea and a nuclear missile capable of striking anywhere in Pakistani territory from far offshore. Then Pakistan this year said it had tested its own undersea nuclear missile.

The South Asia Arms Race

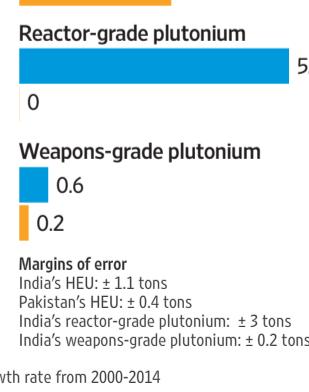
India dominates Pakistan in military spending but nuclear arsenals even the competition



low, conventional invasion of Pakistan that some analysts say could be unleashed in response to a cross-border terror attack.

India has calibrated such an invasion so as not to provoke Pakistan to retaliate with its big, strategic nuclear weapons, say current and former officials from both sides.

Pakistan, in response, has developed a capability to strike such an advance with tactical nuclear weapons—which have a



smaller detonation—that it calculates wouldn't trigger a massive retaliation from India, these people say.

"We assess that these types of attacks and the potential reactions increase the likelihood for miscalculation by both countries," warned the head of U.S. Central Command, Gen. Joseph Votel, in congressional testimony in March. "A significant conventional conflict between Pakistan and India could escalate."

late into a nuclear exchange."

The foreign ministries of Pakistan and India didn't respond to requests to comment. Both countries say they are developing a "credible minimal" nuclear deterrent.

Geopolitics is shaping the rivalry. While Pakistan races to keep pace with India, India is vying with the larger nuclear program of Pakistan's ally China—which is in competition with the U.S.

International Physicians for the Prevention of Nuclear War, an advocacy group, said even a limited nuclear conflict between India and Pakistan would have such a devastating impact on global climate that it would put two billion people at risk of famine.

Pakistan says the driver of the current round of nuclear competition is the U.S. move in 2005 to legitimize India's nuclear program and allow it to buy fissile material on the international market. The U.S. says the deal strengthened non-proliferation.

Pakistan is increasingly relying on its nuclear deterrent against a neighbor that has a much bigger defense budget and twice the military manpower. Pakistan is outproducing India's nuclear weapons by four to one, according to the Stimson Center, a Washington research group. Islamabad disputes that assessment.

Twenty Tortured, Killed At Shrine in Pakistan

BY QASIM NAUMAN

ISLAMABAD, Pakistan—The custodian of a remote shrine in central Pakistan, known for conducting rituals, and his two assistants drugged and then killed 20 people with clubs and machetes, officials said.

The killings took place at a shrine devoted to Ali Muhammad, a spiritual figure, on the outskirts of a village in the Sargodha district, police said. Officials said the victims were invited Saturday evening by Abdul Waheed, the shrine's custodian.

"As the devotees arrived, they were drugged and then tortured to death," said Liaqat Ali Chattha, the deputy commissioner in Sargodha. "They dumped the bodies in a house next to the shrine."

Police and health officials said the bodies were stripped naked and bore marks of torture with machetes and clubs.

Millions of devotees flock to the many shrines in Pakistan every year, especially those dedicated to revered saints of Sufi Islam. Smaller shrines dedicated to local spiritual figures, like the one where the killings took place Saturday, also dot the country.

Devotees visit not only to pray, but also for exorcisms and treatment for illnesses they believe are caused by evil spirits.

The custodians and healers at smaller shrines sometimes carry out violent rituals. Injuries and even deaths from such rituals have been reported in recent years, but a high toll like that in Sargodha on Saturday is rare.

Police said they arrested Mr. Waheed and the two assistants early Sunday, and all three confessed to the killings. The assistants weren't identified.

In a video shot with a mobile phone and aired on local news channel Geo News, Mr. Waheed said his victims were planning to kill him.

"They had poison pellets, they were going to put that in my food and kill me," a handcuffed Mr. Waheed says in the video. He couldn't be reached directly for comment.

Police officials said Mr. Waheed would undergo a psychological exam to determine his mental state. They declined to comment on the video aired on Geo News, saying they would speak on the matter when the investigation is completed.

Mazhar Shah, the head of the local government emergency-response team, said Mr. Waheed visited the shrine a couple of times a month.

"He had been conducting such activities for two years at this shrine," Mr. Shah said. "He would torture visitors, claiming it will cleanse them."

WORLD NEWS



Soldiers on Sunday helped evacuate survivors of the mudslide from the city of Mocoa, where more than 200 people were killed and hundreds more were missing.

Colombia Mudslide Kills Hundreds

BY SARA SCHAEFER MUÑOZ AND KEJAL VYAS

MOCOA, Colombia—In boats, in helicopters and on foot, Colombia's army and emergency response teams continued their search Sunday for survivors of a flood and landslide in remote Putumayo state that left more than 200 people dead and more than 200 others missing, officials said.

The death toll Sunday morning stood at 207, including 47 children, President Juan Manuel Santos said during a visit to the decimated city of Mocoa, the capital of the state in south-

ern Colombia. He said at least 84 of the dead have been identified.

Members of Colombia's national disaster-response agency were distributing food and water Sunday to the 50,000 residents of the city, Carlos Negret, Colombia's public ombudsman, said on the country's national Caracol radio.

Swollen rivers here washed away houses, cars and buildings in the area on Friday night in one of the worst natural disasters Colombia has seen in decades. The floods also destroyed a main power plant for Putumayo state, Mr. Negret said,



THE WALL STREET JOURNAL.

leaving hundreds of thousands without electricity.

"The whole country and society must work for these people who have lost every-

thing, and do everything needed to re-establish their quality of life," he said.

As officials worked to identify the dead, frantic relatives called into radio stations around the country seeking information about loved ones.

A downpour overnight Friday led three rivers around Mocoa to overflow, sending mud, rocks and fallen trees crashing into homes.

The flooding hit the town as many residents were in their homes sleeping. Witnesses felt buildings vibrate before an avalanche of water carrying mud and debris swept through, toppling

homes and lifting trucks downstream.

Mr. Santos said it was the most intense rainfall the region had seen in 25 years. The government has dispatched more than 1,000 soldiers, police and disaster-relief workers, he said.

The disaster is reminiscent of the massive landslides in Armero, in central Colombia, in 1985 that claimed 23,000 lives. Officials said on Sunday that they are working quickly to set up programs to protect children and ensure they aren't lost or separated from their families as they were in the 1985 disaster.

Venezuela Reverses Ruling to Dissolve Congress

BY ANATOLY KURMANAEV AND KEJAL VYAS

CARACAS, Venezuela—Venezuela's Supreme Court scrapped parts of a ruling that had dissolved the National Assembly, but the reversal was unlikely to quell concerns over President Nicolás Maduro's slide toward authoritarian rule.

Magistrates, who are close allies of Mr. Maduro, said they reinstated powers that they had taken from the opposition-controlled assembly and returned the immunity from investigation granted to lawmakers.

"Rest assured that we will never do anything that threatens the stability of the country," Chief Justice Maikel Moreno, flanked by Vice President Tareck El Aissami, said in an address to more than 70 foreign diplomats. The court order had drawn condemnation from rights groups and the attorney general, a rare dissent from within the ruling Socialist Party's ranks.

Earlier Saturday, Mr. Maduro said in a televised speech that the dispute had been resolved after a four-hour meeting with top officials. The president last night urged the court to revise its decision to strip the unicameral assembly of its powers, an act he said demonstrated Venezuela's vibrant democracy and the separation of powers.

Constitutional experts said it did exactly the opposite.

"There is no way to revise a Supreme Court sentence by order of the president," said Antonio Canova, a constitutional law professor at Andres Bello Catholic University in Caracas. "Once they're published they can't be modified. It's now clearer than ever that the court works unconditionally for Maduro. It is evident that we are facing a dictatorship."

Opposition leaders said the government's olive branch does nothing to soften Mr. Maduro's power grab. "Nothing changed last night. There's a coup going on," National Assembly leader Julio Borges said at a rally Saturday in an eastern Caracas plaza where the opposition majority convened an open-air legislative session.

Miguel Medina, a 50-year-old rancher who drove five hours to attend, said now is the moment to double down on pressuring the Maduro administration. "The government is scared. They're coming apart at the seams," he said.

Official called ruling unconstitutional, in unprecedented breach of party unity.

A few hundred protesters blocked Caracas's main highway after the legislative session. Scuffles continued throughout Saturday afternoon, with police firing tear gas to disperse lawmakers and groups of students who attempted to march on the national human-rights agency.

The Supreme Court ruled Wednesday that the National Assembly was in contempt of court for having sworn in three lawmakers whom the ruling party had accused of electoral fraud, without presenting any evidence. The court said it had taken over all "parliamentary capacities" until the conflict is resolved.

Attorney General Luisa Ortega called the ruling unconstitutional, in an unprecedented breach of unity in the ruling party that forced Mr. Maduro to scramble to control one of the biggest crises of his troubled four-year rule.

Legal experts and economists said the court order was an attempt to seize crucial powers that would allow the executive to sidestep the required congressional approval for oil-sector deals. Mr. Maduro badly needs to jump-start the collapsing economy. The revised ruling still allows Mr. Maduro to sign such deals.

Ecuador President Leads Push for Successor

BY RYAN DUBE

QUITO, Ecuador—In the final days of Ecuador's presidential campaign, departing President Rafael Correa has led a blitz of inaugurations of public works while railing against the opposition through Twitter and state media.

In the tightest presidential election in a decade, analysts say Mr. Correa is using state resources to highlight government projects and attack his opponents in this small Andean nation, giving a boost to his handpicked successor, Lenin Moreno, ahead of Sunday's vote against conservative rival Guillermo Lasso.

It is a strategy that may work, blunting a trend in Latin America that has seen Mr. Correa's leftist allies lose elections to center-right opponents following a decline in economic growth, including in this oil-rich nation.

A recent poll from Cedatos-Gallup International said Mr. Moreno, a former vice president of Mr. Correa who is expected to maintain his policies, had taken a narrow lead over Mr. Lasso, a pro-business ex-banker who has promised to cut taxes and attract invest-



to police officers and their families, attributing the works to his leftist government's "citizen's revolution."

"This week has really been a week of dreams," Mr. Correa said in a televised interview of the new infrastructure. "The revolution won't be stopped."

The campaign to replace Mr. Correa, who is constitutionally barred from running again, has been contentious. Mr. Lasso, who was pelted with rocks and other objects while leaving a soccer game with his family, has been accused in state media of profiting from a 1999 banking crisis, which he denies. Spray-painted walls in Quito say a victory for Mr. Lasso would bring back racism, corruption and "misery."

Mr. Lasso's supporters call Mr. Correa a dictator and others argue Mr. Moreno's election would bring Ecuador one step closer to becoming another crisis-ridden Venezuela.

"The next president is going to inherit a complicated situation," said Vicente Albornoz, the dean of the business and economics faculty at Quito's Las Americas University. "The public spending creates a feeling that things are better than they are."

Official called ruling unconstitutional, in unprecedented breach of party unity.

WORLD WATCH

SERBIA

Pro-Russia Premier Favored to Win Vote

Serbia's powerful Prime Minister Aleksandar Vucic was on his way to a landslide victory Sunday in a presidential election that was a test of his authoritarian rule amid growing Russian influence in the Balkan region.

A projection by independent pollster Ipsos Strategic Marketing had Mr. Vucic receiving more than 55% of the votes cast—more than enough to claim the presidency outright.

The polling agency's projection showed liberal challenger Sasa Jankovic placing second with 15% and Luka Maksimovic, a media student who ran as a parody politician, coming in third with 9%.

The agency had a representative sample of votes from different polling stations and issued its projection with 70% of the vote sample tallied. Official results are expected Monday.

Mr. Vucic, a former ultranationalist now a declared pro-European Union politician, was already slated to win the presidency by a high margin against 10 opposition candidates.

He needed to win by more than 50% of the vote to avoid a runoff election on April 16 that would have put him in a much trickier position against a single opposition candidate.

The prime minister since 2014, Mr. Vucic was expected to use a win to appoint a figurehead successor as prime minister and to transform the presidency from a ceremonial office into a

more powerful post from which he could rule unchallenged.

The opposition has accused Mr. Vucic of muzzling the media

and intimidating voters ahead of the election. Vucic denied the allegations.

—Associated Press



PREPARATION: South Korean marines took part in exercises in the city of Pohang on Sunday to train for a possible North Korean attack.

EGYPT

U.S. to Tell Sisi Focus Is on Security

President Donald Trump will host Egyptian President Abdel Fattah Al Sisi on Monday as his administration focuses on its security relationship with Egypt while limiting human-rights concerns to private conversations, officials say, in a policy shift.

White House officials said Mr. Trump wants to " reboot the bilateral relationship" and build off the strong connection Mr. Trump and Mr. Sisi fostered during a meeting last fall while Mr. Trump was still a candidate.

Mr. Sisi's visit Monday is his first to Washington since taking office.

—Felicia Schwartz

U.S. NEWS



Nikki Haley's assertion on Moscow comes amid investigations of alleged ties between Trump affiliates and Russia during the election.

U.N. Ambassador Stresses Her Tough Stance on Russia

Haley's posture contrasts with lighter touch taken by Trump publicly on the country

BY BEN KESLING

WASHINGTON—President Donald Trump's ambassador to the United Nations said she is continually "beating up on Russia" over its actions in Ukraine and its interference in the U.S. election, a posture that contrasts with the lighter touch Mr. Trump has taken publicly on the country.

Ms. Haley said she is "beating up" on Russia for that country's military backing of Ukrainian separatists who seek to return parts of that country to Russian control. She also criticized Mr. Putin for tampering in last year's U.S. presidential elections, though stopped short of saying she speaks directly on behalf of the American president, who has been reticent in expressing too forceful a stance himself against Russia.

In her interview, Ms. Haley said she is "beating up" on Russia for that country's military backing of Ukrainian separatists who seek to return parts of that country to Russian control. She also criticized Mr. Putin for tampering in last year's U.S. presidential elections, though stopped short of saying she speaks directly on behalf of the American president, who has been reticent in expressing too forceful a stance himself against Russia.

On "This Week," Dmitry Peskov, Mr. Putin's spokesman, said: "We insist that any blaming that Russia could have been interfering in domestic affairs of the United States is slander." In the segment, which was taped Friday, Mr. Peskov said the way to calm the countries' volatile relations would be through a face-to-face meeting, something the

"There's no love or anything going on with Russia right now," Ms. Haley said in the interview. "I think that Russia is very aware that they're on notice when it comes to certain issues."

Ms. Haley also seemed to temper comments she made last week that the U.S. is no longer focused on ousting Syrian President Bashar al-Assad

from power, a key Middle East policy goal under President Barack Obama that dragged on for years as Mr. Assad remained in power.

"So Assad is always a priority. That is not an issue. He is a war criminal," Ms. Haley said when asked if the focus in Syria is removing Mr. Assad from power or defeating Islamic State militarily. "You don't have to have one or the other. We've got a lot of important issues. Assad's not going away, but we're not going to stop beating up on him."

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Trump administration has given no indication it is planning.

Ms. Haley defended the president's opaque stance toward Mr. Putin, but when pressed as to whether Mr. Trump himself needs to express such forceful positions, Ms. Haley demurred.

"He's got a lot of things he's doing, but he is not stopping

When pressed as to whether Mr. Trump needs to be forceful, she demurred.

me from beating up on Russia," she said.

Ms. Haley was asked whether Mr. Trump's position aligns with Ms. Haley's hard-line stance with Russia. She was pressed on a television interview segment in which Fox News's Bill O'Reilly referred to the Russian president as a "killer" while Mr. Trump seemingly defended the Russian and disparaged the U.S.

"There are a lot of killers. Do you think our country is so innocent?" Mr. Trump responded during the interview.

Ms. Haley defended the Trump administration.

"The president has not once called me and said, 'Don't beat

up on Russia,'" Ms. Haley said. He "has not once called me and told me what to say. Has not once."

On Syria, Ms. Haley didn't provide specifics on the U.S. approach toward the Assad regime. "We're not going to stop saying that the way he treats people in Syria is wrong, that he has actually killed his own people and America will never stand for that," Ms. Haley said.

The ambassador also spoke of the need to fight against Iranian influence in the Middle East and, turning to the Pacific, the threat of North Korea.

Ms. Haley said China, led by President Xi Jinping, is the only country that can effectively halt North Korea's belligerent missile-development program. Secretary of State Rex Tillerson's trip to Beijing was intended, in part, to pressure Mr. Xi to exert effort to curb the North Korean program.

The Chinese president is scheduled to travel to Mr. Trump's Mar-a-Lago club in Florida in the coming days and Ms. Haley said discussions about North Korea will take top billing.

"You're going to see President Trump meet with President Xi and a lot of conversation and the most important conversation will be how we're going to be dealing with the nonproliferation of North Korea," she said.

postmeeting news conference. "There will be some times when [inflation is] above 2% as well," she said.

Other countries are going in this direction. The Bank of Japan committed last year to overshoot its 2% target. Sweden's Riksbank is considering reintroducing a band around its 2% target, allowing officials to undershoot or overshoot when needed.

Inside the Fed, San Francisco Fed President John Williams has become a leading proponent of a rethink.

Economists and policy makers "need to put on their thinking caps, analyze the costs and benefits of the various alternatives and think seriously," he said last month.

Mr. Williams has suggested adopting the Bank of Canada's practice of formally re-evaluating its inflation target every five years. Although the reviews have consistently kept the target at 2%, Bank of Canada Gov. Stephen Poloz said the latest re-evaluation, which concluded last year, involved taking "a good look" at raising the target.

Tiff Macklem, dean of the Rotman School of Management at the University of Toronto and a former BOC official, said the reviews force policy makers to think hard about their assumptions.

"Throughout history we've seen different monetary policy regimes come and go so in that vein it is important to keep reassessing the regime you have in place," he said. "It's always important to be humble about monetary policy."

COURT

Continued from Page One

won, who haven't yet said which way they would vote.

Sen. Claire McCaskill, a Missouri Democrat up for re-election in 2018, comes from a state Mr. Trump won easily. At the same time, Mr. Trump's presidency has unleashed a fierce backlash from liberal Democrats in Missouri and nationwide who are pressuring their elected officials to give no ground to the president. On Friday, Ms. McCaskill sided with the liberals and said she would oppose the nominee.

Many senators from states

that Mr. Trump carried more narrowly have pledged to block his court nominee, including Sens. Bob Casey of Pennsylvania and Debbie Stabenow of Michigan. On Sunday, a third Senate Democrat, Joe Donnelly of Indiana, joined Joe Manchin of West Virginia and Heidi Heitkamp of North Dakota in backing Mr. Gorsuch. All three are up for re-election in 2018.

Others, including Sen. Jon Tester of Montana, haven't yet said how they will vote.

The approach of these red-state Democrats will affect the course of the Gorsuch confirmation fight—especially whether Democrats can sustain a filibuster—and the Senate's longtime reputation as one of the last remaining political arenas to compel bipartisan consensus.

"I am not comfortable with either choice," Ms. McCaskill wrote in a Medium post Friday. "While I have come to the conclusion that I can't support Neil Gorsuch for the Supreme Court—and will vote no on the procedural vote and his confirmation—I remain very worried about our polarized politics and what the future will bring, since I'm certain we will have a Senate rule change that will usher in more extreme judges in the future."

The ambassador also spoke of the need to fight against Iranian influence in the Middle East and, turning to the Pacific, the threat of North Korea.

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"You're going to see President Trump meet with President Xi and a lot of conversation and the most important conversation will be how we're going to be dealing with the nonproliferation of North Korea," she said.

In 2013, when Democrats controlled the chamber, they changed rules to enable cabinet appointments and lower judicial nominees to be confirmed with just a simple majority, but they left in place the higher threshold for Supreme Court picks.

"We're going to get Judge Gorsuch confirmed," Senate Majority Leader Mitch McCon-

nell (R., Ky.) said on Fox News Sunday. Asked if he is ready to change the Senate rules, Mr. McConnell said: "We'll know through the course of the week," adding: "It's in the hands of Democrats."

The Senate Democrats' leader, Chuck Schumer of New York, has made clear that he doesn't want Democrats to cede the Supreme Court seat, open for more than a year, to Mr. Trump.

"It looks like Gorsuch will not make the 60-vote margin," Mr. Schumer said Sunday on NBC. "When a nominee doesn't get 60 votes, you shouldn't change the rules, you should change the nominee."

If the Senate is able to confirm Supreme Court nominees with a simple majority, centrists in both parties fear that future presidents whose party also controls the Senate will have no incentive to pick a nominee aimed to garner bipartisan support.

Presidents "will go to the extremes because the base will demand it and we'll end up with a Supreme Court that has far more extreme justices on both sides of the aisle," Sen. Bob Corker (R., Tenn.) said last week.

Senate Democrats wavering on Mr. Gorsuch have cited a similar argument in his favor.

The "most unique political body in the world, the U.S. Senate, will be no more than a six-year term in the House, and I don't think anyone wants to be here for that," Mr. Manchin said shortly before he announced his support for Mr. Gorsuch. "I'm doing whatever I can to preserve the 60-vote rule."

Other Democrats have said voting to block Mr. Gorsuch is necessary, given his judicial record, and called on Republicans to not change the rules.

"I got the feeling that he will vote against the little guy for the big corporations," said Sen. Bill Nelson (D., Fla.).

Many liberals, citing the roadblock of Mr. Obama's nominee, Judge Merrick Garland, and incensed over Mr. Trump's comments and actions since taking office in January, are demanding that their Democratic senators work to deny the president a Supreme Court victory.

—Byron Tau and Dante Chinni contributed to this article.



Sen. McCaskill on Friday said she would vote against Judge Gorsuch.

U.S. WATCH

WASHINGTON

Mike Flynn Itemized Disclosure Released

Mike Flynn, President Donald Trump's former national security adviser, didn't disclose payments he got from three Russia-linked entities on a disclosure form he filed upon entering government.

As part of the routine public release of disclosure reports from top officials, the White House provided two versions of Mr. Flynn's 2016 financial disclosure form over the weekend—an initial version he filed in February and a more complete one submitted last week.

On the earlier version, Mr. Flynn didn't provide a full list of organizations and firms that had paid him for speaking engagements, including three Russia-linked entities. On an amended form filed March 31, Mr. Flynn acknowledged he had received fees from RT, a media outlet funded by the Russian government, and others.

Robert Kelner, an attorney for Mr. Flynn, said he had disclosed a speaker's bureau contract but not the itemized speeches in the February form, which he described as a draft. "It was not at all clear that he had to itemize," said Mr. Kelner. "When he was requested to do so, he did."

Mr. Flynn was forced out of his position earlier this year.

—Byron Tau

CHICAGO

Streamed Assault Case Yields Arrest

Chicago police said they arrested a 14-year-old boy Saturday in connection with a sexual assault that was streamed live on Facebook.

A 15-year-old girl was lured to a residence in Chicago on March 19 and assaulted by multiple juveniles while people watched online, police said Sunday.

The 14-year-old boy is facing charges of sexual assault and manufacture and distribution of child pornography, according to police. It was unclear Sunday if he had a lawyer.

Law enforcement learned of the assault when the girl's mother approached Chicago Police Superintendent Eddie Johnson after a press conference last month to report that her daughter was missing. She also showed him snapshots of the video.

The victim, who was located by police, is "extremely traumatized from this event," said Commander Brendan Deenihan, adding that she was bullied online after the assault.

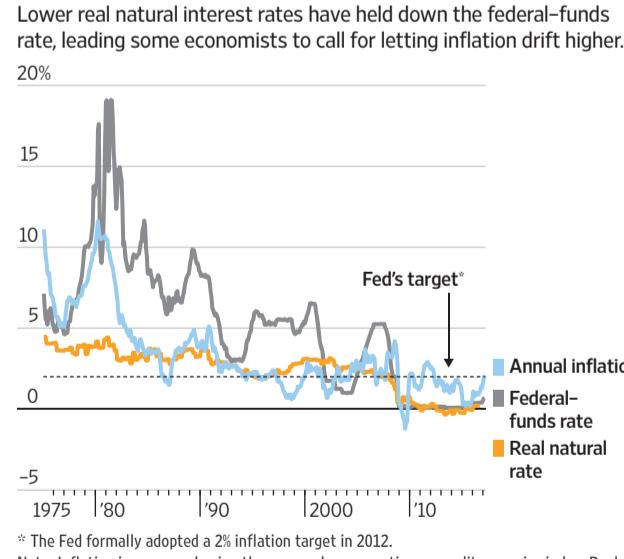
He said Chicago police worked with Facebook to execute social-media search warrants and have issued a second arrest warrant for a 15-year-old, with more arrests expected.

—Zusha Elinson

OUTLOOK

Down Down Down

Lower real natural interest rates have held down the federal-funds rate, leading some economists to call for letting inflation drift higher.



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interest rates could be higher too, leaving central banks more room to cut in a downturn.

Although the Fed remains committed to a 2% goal, it shows signs of tilting in this direction. Its March 15 policy statement stressed the inflation aim is "symmetric," meaning the central bank would tolerate slightly higher or lower inflation temporarily.

Officials have previously described their target as "symmetric," but including the word in the closely watched meeting statement caught observers by surprise.

"This seemed like a good time to remind Americans that what our objective is is 2% inflation," Chairwoman Janet Yellen explained in the time to recover lost ground during a downturn.

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Its March 15 policy statement stressed the inflation aim is "symmetric," meaning the central bank would tolerate slightly higher or lower inflation temporarily.

Officials have previously described their target as "symmetric," but including the word in the closely watched meeting statement caught observers by surprise.

"This seemed like a good time to remind Americans that what our objective is is 2% inflation," Chairwoman Janet Yellen explained in the

time to recover lost ground during a downturn.

Interest rates could be higher too, leaving central banks more room to cut in a downturn.

Although the Fed remains committed to a 2% goal, it shows signs of tilting

Credit Suisse applies a strict zero tolerance policy on tax evasion.

Response to recent reports about tax probes in various European countries.

To our clients and the public:

- Credit Suisse applies a strict zero tolerance policy and wishes to conduct business with clients that have paid their taxes and fully declared their assets.
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- As of 2011, we conducted a large review of our European business and requested clients to provide evidence of their tax compliance.
- As a result of our review the bank terminated the relationship for clients who did not provide evidence that they paid taxes and declared their assets. This led to very significant asset outflows as we do not want to do business with clients who are unwilling to provide the required evidence.
- We have made significant investments to implement the new international standard “Automatic Exchange of Information” in tax matters for our European locations effective April 1, 2017, which will foster even stronger transparency internationally.
- Consistent with our zero tolerance policy, we continue to work closely with the local authorities in all matters and particularly in this new case.
- Since 2013, we apply the “Withholding Tax Agreement” between Switzerland and the UK.

IN DEPTH

SYRIA

Continued from Page One

Exum, until January a U.S. deputy assistant secretary of defense for the Middle East.

With its growing might, this arch-foe of Israel, a group long labeled terrorist by the U.S., has gained a modicum of international recognition. It participated in negotiations sponsored by Russia following the rout of rebels from Aleppo. When China's special envoy to Syria visited Lebanon in December, he carved out time to see Hezbollah's foreign-relations chief.

Even before the Syrian civil war, Hezbollah had evolved beyond its guerrilla-group origins into a business and political enterprise that holds positions in Lebanon's government and runs social programs such as schools and clinics.

Now it is poised to capitalize on what many Middle East analysts expect will be an eventual end to the Syrian war that leaves Mr. Assad in power. Syria will have \$180 billion of war-reconstruction needs, by a World Bank estimate.

Hezbollah has experience at that. After a 2006 conflict with Israel, the group efficiently organized the rebuilding of battered Beirut suburbs.

"Hezbollah is well-positioned to make a lot of money" from Syrian reconstruction, said Matthew Levitt, director of the Washington Institute's Stein Program on Counterterrorism and Intelligence, a veteran of the Treasury and State departments.

U.S. and Israeli officials have watched the growth of Hezbollah with concern, worried it could draw on its Syrian recruits to pressure Israel from a new front along the Golan Heights, captured by Israel 50 years ago. In March, Hezbollah announced the formation of a Syria-based "Brigade for the Liberation of the Golan" devoted to wresting the heights back for Syria.

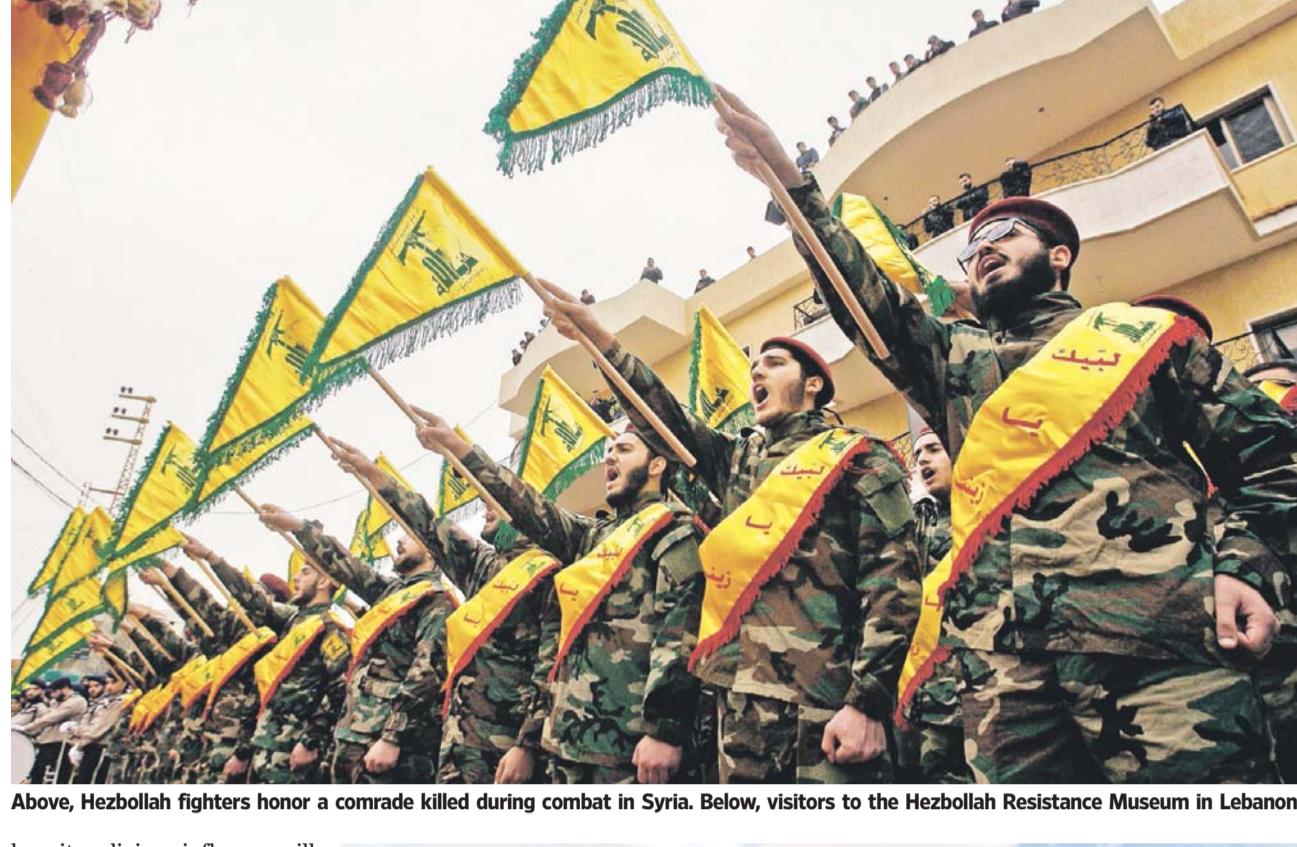
"Israel knows that what has happened in Syria has changed Hezbollah, which has developed from not just defending against Israel, but attacking it," said a senior official from an alliance of Hezbollah, Syria and Iran. "It has now developed traditional and nontraditional means of war. It fights like a guerrilla army but also like a conventional one."

Israel hasn't waited for a Hezbollah attack in the Golan, sending aircraft to strike Iranian shipments of sophisticated arms to Hezbollah.

Premier Benjamin Netanyahu told President Donald Trump during a February U.S. visit that Hezbollah's expanded arsenal also endangers American warships in nearby waters, said diplomats briefed on the meeting.

The U.S. is well aware of Hezbollah's expanding capabilities and will continue working closely with partners in the region to address threats the militant group poses, a State Department official said, adding that disrupting Hezbollah's terrorist and military capabilities was a top U.S. priority.

Hezbollah's role has implications for eventual postwar arrangements in Syria, given



Above, Hezbollah fighters honor a comrade killed during combat in Syria. Below, visitors to the Hezbollah Resistance Museum in Lebanon.

on Arabic-speaking Hezbollah officers to bridge a language gap that Iran's Farsi-speaking Quds Force couldn't overcome. A collateral result was to seed a Hezbollah social influence in parts of Iraq that persists.

Hezbollah later trained Yemen's Houthi rebels. The Houthis now are locked in a bloody war with Saudi Arabia and the United Arab Emirates, who are backed by the U.S.

In Syria, Hezbollah is playing for lasting political and social influence, Western and Arab diplomats say. The group has broadened its mandate to protecting religious minorities—not only Shiites but also Christians—and begun replicating inside Syria the social programs that brought it loyalty and political success at home.

Hezbollah has created a Syrian branch of its Imam al-Mahdi youth movement, a Boy Scouts-type group whose Facebook page shows videos of children getting coloring books, saluting at military parades and somersaulting over fire pits. Part of the idea is to funnel young people to Hezbollah-sponsored local fighting groups and to the larger ranks of Syrian civilians—accountants, hairdressers and farmers—who maintain a fierce dedication to what they call the resistance.

Among Hezbollah supporters in Syria, deference to the Damascus regime is eroding. Photos on the walls in Syrian towns show dead fighters, described as martyrs, against a backdrop of Hezbollah leader Hassan Nasrallah and Iranian revolutionary leader Ayatollah Ruhollah Khomeini. There are few photos of Mr. Assad.

Coffins of Syrians who fought with Hezbollah used to come home draped with both Syria's flag and Hezbollah's bright yellow banner showing a green hand holding up a rifle. Over the past year, they have started arriving with just the Hezbollah flag.

In Qusayr, the Syrian town where Hezbollah has confiscated homes for its supporters, Hezbollah militants held a military parade in November showcasing antiaircraft systems and tanks. "To host a military parade commanding yourselves in another country is as bold as you can get," said a former State Department official. "It's telling your masters 'We're here now.'"

The boldness carries over to the negotiating table in talks to decide Syria's fate. Hezbollah has dangled offers to Syrian rebel groups weary of fighting. A pending deal with one called Saraya Ahl Alsham, in the southwest Syrian town of Qalamoun, would allow people who fled to return with a promise of protection from Syrian government prosecution or conscription. Hezbollah has said it would guarantee the agreement.

"Hezbollah is in charge of the whole region, and they control everything here," said Abu Ishak, a spokesman for Saraya Ahl Alsham. Tweaking an Arabic proverb to describe the Syrian regime's absence from the negotiating table, he said, "Hezbollah designs it, and the Syrian regime wears it."

—Noam Raydan
and Rory Jones
contributed to this article.



ORLANDO TIGLIOLI FOR THE WALL STREET JOURNAL

addition to protection.

Militarily, it remained a guerrilla force, better at launching rockets from the bushes than spearheading offensives on urban centers—until Syria's civil war began in 2011. After wading in to protect its Iranian arms flow, Hezbollah stepped up its military commitment to counter Sunni extremists such as Islamic State, which regards Shiite Muslims such as Hezbollah as infidels.

Hezbollah expanded its arsenal by gaining access to

Russian and Syrian weapons under the cover of the civil war's chaos.

Shipments from Iran gave the Lebanese group precise and powerful armaments that it previously lacked, such as Russian-made Yakhont missiles, said a former State Department official. Cooperation with Russia on the battlefield further increased the flow of weaponry.

"Russian stocks are open to Hezbollah," said a Hezbollah official who travels frequently to Damascus. "Our fighters

eat and sleep alongside theirs and we're sharing everything, always."

While an end to Syria's civil war could change the dynamics, Middle East analysts generally think Hezbollah's expanded access to weapons is secure.

Damascus was once considered a Hezbollah proxy master, but Western diplomats say the Lebanese group is carving out its own zones of influence across Syria by training local fighters. They include Shiites and Alawites, the latter being adherents of a branch of Shiite Islam that includes the Assad family.

Western diplomats estimate the number of these fighters loyal to Hezbollah's command, which Hezbollah calls al-Ridha Forces, and known locally as "Hezbollah in Syria," in the tens of thousands. Hezbollah officials say it is lower. Hezbollah's presence in Syria stretches 250 miles from the northern tip to the south, longer than the length of Lebanon.

Ryan Crocker, a former U.S. ambassador to both Iraq and Syria, said the autonomy Hezbollah enjoys in Syria arises partly because "Iraq is more important for Iran in many ways than Syria is," while to Hezbollah, next-door Syria is more important.

Messrs. Crocker and Exum said Hezbollah's strategy in Syria mirrors the Lebanese group's involvement in Iraq after the 2003 U.S. invasion. At that time, Hezbollah provided training inside Iran to Iraqi Shiite militiamen. Iran relied

A Power in Syria

The Lebanese militant group Hezbollah has become an important player in the Syrian civil war, training local fighters and leading offensives against anti-Assad rebels.



THE WALL STREET JOURNAL

When Russia and Syria wanted to put priority on retaking Islamic State's capital of Raqqa last year, Hezbollah, along with Iran, insisted the focus instead be dislodging rebels from Aleppo to force them to the negotiating table, according to Mr. Exum and a Hezbollah official.

The strategy worked. The rebels evacuated Aleppo and agreed to participate in Russian-sponsored political negotiations now taking place in locations outside Syria.

When formed in the 1980s, Hezbollah was trained by Iran's Quds Force, an arm of the Islamic Revolutionary Guard Corps that manages Iranian clients across the region. Hezbollah gave Lebanon's disenfranchised Shiite community political power and won its loyalty by providing free schooling and health care in

allow you to go on their land," he said.

Mr. Richardson has finely tuned his foraging techniques. He pulls on his rubber boots—since fiddleheads sprout along rivers—and ventures out as early as 4:30 a.m., equipped with onion sacks, five-gallon buckets and a few cans of Coke.

"You try to get there early when the pickin' is good," he said.

He also has teamed up with other foragers to approach patches by boat. "You can fill a whole canoe right through with fiddleheads in half a day," he said. He notices a lot more pickers wearing earbuds to listen to music, but he prefers to focus on the task and watch the wildlife.

"You see geese, ducks, beaver, muskrat, fish jumping."

Such foraging comes across as less peaceful to landowners like Mr. Marks. He'll be sitting in his recliner watching television when he glances out the window and spots foragers walking through his property—at times moving carefully so as not to draw attention. "Some of them are sneaky," he said.

One morning last spring,

Mr. Marks was at one end of his property when he got a call from a neighbor. Some pickers had headed onto the other side of Mr. Marks's land. He jumped into his four-wheeler with his black lab Vader and rode up to the foragers—who didn't seem too worried, he recalls.

"Nice dog," they said.

The Pine Tree State has long prided itself on an "open lands" culture, rooted in Colonial-era law giving anyone the right to walk through private unimproved land to reach a pond bigger than 10 acres.

Now, because Maine's land is 94% privately owned, the state's economy is dependent on the generosity of landowners for places to hunt, fish, snowmobile and more.

Property owners can erect signs to keep out visitors, but it isn't easy because of "onerous" regulations about the number of signs required, said Mr. Saviello. And posting is often frowned upon because many Mainers cling to the "open" tradition, he said.

The bill would afford landowners with fiddleheads the same protection awarded to those with rockweed, a brown seaweed draped over the

rocks on Maine's coast. Rockweed has become part of a multimillion-dollar industry for organic fertilizer and other products.

In 2015, two brothers whose family has owned coastal property since the 1900s joined with a homeowners association to stop a Canadian company called Acadian Seaplants, Ltd. from harvesting rockweed there without permission.

At the crux of the debate

was differing interpretations of an ordinance that dates to the 1600s and granted public access for "fishing, fowling and navigation" in the land that is exposed between low and high tides—where rockweed grows.

James Black said that he did post signs asking people who want to visit his family's 700-acre "Black Acres Farm" in Wilton, Maine, to get permission from the owners first—but the foragers think it doesn't apply to them.

They are after chaga, a mushroom species reputed to be an immune-boosting superfood. "Some of them can be pretty pushy," Mr. Black said.

Some forest gleaners say it is sad but understandable that gathering wild plants is facing more regulation.

Too many foragers have gotten greedy to keep up with consumer demand, said Michael Douglas, program director of Maine Primitive Skills School, which focuses on outdoor education.

"It's really new and kitsch to go out and order wild leeks," Mr. Douglas said, as an example. "Our culture seems to have this superstar or super-fungus-of-the-week mentality."

TAMMY MARKS



Tim Marks with bounty from his own fiddlehead patch in Maine.



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LIFE & ARTS



FROM TOP: ISTOCK; RIPE KITCHEN & BAR

FOOD

Steak Without Shame

Diners who prefer well-done meat know what they like, even if others think it's a 'crime against beef'

BY HILARY POTKEWITZ

ON A RECENT VISIT to a steakhouse in Omaha, Neb., Caroline Zaayer Kaufman went through a song and dance that may be familiar to anyone who always orders their steak well-done.

The server, incredulous, asked if she was sure. (She was.) "So that means it'll be cooked all the way through." (Yes.) "No pink in the middle?" (Correct.) "The chef will probably need to butterfly it." (That's fine.) "Your entrees will take longer to come out." (That's OK.) "You know, you could just eat a hockey puck covered in blue cheese instead of wasting a steak."

Ms. Kaufman, a 38-year-old marketing writer, laughed. A life-long Nebraskan, she knows the rules: "In this state, it's considered a crime against beef to eat it cooked more than medium." Adding to her culinary rap sheet, Ms. Kaufman occasionally requests Al sauce for her well-done tenderloin. "My husband has vowed to never take me out for a nice steak again

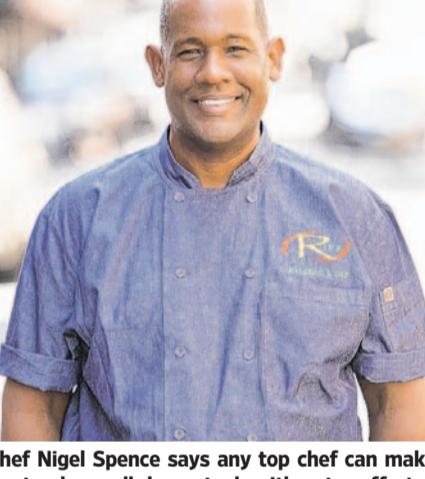
because of my blasphemous eating habits," she says.

The revelation that President Donald Trump orders his steak well-done has drawn attention to the long-suffering portion of the population who like their meat bloodless.

For Gwen Weiler, a book editor in Columbia, S.C., who's been shamed in restaurants for requesting A1, learning that Mr. Trump favors ketchup also gave her a boost. "I'm a classier steak-eater than the president!" she says.

The 35-year-old gets a little pang of anxiety when she goes out for steak. "I've had to send steak back multiple times because my version of well-done is not their version," she says. "It's like they're saying, 'Bless your heart, we know better than you so we're going to give you something bleeding.'"

About 19% of diners prefer their meat well-done or very well-done, according to a 2014 study by the Cattlemen's Beef Board. (That's



Chef Nigel Spence says any top chef can make a tender, well-done steak with extra effort.

compared with the 30% who prefer medium-rare, the most popular preparation.) Many in the well-done camp have grown accustomed to deep resistance—even condemnation—from restaurant staff. They also expect a second helping of scorn from tablemates.

"There is definitely a feeling of

shame that comes with ordering your steak well-done," says New Yorker Tom Gesimondo, owner of business brokerage firm Transworld Business Advisors of Brooklyn West. Mr. Gesimondo, 58, goes to steakhouses several times a month with clients.

"I am so tired of apologetically ordering my filet mignon and offering 'the chef can butterfly it if he wants', and having the waitstaff accept my offer like they're embarrassed for me," he says.

Butterflying—slicing a thick cut of meat into two thinner cuts attached at the center—allows a steak to cook through faster. But it also lets out more natural juices and can lead to a drier end result.

For that and myriad other reasons, most chefs resent it when customers ask for well-done. "It's true. I cry on the inside," says executive chef Victor Chavez, who spent 38 years at New York's Smith & Wollensky and recently opened his own restaurant, Green-

wich Steakhouse. "It takes me three to 12 weeks to age our beef, and I also butcher it myself into these beautiful little steaks," he says. "It hurts to see all that work wasted."

Matt Belton, 47, a cattle rancher in Steamboat Springs, Colo., feels no shame. He says he's used to the snickering and "harassment" he gets for ordering his steak very well-done while wearing a cowboy hat. His wife Christy won't even defend him. "I like to rub it in. I tell the waiter, 'Just bring mine out—don't even bother to cook it,'" she says. "I guess opposites attract."

Well-doners have various reasons for their choice: Some say they're concerned about possible bacteria in what they see as undercooked meat, or that red beef juice makes them squeamish. Others say they prefer a firm texture or the flavor of char—despite studies linking burned meat with increased cancer risk. Some shrug it off as a generational thing.

"Unfortunately, well-done is the only way my in-laws will eat their steak," says Zach Ellsworth, a 36-year-old caterer and owner of The Foundry, a modern American eatery in Uniontown, Pa. He trains his staff to pre-empt such orders by saying, "The chef recommends the New York strip medium-rare. Is that OK with you?"

They strongly advise against well-done, but after informing the diner of the potential consequences the indemnified servers happily take all orders.

Rodrigo Fierro, a welder in Houston, refuses to accept that well-done meat must eat like shoe leather. "I don't like having to pull my steak with my teeth like an animal," he says. "But the way I cook them, at a very low temperature, slow, heavily seasoned, it'll cook completely through and be just as tender as any other steak. I guarantee it."

Chef Nigel Spence, owner of Ripe Kitchen and Bar, a Jamaican restaurant in Mount Vernon, N.Y., may be one of the few pros who understands the draw of well-done meat.

"In Jamaica, our cattle and meat in general isn't bred to be soft, so we've always done a lot of stews and braises," he says.

A classically-trained chef, Mr. Spence defeated chef Bobby Flay on his Food Network show "Throwdown" in 2007. One of Mr. Spence's signature dishes is a jerk rib-eye steak, which he says is best served medium-rare. "But everybody wants to order it well-done." He always urges people to try it his way, but says he often gets nowhere. And he's OK with that.

"My customers really taught me how to make a rib-eye steak well-done so it's good and juicy," he says, adding that any top chef can do well-done meat well with extra effort. "If it tastes like cardboard, it's just because the chef is pissed off at you for ordering a well-done cut, so he annihilates it to say, 'If you don't care, then I don't care.'"

PLAYLIST | Robert Hass

NONSENSE WORDS, TRUE LOVE



Robert Hass, 76, is a Pulitzer Prize-winning former U.S. poet laureate who teaches at the University of California, Berkeley. He is the author of "A Little Book on Form" (Ecco). He spoke with Marc Myers.

Pop music was a bit sappy in 1954, but the Chords, a black vocal-harmony group, were like nothing I had ever heard.

My older brother and I shared a radio that sat on a table between our two beds. He exposed me to the cool R&B station in Oakland, Calif., across the bay. That's how I first heard the Chords' "SH-BOOM" that summer of 1954.

"Sh-Boom" begins with the Chords singing "Life could be a dream" a cappella. Then a tenor voice sings the song's verse: "If I could take you up in paradise up above."

But what caught my ear were the Chords' nonsense syllables: "Day dong dah ding-dong" and "Sha-lang da-lang da-lang." They were like the bells that went off in my head in the presence of a desirable girl. On the song's bridge, an earthy baritone

enters: "Every time I look at you / something is on my mind / If you do what I want you to / baby, we'd be so fine." It sounded like the subconscious voice of cheerful lust.

So there's this double articulation—the sweet idealized narration and this subliminal other thing. And in the middle came Sam "The Man" Taylor's saxophone solo, which sounded like raw hunger.

But the song wasn't about sex. Instead, it expressed the fireworks of a perfect love, and it mimicked exactly the unharmonized registers of my cracking, adolescent voice.

That fall, I heard "Sh-Boom" at a school dance—the other 1954 hit version by the Crew-Cuts, a white quartet from Canada. They sounded like guys with shined shoes selling the idea of being a teenager. And I have to admit I bought it.

At the dance, all the girls wore cashmere sweaters the color of fall leaves. Someone had taught me to bop dance by lifting up my heels, so I danced with a few girls that evening.

But there was one girl in particular. Some years later we married. The marriage lasted 23 years. Three children and six grandchildren. Sh-boom, sh-boom.

THE CHORDS, photographed around 1954.



JAMES KRIEGSMANN/MICHAEL OCHS ARCHIVES/GETTY IMAGES

LIFE & ARTS



SIGHTINGS | Terry Teachout

How Seeing Less Is Seeing More

People spend an average of 17 seconds looking at a painting during a museum visit; Slow Art Day hopes to change that.

SATURDAY IS Slow Art Day, an annual event in which 156 museums and art galleries in the U.S. and around the world are participating this year. Here's how it works:

- Sign up at a local museum or gallery. (You can do so at www.slowartday.com.)
- Show up on Saturday, then "look slowly—5–10 minutes—at each piece of pre-assigned art."
- Discuss your experience with other participants. Each institution has its own arrangements for doing so, but "what all the events share is the focus on slow looking and its transformative power."

That's all there is to it. The point is not the discussions, but the individual looking. According to the Slow Art Day website, "When people look slowly at a piece of art they make discoveries. The most important discovery they make is that they can see and experience art without an expert (or expertise). And that's an exciting discovery. It unlocks passion and creativity and helps to create more art lovers."

I think Phil Terry, the founder of Slow Art Day, is onto something here. As he explained in a 2011 interview with ARTnews magazine, "My wife kept dragging me to museums. I didn't know how to look at art. Like most people, I would walk by quickly." Then he spent a full hour looking at "Fantasia," a spectacularly complex 1943 abstract painting by Hans Hofmann that belongs to the University of California's Berkeley Art Museum, and found the unfamiliar experience galvanizing. According to one survey, most people spend roughly 17 seconds looking at each individual painting during a museum visit. That's why Mr. Terry started Slow Art Day—to encourage all of us to slow down and see more of what's there to be seen in great works of art. "People usually go to a museum, see as much as they can, get exhausted, and don't return," he says. "Slow Art Day energizes people."

I am, I blush to admit, a bit of a galloper when it comes to mu-



Francisco de Goya's 'The Miracle of St. Anthony' (1798), top, at the Carnegie Museum of Art and Adam Bernaert's 'Vanitas' (c. 1665), above, at the Walters Art Museum; after spending an hour looking at Hans Hofmann's 'Fantasia' (1943), right, at the Berkeley Art Museum, Phil Terry decided to start Slow Art Day. The annual event takes place this Saturday.

seum-going. But I've spent enough time closely scrutinizing important works of art to know that the more time you spend looking at a painting of quality, the more fully it reveals its secrets, in much the same way that you come to understand a novel more completely by re-reading it. This is true of all important art, regardless of medium: I've reviewed Shakespeare's "King Lear" a dozen times for the Journal, and I'm only just starting to appreciate how rich and subtle it is.

The difference—at least in theory—is that performed art, unlike visual art, must be experienced across a pre-defined span of time. It takes a half-hour, more or less, to listen to a symphony by Mozart or Haydn, and the only way to speed up the process is to bribe the conductor to play it faster. Unfortunately, a fast-growing number of people now do most of their listening not in concert halls but on computers and handheld devices of various kinds. Even for a seasoned music lover, the

temptation to click from piece to piece in search of instant gratification—and, even more dangerous, to turn all music into background music that is played without truly being heard and experienced—can be overwhelming.

That's why Benjamin Britten, even though he made memorable recordings of most of his major compositions, once claimed that "the loudspeaker is the principal enemy of music." Strong words, but Britten's explanation of what he meant has never been more relevant than it is today: "Music demands more from a listener than simply the possessions of a tape-machine or a transistor radio. It demands some preparation, some effort, a journey to a special place, saving up for a ticket, some homework on the program perhaps, some clarification of the ears and sharpening of the instincts." Who does that kind of "homework" nowadays? We increasingly assume that museums will do it for us—or that it needn't be done at all. And given the natural tendency



of busy people to rush through every part of their lives, it stands to reason that more casual museum-goers will try to "take it all in" in a single visit instead of quietly, patiently communing with individual works. This is what makes Slow Art Day so valuable.

Most of the institutions in the U.S. that are participating this year are comparatively small and little-known. Still, a handful of major museums, among them Baltimore's Walters Art Museum, the Museum of Fine Arts, Houston, Philadelphia's Barnes Foundation and Pittsburgh's Carnegie Museum of Art, have signed up, and

I'm sure that many of the smaller venues are worth a visit as well. In any case, it takes only one good painting, and five minutes of your time, to make Slow Art Day worth the trouble. Who knows what could happen if you make yourself stand in front of a painting like "Fantasia" and look at it for five whole minutes? You might end up sticking around for another five—or 55.

Mr. Teachout, the Journal's drama critic, writes "Sightings," a column about the arts, every other week. Write to him at teachout@wsj.com

FILM REVIEW | Joe Morgenstern

MALADAPTATION OF THE SPECIES



A SINGLE SEQUENCE can define the essence of a movie, or hint at what the movie might have been. In "The Zookeeper's Wife" it's the Luftwaffe's bombing of the Warsaw zoo in September 1939, when Hitler's forces have just invaded Poland. The spectacle is one of utter madness. Some animals perish in their cages, others flee in terror onto the streets. "Wild animals are loose!" a loudspeaker blares; wild, yes, though no more so than the Nazi beasts to come. The moment is memorable but the film is not, despite the richness of its theme—a zookeeper and his wife protecting their remaining animals while saving the lives of hundreds of Warsaw's Jews. In a production based on a nonfiction book by Diane Ackerman, a brilliantly specific story has been reduced to conventional drama and synthetic heroics.

The title role is played by Jessica Chastain; she is Antonina Zabinski, on whose memoirs, notes and diaries the book was based. Ms. Chastain brings a special grace and fierce intelligence to her performance, as she always does. It's lovely to watch Antonina, immediately before the invasion, bicycling through the zoo on a bright summer morning to greet the creatures she loves, and then, after the Nazi darkness descends, tending her human flock. But the movie's star, like everyone in

the cast, is burdened by an intrusive accent and clumsy dialogue, a deadly combination that deprives all concerned of a native language; if that's the price of telling a national story to an international audience, it's a deal breaker.

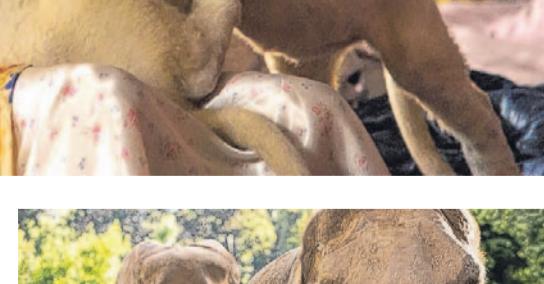
The director was Niki Caro, who came to prominence with "Whale Rider," another film about love of the natural world. Who knows what she might have done with a better script, but this adaptation, by Angela Workman, isn't up to the challenge of its source material. One choice it makes is flat-out foolish—turning Hitler's chief zoologist, a eugenics-obsessed scientist named Lutz Heck (Daniel Brühl), into a gun-toting suitor for Antonina's affections. Another is clichéd—a Jewish girl, traumatized by life in the Ghetto, who can express herself only through drawings on a wall of the villa where, within the



Above: Jessica Chastain as Antonina Zabinski; right: Johan Heldenbergh as Jan

zoo's confines, Antonina and her husband, Jan (Johan Heldenbergh), give shelter to a revolving population of Ghetto escapees.

The film takes on far more than it can handle with any clarity, focus or narrative logic—the fate of the animals; the fate of the Jews in hiding (most of whom are generic presences rather than individuals); the Warsaw uprising as the Nazis' hold on the city weakens. Yet the most basic flaw may lie in the initial decision to film the book. It's a wonderful book, the densely detailed work of a writer, and naturalist, who finds the general in the particular—how animals and humans illuminate each other's



realms of existence, how the heroic devotion of Antonina and Jan to the lives around them grew out of their grounding in the life sciences. Not all wonderful books, though, are meant to be mainstream films.

OPINION

REVIEW & OUTLOOK

Senate Republican Suicide

House Republicans immolated themselves over health care, and now Democrats are hoping the Senate GOP will perform its own kamikaze turn over Supreme Court nominee Neil Gorsuch. If Republicans blink and tolerate Democratic filibusters of High Court nominees, they should hand over their majority to the Democrats now.

Minority Leader Chuck Schumer's strategy is transparent: Stage-manage an unprecedented filibuster against Judge Gorsuch, and then portray Republicans as radicals if they change Senate rules to break it. The gambit is to coax at least three of the 52 GOP Senators to cut a deal with Democrats that hands the minority political leverage over President Trump's judicial nominees.

Mr. Schumer and other Democrats are trying to lure those Republicans into a deal by preaching a false institutionalism that claims to be acting for the good of the Senate. They want to scare the GOP into believing that breaking a filibuster would somehow break the Senate as a deliberative body that requires 60 votes and bipartisan consensus to act.

But the real radical act is a Supreme Court filibuster. Mr. Schumer wants to use the filibuster to defeat Judge Gorsuch outright, or negotiate a deal that gives the judge a confirmation pass of 60 votes in return for a guarantee that GOP Senators won't break a filibuster on future nominees during the Trump Presidency.

Either result would do great harm to the Senate's advice and consent role under the Constitution, tilt the Supreme Court to the left, reward the most partisan voices in the Senate on the left and right, further inflame grassroots conservative outrage against political elites, and deal a grievous wound to the Republican Party. Other than that, a great day at the office.

Start with the fact that there has never been a partisan filibuster of a Supreme Court nominee. The elevation of Justice Abe Fortas to become Chief Justice in 1968 failed amid bipartisan opposition due to his policy collaboration with the White House while he was a Justice.

The one cloture vote to end debate on that nomination failed 45-43, well short of the 67 votes required at the time. Nineteen Democrats and 24 Republicans voted against cloture in what was the last year of Lyndon Johnson's Presidency, and Fortas asked LBJ to withdraw his nomination. Filibusters were mooted against William Rehnquist and Samuel Alito but never materialized. A cloture vote against Rehnquist failed in 1971, 52-42, but he was later confirmed 68-26. Justice Alito easily won a cloture vote

and was confirmed 58-42. Republicans never even attempted to filibuster Bill Clinton or Barack Obama's four nominees who went on to become Justices.

**A filibuster deal with
Democrats over Gorsuch
would be a judicial
and political disaster.**

of Republicans and Democrats struck the Gang of 14 deal that agreed to confirm nominees except in "exceptional circumstances."

But Democrats ended that deal when they regained power. In 2013 they unilaterally rewrote Senate rules to break the filibuster for appellate nominees for Barack Obama. Democrats would surely do the same for the Supreme Court the next time they control the White House and Senate, as Senator Tim Kaine explicitly promised to do if Hillary Clinton won the election.

A deal now with Democrats would create a double standard in which GOP nominees are subject to a 60-vote standard but future Democratic nominees aren't. It would also deny other Senators their constitutional right to offer advice and consent by casting a vote on nominees. A filibuster essentially blocks a vote to confirm, though a nominee like Judge Gorsuch would receive more than 50 votes. He could be denied a seat on the Court on purely procedural grounds, something that has never happened.

If Judge Gorsuch is confirmed, the next opening could come as early as the end of the current Supreme Court term in June and could determine its direction for years. If Democrats know they can block any nominee with a filibuster, they can dictate that no one on Donald Trump's campaign list of 21 potential nominees can be confirmed. Democrats could guarantee that no one to the right of Justice Stephen Breyer can be confirmed.

This would betray the voters who elected Donald Trump and a GOP Senate in 2016. The Supreme Court wasn't some political afterthought last year. It was central to the campaign and crucial in motivating millions of Americans to go to the polls. If you think GOP voters are angry now, imagine what they'll be like if Republicans let Democrats block conservative judges. This would be Senate Republican suicide.

After the health-care fiasco, Republicans need to show Americans they can follow through on their governing promises. If the GOP doesn't want to squander its Senate majority, it will stay united and confirm Neil Gorsuch, even if it means breaking an unprecedented Senate filibuster.

North Korean Killers Go Free

Malaysia allowed three North Korean suspects in the Feb. 13 killing of Kim Jong Nam, half-brother of dictator Kim Jong Un, to leave the country on Thursday night. In return Pyongyang released nine Malaysian diplomats and family members it had prevented from going home. The deal means the North Koreans who allegedly planned the killing, including four who fled Malaysia within hours, will never be held accountable in a court of law.

If there's a silver lining in this affair, it's that Pyongyang burned some valuable bridges. Malaysia has been a convenient base for dodging United Nations sanctions.

As the Journal reported last week, in 2014 the U.N. flagged Malaysia Korea Partners, a com-

pany that sent North Korean workers to construction projects in Africa, as a possible sanctions violator. Malaysian authorities didn't respond to the U.N. and began to investigate MKP only after the Kim assassination. One reason may be that MKP hired and gave stakes to politically connected Malaysians. Other such companies are now being probed.

Until recently, Malaysia was one of the few countries that allowed North Koreans to visit without a visa. Yet Pyongyang rewarded Kuala Lumpur by using nerve gas in an international airport and then holding diplomats hostage. Other governments that help Kim Jong Un make money should learn a lesson: There's no honor among killers.

Icahn't Believe It's an Ethics Conflict

There are ethics complications aplenty in the Trump Administration, which makes it strange that Democrats and the media

are inventing phony ones. The other irony is that the same people assailing billionaire investor Carl Icahn for conflicts of interest tend to share his underlying policy positions.

President Trump named his friend Mr. Icahn as a special outside adviser for deregulation, and the businessman has become a roving critic of anti-growth or incoherent rules. One of his better targets is the Environmental Protection Agency's ethanol mandate, though liberals claim he is self-dealing because a company he owns would benefit from reform.

Mr. Icahn is the majority owner of the Texas oil merchant refining outfit CVR Energy, which like all refiners and importers must comply with the EPA's quotas for blending ethanol into gasoline. These are enforced with a dysfunctional trading system called Renewable Identification Numbers, or RINs, that stand in for gallons of ethanol consumed at the pump.

RINs prices have surged more than 5000% since 2005 and now trade at about 20 times what a gallon of ethanol is worth. The reason is that the EPA mandates more ethanol than that the gas supply can realistically accommodate, and thus valid RINs are artificially scarce. CVR would gain from rationalizing these distortions, but then so would the larger economy and the consumers who are harmed by higher fuel bills.

Senate Democrats say Mr. Icahn is running a secret inside job. In a February letter to the White House counsel and the Office of Government Ethics and then a follow-up last week, seven Democrats claim he has "taken the first opportunity to leverage his newfound political power for his own personal gain." The signatories include Elizabeth Warren of Massachusetts,

Debbie Stabenow of Michigan and Sherrod Brown of Ohio.

On the ethical merits, this is frivolous. Mr. Icahn is giving Mr. Trump his opinion as a private citizen, not as a government policy-making employee with political power. His views on RINs predate the President's election and have been vented in a op-ed in these pages disclosing his business interests in the policy.

Mr. Icahn also happens to believe that the RINs market is rigged to generate "windfall profits" for "Wall Street, Big Oil and large gas-station chains" at the expense of small and medium refiners like CVR, as he wrote in the Journal. The system is "full of manipulation, speculation and fraud," he added. Hmmm. This sounds familiar.

In a 2013 letter to the Commodity Futures Trading Commission (CFTC), Ms. Stabenow observed that "factors other than supply and demand have been causing extraordinary volatility in the price of RINs." She feared that "a lack of transparency in these markets has made them more susceptible to manipulation. If this is the case, it is a problem that must be identified and fixed."

As recently as a letter last year, Ms. Warren also warned the CFTC about "the risks of speculation" that "can drive up the price of oil and gas for consumers." And Mr. Brown and other signatories joined a 2012 letter lambasting "excessive speculation in America's oil and gasoline markets" and told the CFTC to root out "fraud, abuse, and manipulation."

Democrats can't blame Mr. Icahn for passing along their own opinions. Meanwhile, reform is overdue at the EPA, and Mr. Icahn is doing a public service by exposing the agency's RINs extortion racket.

What Devin Nunes Knows



**POTOMAC
WATCH**
*By Kimberly
A. Strassel*

California Rep. Adam Schiff may not offer much by way of substance, but give him marks for political flimflam. The ranking Democrat on the House Intelligence Committee was so successful at ginning up fake outrage over his Republican counterpart that he successfully buried last week's only real (and bombshell) news.

Mr. Schiff and fellow Democrats spent last week accusing Chairman Devin Nunes of carrying water for President Trump, undermining the committee's Russia investigation, and hiding information. The press dutifully regurgitated the outrage, as well as Mr. Schiff's calls for Mr. Nunes to recuse himself from the investigation into possible Russian electoral meddling.

All this engineered drama served to deep-six the important information Americans urgently deserve to know. Mr. Nunes has said he has seen proof that the Obama White House surveilled the incoming administration—on subjects that had nothing to do with Russia—and that it further unmasked (identified by name) transition officials. This goes far beyond a mere scandal. It's a potential crime.

We've known since early February that a call by former national security adviser Mike Flynn to the Russian ambassador was monitored by U.S. intelligence. There's nothing improper in tapping foreign officials. But it was improper that Mr. Flynn's name was revealed and leaked to the press, along with the substance of his conversation. The media nonetheless excused all this by claiming one piece of Mr. Flynn's conversation (sanctions) was relevant to the continuing investigation into Trump-Russia ties.

Around the same time, Mr. Nunes's own intelligence sources informed him that documents showed further collection of information about, and unmasking of, Trump transition officials.

These documents aren't easily obtainable, since they aren't the "finished" intelligence products that Congress gets to see. Nonetheless, for weeks Mr. Nunes has been demanding intelligence agencies turn over said documents—with no luck, so far.

Mr. Nunes earlier last week got his own source to show him a treasure trove of documents at a secure facility. Here are the relevant details:

First, there were dozens of documents with information about Trump officials. Second, the information these documents contained was not related to Russia. Third, while many

reports did "mask" identities (referring, for instance, to "U.S. Person 1 or 2") they were written in ways that made clear which Trump officials were being discussed. Fourth, in at least one instance, a Trump official other than Mr. Flynn was outright unmasked. Finally, these documents were circulated at the highest levels of government.

To sum up, Team Obama was spying broadly on the incoming administration.

Mr. Schiff's howls about Mr. Nunes's methods are bluster; the Republican was doing his job, and well. Mr. Nunes has spent years cultivating whistleblowers and sources as part of his oversight responsibilities, and that network scored him information that has otherwise remained hidden.

Meantime, few things match the ludicrous furor over Mr. Nunes's source-

Team Obama was spying broadly on the incoming administration.

meeting place, or his visit to brief Mr. Trump. Congress members must view most classified material on executive-branch grounds, since that's the only way to access it physically. Having discovered the former administration's surveillance of Trump officials, Mr. Nunes had a duty to let the White House know. (Imagine if he'd sat on it.) He could hardly let Democrats know first, since their only interest these days is in leaking and twisting stories.

And the reason he held press briefings before and after his meeting with Mr. Trump was to be transparent about his purpose.

Hint to the press corps: If Mr. Nunes wanted to tip off the White House about his Russia probe, it'd be a lot easier to speed-dial Steve Bannon secretly from his office.

If Mr. Schiff wants to be trusted with important information, he might start by proving he is trustworthy—rather than rumor-mongering that there is "more than circumstantial evidence" of Trump-Russia collusion. He might voice some concern that a prior White House was monitoring its political opponents. He might ask whether Obama officials had been "reverse monitoring"—tracking foreign officials solely so they could spy on the Trump team.

Mr. Nunes has zero reason to recuse himself from this probe, because he is doing his job. It's Mr. Schiff who ought to be considering recusal, for failing to do his own.

Write to kim@wsj.com.

The Climate Yawns



**BUSINESS
WORLD**
*By Holman W.
Jenkins, Jr.*

The oddest criticism of Donald Trump's climate action last week was the claim, mentioned almost triumphantly by every news source, that it would save few coal jobs. The economic and technological forces, especially the flood of low-carbon natural gas from fracking, are just too powerful.

Then why, if you're a Democrat, put yourself in that position in the first place to take blame for killing coal jobs? Why enact a costly regulation to do what the market was doing for free? When everybody else wanted to blame the Florida recount for his 2000 defeat, Al Gore was smart enough privately to blame gun control. When you lose your home state as presidential candidate, something is wrong. The same blundering ineptitude explains how the Obama alliance with the greens threw away first Congress and then a presidency.

Of course the news reports are right: "The regulatory changes are entirely outweighed by these technological changes, not to mention the price of natural gas or renewables," Mark Muro of the Brookings Institution was quoted telling the New York Times.

So potent and large are these global forces that repealing the Obama rules, costly as they are, not only won't affect coal jobs, it won't affect climate.

Gina McCarthy, Mr. Obama's EPA administrator, admitted as much when confronted, during a 2015 House hearing, with the fact that, by the agency's own climate models, the effect would be only 1/100th of a degree Celsius. Instead, she said success should be measured in terms of "positioning the U.S. for leadership in an international discussion."

Even so, many climate activists felt the need to walk back Ms. McCarthy's concession by insisting Obama policies would have a measurable effect—on the amount of CO₂ released. Yes, the relative decrease would be tiny but measurable, though the climate effect would be zip. This is akin to medical researchers claiming a drug a success because it's detectable in the bloodstream, not because it improves health.

And don't get us started on the "social cost of carbon," a mechanism of policy justification created by the

Obama EPA to assign a dollar-value benefit to carbon abatement rules that, in total, will produce zero impact on climate.

Pile up all the government policies enacted or seriously on the table, and their net effect is zilch. A new McKinsey study, that would be hilarious if it weren't so sad, points out that Germany's switch to renewables has been a success by almost every metric except CO₂ output—which is up instead of down.

Rising energy prices to support this energy transition have had one measurable effect—more than 330,000 German households have had their electricity shut off in the past year from nonpayment of bills almost three times as high as those paid by U.S. households.

Germany, needless to add, is many greens' idea of a country "positioned for leadership in international discussions."

No rational consideration, however, will abate the torrent of priestly imprecations hurled by green activists last week at Mr. Trump. The New York Times insists that Trumpian action "risks the planet"—plainly false since nothing either Mr. Trump or Mr. Obama did will make a difference to the planet.

Literally no amount of money dissipated on climate policy is excessive to such people, because their shamanistic status is directly proportional to the social waste they can conjure. In the realm of religion are we called upon to perform symbolic actions whose purpose (and cost) is aimed at testifying to our membership in the elect.

The most poignant question, however, is what happened to Democrats? They were once a party whose members cared whether policy was efficient and produced benefits for the American people.

It was not yet today's Democratic Party of Chuck Schumer, who isn't stupid and yet is associated with no body of policy thought or analysis. If he even has anybody on his staff deputized to think about the results of policy, it probably is the lowliest intern.

A wrecking ball of a president was the Trump electorate's answer to this problem. It's hard even now to say they were wrong. If he delivers nothing in the next four years, it is alarming to suspect that this likely would still be a better result than the U.S. would have gotten under Hillary Clinton.

OPINION

Mistakes, He's Made a Few Too Many



DECLARATIONS
By Peggy Noonan

Near the end of the campaign I wrote a column called "Imagine a Sane Donald Trump," lamenting that I believed he was crazy, and too bad. Too bad because his broad policy assertions, or impulses, suggested he understood that 2008 and the years just after (the crash and the weak recovery) had changed everything in America, and that the country was going to choose, in coming decades, one of two paths—a moderate populism or socialism—and that the former was vastly to be preferred, for reasons of the nation's health. A gifted pol-

Crisis will inevitably strike, so America needs stability and strength. Will Trump be ready?

itician could make his party the leader toward that path, which includes being supportive and encouraging of business but willing to harness government to alleviate the distress of the abandoned working class and the anxious middle class; strong on defense but neither aggressive nor dreamy in world affairs; realistic and nonradical on social issues while unmistakably committed to protecting the freedoms of the greatest cohering force in America, its churches; and aware that our nation's immigration reality was a scandal created by both parties, and must be redressed.

You could discern, listening to his interviews and speeches, that this was more or less where Donald Trump stood. If a politician

governed along those lines, he could help bring forward a politics more pertinent to the times, end brain-dead fixations, force both parties to question their ways of operating, and possibly push our national politics in a more productive direction. All this in my view would be good.

Undergirding my thinking is the sense that a big bad day is coming—that we have too many enemies, and some of them have the talent to hurt us, and one or more inevitably will. Whatever helps hold us together now will help hold us together then, when we're under severe pressure.

Behind that thought is the observation that our country is stressed to the point of fracture culturally, economically, politically, spiritually. We find it hard to hold together on a peaceful day, never mind a violent one. And so right now we must institute as much good feeling and cooperation in Washington as we can. The nation longs for examples of constructiveness and capability. We've got to keep the long view in mind.

The priority is stabilizing and strengthening what we have, and encouraging wherever possible an atmosphere of peacefulness and respect.

That's where I am, or rather what I think is politically desirable.

Looking at the administration 70 days in, things do not, in these areas, look promising. There's too much gravitational pull to the president's accumulated mistakes.

His stupid tweets have now resulted in the Russia probe. *That* will help opioid addicts in Ohio. This Thursday he may have launched a Republican civil war: The Freedom Caucus had better "get on the team, & fast. We must fight them, & the Dems, in 2018!" *That* will help promote harmony. His staff has failed to absorb the obvious fact that Mr. Trump was so outsized, colorful, and freakish a character that their primary job, and an easy one it was, was to be



the opposite—sober, low-key, reassuring. Instead they seemed to compete with him for outlandishness.

Whatever your feelings and views, whatever was said behind closed doors, in the photo-op the president of the United States must shake the German chancellor's hand. Not only because you are a gentleman, not only because it is your job to represent America with grace, but because a baseline requirement of your office is to show public respect for a great nation with which we have a history, part of that history constituting a jewel in the crown of 20th-century world diplomacy.

It amazes me that in his dealings with the health-care bill Mr. Trump revealed that he has no deep knowledge of who his base is, who his people are. I've never seen that in politics. But Mr. Trump's supporters didn't like the bill. If they had wanted a Republican president who deals only with the right, to produce a rightist bill, they would have chosen Ted Cruz. Instead they chose someone outside conservatism who backed big-ticket spending on infrastructure and opposed cutting entitlements, which suggested he'd be working with Demo-

crats, too.

A president dealing with a national issue that arouses anxieties has to take time and speak repeatedly on the plan and the goal, with the kind of specificity that encourages confidence. "You win the argument, then you win legislatively," Newt Gingrich said in an interview this week, paraphrasing Margaret Thatcher.

And a president must always appear to be leading, not meekly tagging leaders within the Congress.

Seventy days is only 70 days. Mr. Trump's supporters will give him time. During the campaign I spoke often to a friend in north Georgia, a Trump supporter who was a Democrat and voted for Barack Obama. She is unshaken. Mr. Trump is "making the kind of mistakes a new president makes," she says now. "He's having growing pains. Because he's not a politician."

He's not. But he is the holder of the highest political office in the land, which requires some political discipline.

Whenever I used to have disagreements with passionate pro-Trump people, I'd hear their arguments, weigh their logic and grievances. I realized after a while that in every conversation we al-

ways brought different experiences to the table. I had worked in a White House. I had personally observed its deeper realities and requirements. Their sense of how a White House works came from news shows and reading, and also from TV shows such as "House of Cards" and "Scandal." Those are dark, cynical shows that more or less suggest anyone can be president. I don't mean that in the nice way. Those programs don't convey how a White House is an organism demanding of true depth, of serious people, real professionals. A president has to be a serious person too, and not only an amusing or stimulating talker, or the object of a dream.

Robert Sherwood, the playwright who was Franklin D. Roosevelt's speechwriter throughout the war, saw him as subtle, high-minded, and one of the great "showmen" of presidential history. Sherwood's biographer, Harriet Hyman Alonso, quotes Sherwood on how sometimes FDR spoke to him "as if he were an actor who had been reading my lines." After a speech in Philadelphia, the president asked Sherwood if he thought the timing in a section of the speech was good. Sherwood called it perfect. Roosevelt then gave him "one of his sly looks and asked, 'Do you think [Alfred] Lunt could have done it any better?'" Lunt was the great stage actor of the day.

That is the public part of the presidency, which we see so much now that we think it's all there is. But there is a private presidency. It is in private that Mr. Trump does his tweeting. It is in private, in the office, that a crisis comes over the transom, and is announced by the national security adviser. Maybe the mad boy-king of North Korea will decide it's a good day to see if his missiles can hit Los Angeles. Maybe a sleeper cell of terrorists will decide it's a good day to show it's woke.

Crisis reveals the character, the essential nature of a White House. Seventy days in, that is my worry.

Greenberg Doesn't Want Buffett to Buy AIG

By James Freeman

After another disappointing quarter at AIG and the announcement that CEO Peter Hancock has agreed to resign, stock analysts have begun wondering: Will Warren Buffett's Berkshire Hathaway buy all or part of the troubled insurer? The man who built AIG into a global giant doesn't think much of the idea. "I'd be very opposed to that," Hank Greenberg tells us. "When you have the history of what happened to AIG and its relationship with Warren Buffett's company, you'd understand why."

Specifically, Mr. Greenberg believes Mr. Buffett's Berkshire is partly responsible for the mess at AIG that began when Mr. Greenberg was deposed as CEO in 2005. Twelve years ago, New York's then-Attorney General Eliot Spitzer—who would later resign in disgrace from New York's governorship—forced AIG's board to fire Mr. Greenberg. It proved to be a disaster for both AIG shareholders and the financial system.

After Mr. Greenberg departed, AIG ramped up its bets on the U.S. housing market. The company nearly collapsed during the 2008 financial crisis before receiving a taxpayer bailout of more than \$180 billion. Later AIG seemed to return to health and repaid its government loans. But the apparent turnaround was achieved in part by selling valuable assets and by writing policies that now look less profitable. The company recently posted a quarterly loss of \$3 billion.

AIG will now search for its sixth CEO since it was decapitated by Mr. Spitzer. "It's very depressing," Mr. Greenberg says, "to see what was the largest, most successful insurance company in history find

itself in the state that it's in today." He has only recently been freed from the litigation unleashed by Mr. Spitzer, who claimed Mr. Greenberg had authored a fraudulent reinsurance deal in 2000. The current attorney general, Eric Schneiderman, continued the civil case and tried to bar Mr. Greenberg from the securities industry and from running a public company. But in a settlement struck in February, Mr. Schneiderman failed to impose either penalty.

"First of all, he failed for good reason," Mr. Greenberg says now. "There was nothing done improperly on the side of AIG or myself." The case's resolution means that there is no legal obstacle preventing the spry 91-year-old from returning to save the company he made famous.

"Would I like to find a way to help AIG?" Mr. Greenberg asks. "Of course I would." Would he consider serving again as CEO? "I'll make that decision," he replies, "if I'm asked."

But he's already convinced that Berkshire Hathaway should not gain control of AIG. It was a Berkshire-owned company, General Re, that was on the other end of the reinsurance deal Mr. Spitzer seized upon. Mr. Greenberg says that back in 2000, when he suggested a transaction with Gen Re, he did not know that "the Warren Buffett reinsurance companies—there were several of them—were having difficulty" with regulators in jurisdictions around the world.

Mr. Greenberg says he also didn't realize that the legitimate transaction he proposed in 2000 was later changed at Gen Re into something improper. It was only years later, he says, that he learned the Berkshire-owned company had given him a "fictitious

set of numbers."

By the mid-2000s, exotic reinsurance deals were attracting the attention of Mr. Spitzer. Gen Re had already been fielding inquiries from regulators around the world. But Mr. Spitzer seems to have been looking specifically for a way to prosecute Mr. Greenberg, who had criticized

But the ex-CEO, finally free of legal jeopardy, is eager to help revive the troubled insurer.

some of the attorney general's enforcement actions. According to a sworn affidavit from former New York Attorney General Dennis Vacco, in a 2004 meeting Mr. Spitzer used a string of expletives in a rant about Mr. Greenberg and said he intended to bring down the AIG boss and his son, also an insurance executive.

Mr. Greenberg says that Mr. Buffett communicated with the New York attorney general and "gave him the name AIG. That's all that Spitzer needed to hear and that's

the start of the whole thing." Mr. Greenberg adds: "How much did Warren Buffett know? I have no idea. But why did he go to Spitzer?"

Mr. Buffett declined to be quoted for this article, and we've seen no evidence that he knew anything about improprieties in any of his reinsurance businesses, at least some of which appear to have occurred before Berkshire's ownership. To this day, Mr. Greenberg calls Gen Re's CEO from that period, Ron Ferguson, "an honorable guy," and the former AIG chief still does business with Berkshire. If anything improper was done, it appears to have occurred well below Mr. Buffett's level. Further, if lawyers working for Berkshire found something they believed to be improper, reporting it to prosecutors would be the right thing to do.

But did Mr. Spitzer give Berkshire companies a pass on questionable transactions in order to get the AIG boss? "Apparently he did," says Mr. Greenberg.

Years after Mr. Spitzer's departure, while the case continued to wind through the legal system, Mr. Greenberg visited Mr. Buffett in

Omaha, Neb. "I went out and had dinner with him," he says, "and asked him to go to the attorney general and bring an end to this farce." But Mr. Buffett "said he couldn't do it," Mr. Greenberg recounts. "He said his lawyers wouldn't let him."

Describing their dinner, Mr. Greenberg says: "It wasn't frosty. It wasn't warm. It was kind of matter-of-fact." He adds: "I couldn't budge him."

Now, if Mr. Buffett wants to make a bid for AIG, he probably won't be able to budge Mr. Greenberg, who thinks Berkshire Hathaway shouldn't own the company he built. Mr. Greenberg still controls about 1% of AIG shares. Such a deal also isn't necessarily a natural fit, given Mr. Buffett's general preference for buying straightforward, reliable businesses, rather than troubled, complicated ones.

But AIG's board should take Mr. Greenberg up on his offer to help. He's waited long enough—and so have AIG shareholders.

Mr. Freeman, assistant editor of the Journal's editorial page, writes the Best of the Web column for WSJ.com.

Can Trump Cut a Deal With Egypt?

By Eric Trager

The relationship between Egypt and the U.S. will look sunnier on Monday, when President Abdel Fattah Al Sisi visits President Trump in Washington. Under the Obama administration, Mr. Sisi's authoritarianism made him persona non grata. The key question: Can Mr. Trump translate the warm welcome into a "good deal" for America?

This isn't the first U.S.-Egypt "reset." Upon taking office, President Obama courted Mr. Sisi's predecessor, Hosni Mubarak, who had resented the Bush administration's "freedom agenda." Mr. Obama emphasized convergence with Egypt on the Israeli-Palestinian peace process, while playing down human-rights concerns.

Mr. Obama's priorities shifted, however, once Mr. Mubarak was overthrown in 2011. The White House backed Egypt's democratic transition and cooperated with the Muslim Brotherhood leader Mohammed Morsi, who won the 2012 presidential election.

The following year, after mass protests in Egypt, the military, led by Mr. Sisi, ousted Mr. Morsi and oversaw a deadly crackdown on Morsi supporters. The Obama White House responded by withholding weapons shipments. Cairo inter-

preted this as U.S. support for the Muslim Brotherhood, which Egypt soon declared a terrorist organization. Weapons shipments resumed in 2015, but Cairo's distrust of Washington persisted. Meanwhile, Egypt deepened its ties to Russia through arms deals and joint military exercises.

Now Mr. Sisi will encounter a friendlier White House. Mr. Trump is skeptical of democracy promotion and won't press Egypt on political reform. Officials in the Trump administration have praised Mr. Sisi's

Washington has a strong hand to ask for real concessions.

2014 speech urging Muslim clerics to combat extremism. And they share his view that the Brotherhood is a terrorist organization.

Warmer relations could improve intelligence sharing and strategic cooperation. At the very least, Cairo should consult with Washington regarding Russia's reported deployment of troops in western Egypt. Perhaps support for Mr. Sisi would dampen the anti-Americanism in Egypt's media. If Mr. Trump insists, maybe Mr. Sisi will release Aya Hezay, a U.S. citizen who has been

arbitrarily detained since 2014.

Still, both countries' domestic politics pose challenges. Egyptian officials have requested more U.S. military and economic aid. Egypt also wants Washington to renew cash-flow financing, which enables it to sign more expensive weapons contracts. But Mr. Trump vows to cut foreign aid.

Meanwhile, Mr. Trump ought to prioritize Egypt's counterterrorism efforts. Egypt's military was built to fight land wars, and its brass refuses to focus aid on counterterrorism. Cairo may try to win this debate by playing to Mr. Trump's pledge to create jobs: Buying weapons systems ultimately helps employment in the defense industry.

Mr. Trump's best chance to cut a "good deal" with Mr. Sisi may be on Monday, when the Egyptian leader receives the Washington welcome he has long desired. But if Mr. Sisi pockets that victory without conceding anything on his country's deepening relationship with Russia, prosecution of Americans, or aid priorities, Mr. Trump will have wasted Washington's best hand in years.

Mr. Trager is a fellow at the Washington Institute for Near East Policy and author of "Arab Fall: How the Muslim Brotherhood Won and Lost Egypt in 891 Days."

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LIFE & ARTS

WHAT'S YOUR WORKOUT? | Jen Murphy

Training for a Gig On Mount Everest

THE EIGHTH STOP on Paul Oakenfold's Generations World Tour, which kicked off Feb. 24, is his most ambitious gig in three decades as a DJ. As the 53-year-old partyhops around the globe from Miami Music Week to Attica, a Singapore nightclub with a riverside champagne bar, he's been training for his April 11 performance in Nepal. That will require him to trek to 17,500 feet above sea level to reach the stage at Mount Everest's South Base Camp.

The three-time Grammy nominee is a pioneer of electronic dance music. Until now, his workouts consisted of working up a sweat behind the turntables at hot spots like Ibiza. Mr. Oakenfold has performed in extreme places, including on the Great Wall of China and Ushuaia, Argentina, near the southernmost tip of South America. But his shows have never required the physical and mental stamina of reaching Everest Base Camp, a journey that usually takes eight days.

"I've never hiked in my life," the Englishman says. "My mum's like, 'Why did you pick the hardest one to start with?' But this opportunity came up and I'm at a point in my career where I want challenges. I want to bring electronic music to the farthest reaches of the world."

British mountaineer Kenton Cool, who has climbed Mount Everest 12 times, will guide Mr. Oakenfold and his group, which includes a Nepalese DJ and film crew. Mr. Oakenfold started training in November. Maintaining a six-day-a-week routine from his home in Los Angeles wasn't so bad, he says. But waking up for a 6 a.m. workout after playing a set until 3 a.m. on tour has been taxing. "My friends tease me that I won't go out or drink," he says. "But I know I need to take this seriously if I want to get up the mountain." He plans to donate his



equipment to a local DJ school in Nepal and will donate proceeds from the tour to two Nepalese charities and the Mayor's Music Fund in London.

The Workout

Mr. Oakenfold starts each morning by taking 30 deep breathes from his diaphragm, followed by a series of stretches. In November, he began the first phase of his training, walking 3 miles five to six days a week. Phase Two required him to hit the gym, something he says he hadn't done in decades. He would climb the StairMaster or walk on the treadmill at an incline to simulate hiking. Mr. Oakenfold eventually worked his way up to walking at a quick pace on the treadmill at a steep incline for one hour.

Once that felt comfortable he started wearing an altitude mask. "I got all sorts of crazy looks from people at the gym," he says. "The mask reduces the air you breathe. It's quite claustrophobic, but really helps me focus on breathing from my stomach rather than my chest."



Paul Oakenfold works out in Miami while on tour to prepare for his expedition to Mount Everest's South Base Camp.



He started taking Pilates classes at the gym to build core strength and had a trainer develop a strength routine of medicine-ball lunges, crunches, roll-ups and negative holds on the Roman chair to strengthen the lower back, hip flexors and abs.

Phase Three of his training included hiking outdoors for two to three hours. "I'm lucky that my recent tour took me to mountain towns in Vermont, Salt Lake City and Whistler [British Columbia] so I could hike at altitude," he says. He spent time in a CVAC Hy-

pobaric Chamber at the Beverly Hills Rejuvenation Center a few times a week for the two months leading up to his expedition. The chamber simulates high-altitude conditions. Mr. Oakenfold gradually made his way to simulating being at 17,000 feet above sea level in the chamber.

The Diet

Mr. Oakenfold did a self-imposed cleanse in November, cutting out two substances that fuel most DJs: caffeine and alcohol. "I didn't want to be taking any stimulants,"

he says. "That's tough when you're playing shows late into the night and then need to be up the next morning to work out and catch a flight." He swapped out pasta, rice and dairy for a Paleo-influenced diet of root vegetables, salads and lean protein, like fish and chicken. He's been obsessive about tracking his water intake. "I've done my research and know that if you don't hydrate at altitude you'll suffer from headaches or dehydration," he says.

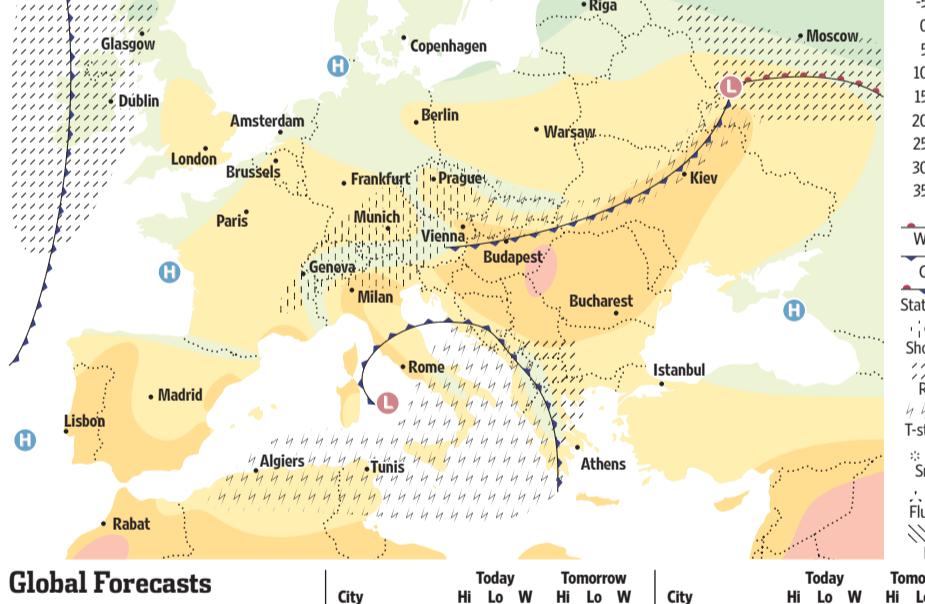
The Cost & Gear

Mr. Oakenfold entered this process knowing nothing about mountaineering gear. He got outfitted by the Canadian outdoor gear company Arc'teryx. "When I asked about a shower, Kenton told me to buy baby wipes," he says. He purchased the Training Mask 2.0 from Under Armour (\$80), which is meant to simulate high-altitude training and regulate breathing.

The Playlist

"I don't listen to music when I train," he says. "I try to clear my head, which is a workout of sorts. We all have so much going on in our minds that to really be present and focused is a challenge. I try to zone out and concentrate on my breathing when I'm walking or hiking."

Weather



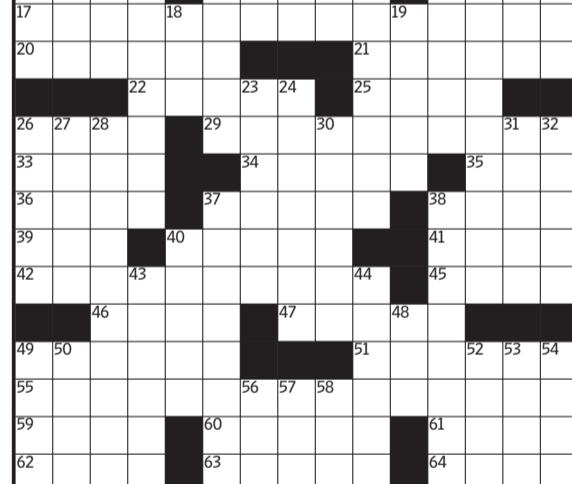
Global Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	15	6	pc	15	6	pc
Anchorage	7	3	pc	9	5	sh
Athens	17	12	r	18	12	pc
Atlanta	24	16	t	26	14	pc
Bahrain	23	12	pc	23	13	s
Baltimore	18	12	r	24	10	t
Bangkok	33	24	t	33	26	t
Beijing	26	10	pc	22	10	c
Berlin	14	3	pc	15	5	pc
Bogota	22	8	pc	21	8	r
Boise	10	-2	pc	13	3	pc
Boston	9	3	s	7	4	r
Brussels	16	6	pc	16	6	c
Buenos Aires	25	17	sh	26	16	sh
Cairo	26	15	s	29	16	s
Calgary	4	-7	pc	6	-3	s
Caracas	32	26	s	32	26	pc
Charlotte	22	15	r	27	11	pc
Chicago	13	7	r	13	4	pc
Dallas	26	15	s	29	12	s
Denver	13	-3	r	4	-7	sn
Detroit	13	9	r	15	4	c
Dubai	35	25	s	30	22	s
Dublin	13	4	r	12	4	pc
Edinburgh	13	5	r	11	5	pc
Frankfurt	19	6	pc	17	6	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Geneva	18	7	t	16	5	sh
Hanoi	27	20	c	28	22	c
Havana	32	19	pc	31	19	s
Hong Kong	24	20	pc	25	21	s
Honolulu	30	23	s	29	22	pc
Houston	28	16	s	30	19	s
Istanbul	17	9	p	17	10	c
Jakarta	31	25	t	31	25	t
Johannesburg	29	14	s	27	13	s
Kansas City	16	7	r	16	8	t
Las Vegas	22	10	pc	20	9	s
Lima	27	21	c	27	21	pc
London	17	7	pc	15	5	c
Los Angeles	21	11	pc	25	12	s
Madrid	19	5	s	22	7	s
Manila	32	25	s	33	25	s
Melbourne	21	9	s	23	11	s
Mexico City	28	9	s	29	10	s
Miami	30	24	pc	31	23	s
Milan	24	10	s	22	10	pc
Minneapolis	14	5	c	16	5	c
Monterrey	33	12	s	36	15	pc
Montreal	8	2	pc	5	0	r
Mountain View	27	16	pc	28	15	pc
Nairobi	22	15	s	27	27	pc
Nashville	23	14	r	24	13	pc
New Delhi	39	23	pc	38	23	pc
New Orleans	28	16	t	28	20	s
New York City	13	8	p	17	8	r
Orlando	31	20	pc	33	20	pc
Zurich	17	6	pc	13	7	r

The WSJ Daily Crossword | Edited by Mike Shenk



TOOL TIME | By Aaron L. Peterson

- | Across | Down |
|---------------------------------|--|
| 1 Shoot the breeze | 33 Force fighting good |
| 5 Vaults | 47 Spirit pursued by a satyr |
| 10 Pool table surface | 49 Declared authoritatively |
| 14 Romantic flower | 51 Hits the bottle |
| 15 Be of the same opinion | 55 Parade leader's favorite tool? |
| 16 At any time | 59 First-rate |
| 17 Jet pilot's favorite tool? | 60 Not cramped |
| 20 On the schedule | 61 Mardi Gras city's nickname |
| 21 Exquisite | 62 Butte's cousin |
| 22 Schemers hatch them | 63 Deal with |
| 25 Storage spots | 64 Piece of cake |
| 26 Give a new look to | 65 Old PC monitors |
| 29 Sound mixer's favorite tool? | 2 Coyote's cry |
| | 3 Largest continent |
| | 4 Major movie expected to support a studio |
| | 46 Look after |

- | | |
|--|-----------------------------------|
| 5 Michael of "Bonanza" | 30 To the exclusion of all else |
| 6 Easter basket item | 31 Wear away over time |
| 7 Former White House spokesman Fleischer | 32 Lengthy paper size |
| 8 Signing need | 33 Flaps for pooches |
| 9 Spots for planting | 38 They're heard during rush hour |
| 10 Manx or Maine Coon | 40 Thick |
| 11 City of southern Indiana | 43 Egypt-Arabia separator |
| 12 Easter lead-in | 44 Early stage in development |
| 13 Card above a deuce | 48 Container of peas |
| 18 Snaky fish | 49 Phishing offer, e.g. |
| 19 Sandbox toys | 50 Lotion additive |
| 23 Fill, as a partially full cup | 52 Hill in Jerusalem |
| 24 Steakhouse choice | 53 Jazz legend Fitzgerald |
| 26 TV's Philbin | 54 Strike, in a way |
| 27 Bring to mind | 56 Agile deer |
| 28 Lost motorist's need | 57 Female deer |
| | 58 Expert in CPR |

Previous Puzzle's Solution

UPLIT	PGA	CHATE
PAULO	LOW	COLON
ORDER	HERE	SPOKE
NEO	RUDE	ENYA
KING	DOM	OFGOD
IDB	BADGE	PERU
RAY	LUNULES	MIL
PINHOLD	LOIN	CLASSUP
AIDA	AMNESTY	GPA
GENUSEDIT	TOB	ESP
ABET	LEVIS	FAMILYGUY
ERECT	ALLIE	LEAGER
STRAY	NYC	SHORE

The contest answer is CAMEL. Each of the five parenthetically-numbered answers can be anagrammed to a life form: PINHOLD/dolphin, LOW/owl, LOIN/lion, SHORE/horse and UPLIT/tulip. Using the theme entries, take dolphin's biological order (Cetacea), lion's kingdom (Animalia), lion's class (Mammalia), horse's genus (Equus) and tulip's family (Liliaceae); their first letters spell the contest answer.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, April 3, 2017 | B1

Euro vs. Dollar 1.0697 ▲ 0.21%

FTSE 100 7322.92 ▼ 0.63%

Gold 1247.30 ▲ 0.18%

WTI crude 50.60 ▲ 0.50%

German Bund yield 0.329%

10-Year Treasury yield 2.396%

Value of Deals Soars in Europe

By BEN DUMMETT

It turns out Europe doesn't need China to drive deal-making.

After more than tripling last year, Chinese acquisitions in Europe fell 87% in the first quarter, hindered by the Asian giant's plans to restrict capital outflows. Still, a drive by North American and European companies to boost profits by cutting costs and unlocking new revenue sources spurred multibillion-dollar transactions, pushing deal value in Europe sharply higher in the first three months of 2017.

Some of those deals included the \$16.6 billion

Reckitt Benckiser Group PLC-Mead Johnson Nutrition Co. tie-up, Johnson & Johnson's \$30 billion pact for Swiss biotech **Actelion Ltd.** and the made-in-U.K. **Standard Life** PLC-Aberdeen Asset Management £3.8 billion (\$4.74 billion) merger.

The activity highlights renewed confidence in M&A among some large European and U.S. companies, some bankers say, following challenges last year that included Britain's decision to leave the European Union, Donald Trump's surprise election as U.S. president and anemic European growth.

Potential worries remain as



Reckitt Benckiser products on display at a store in Germany.

Britain begins talks to actually exit the EU and investors brace for key French and German elections. But improving stock-market and economic conditions are so far offsetting

that uncertainty. In Europe, for instance, the broad-based Stoxx Europe 600 index is up about 5% in 2017, after ending lower last year. Debt financing remains cheap and economic growth, though still relatively muted, is expected to accelerate from this year to next, the European Commission forecast in February.

"Companies are now operating in a more stable environment and that is giving confidence to pull the trigger on big strategic deals which sometimes take longer to complete," said Alasdair Warren, co-head of Deutsche Bank's corporate and investment bank for Europe, the Middle

East and Africa.

Still, the favorable environment could make major European companies more susceptible to takeovers by U.S. rivals, some bankers say. That is because gains in the U.S. dollar against the British pound and euro combined with the availability of cheap debt lowers acquirers' costs. European stock markets also trade at a discount to their U.S. counterparts, boosting the firepower of U.S. companies.

The broad-based Stoxx Europe 600 index trades at 15.8 times 2017 estimated earnings, a discount to the Standard & Poor 500 benchmark's price.

Please see DEAL page B2

Schneider Nears Sale Of Data Business

By BEN DUMMETT

French power-equipment supplier **Schneider Electric SE** is close to selling U.S.-based data-software business **DTN** to a Europe-based financial investor in a deal valued at around \$1 billion, according to a person familiar with the matter.

The planned transaction, depending on final negotiations, could be announced in the next couple of days, the person said. The identity of the buyer couldn't immediately be learned.

Schneider acquired DTN, which distributes real-time weather information to farmers and other customers, as part of its €1.4 billion (\$1.5 billion) acquisition in 2011 of Spain's Telvent. But in October, Schneider announced a strategic review of the busi-

The French firm is seeking to sell DTN to a financial investor for \$1 billion.

ness, and decided against trying to build a subscription-based business as a new source of revenue.

DTN's expected sale price of close to \$1 billion would allow Schneider to recover the bulk of what it paid to acquire Telvent, while retaining a large part of its operations.

The expected sale also comes as the French multinational's overall strategy is showing signs of paying off. In February, it reported 24% growth in annual net profit, attributing the strength to a combination of organic growth, cost controls and improving margins.

Based in Minneapolis, Minn., DTN is most widely known for its ownership of the Progressive Farmer magazine, a storied U.S. agricultural periodical founded in 1886.

That operation, though, is only a small part of its business. DTN also collects and electronically transmits weather information to farmers, primarily in the U.S. on a subscription basis, to help them determine the best time to plant certain crops.

Other customers that depend on up-to-date weather information range from airlines to professional golf associations. DTN offers a similar service for refined fuel aimed at the energy sector.

Traders also subscribe to the company's commodity-market data service.

INSIDE



U.S. PORTS FORGE ALLIANCES

BUSINESS, B2



ATLAS MARA PLANS TO SCALE BACK

FINANCE & MARKETS, B2



Arjeplog, Sweden, is a hub for destination driving programs, which are intensifying competition among luxury auto makers.

Auto makers compete for well-heeled customers with exclusive programs

By CHESTER DAWSON

ARJEPLOG, Sweden—Software architect Chris Weber used to consider spending six hours behind the wheel a chore. That was before he learned to do figure eights in a 550-horsepower sports coupe on a sheet of solid ice.

The Kansas City, Kan., resident picked up those trick driving skills during a five-day trip to a remote winter driving facility run by **Jaguar**, just weeks after buying one of the car maker's luxury SUVs.

"I didn't go to summer camps as a kid, but the concept was like winter camp" for

adults, Mr. Weber said of the trip, which cost \$3,900 a person, plus airfare. When he returned to Kansas, Mr. Weber prayed for snow so he could try to replicate some of his newly acquired techniques in a parking lot. "I did take off the traction control on our cars—for a day," he said.

His wife, Hillary, a geologist for an environmental-engineering company, said they would like to go back to Sweden for the thrill of the ride, natural spectacles like the Northern Lights and the charming Scandinavian countryside, though not necessarily for the local cuisine.

"The last day we ate roasted reindeer leg and smoked moose heart. That was a bit intimidating," she said.

Once the sole domain of car critics and engineering teams, driving programs that test the

limits of premium vehicles are becoming *de rigueur* for auto makers' best-heeled customers. Jaguar Land Rover, a unit of **Tata Motors Ltd.**, launched its Lapland ice-driving tour this year, and similar winter-driving courses in Sweden offered by **Daimler AG** and **BMW AG** sell out months in advance.

Executives at these auto makers say destination driving programs are as popular with travel buffs as they are with gear heads. And for the brands themselves, these courses are becoming an essential point of distinction as luxury nameplates.

A flood of new models are hitting luxury dealer lots, intensifying competition among brands that had banked on

repeat business from loyalists who considered themselves part of an elite family.

As more mainstream brands, such as Volvo Car Corp. and **Hyundai Motor Co.**, introduce premium vehicles, the fight over a limited pool of buyers is growing.

"We see it as a tool for sales conquests and loyalization," said Robert Eichlinger, head of BMW & Mini driving experience. Participants "are opinion makers who share their experience" through word-of-mouth and social media.

BMW offers driving tours of sand dunes in Namibia. Land Rover, which has long provided rugged trips on several continents, challenges thrill-seeking drivers to ford a river before ascending a steep "Heart Break Hill" at an off-road site in Johannesburg, South Africa.

Porsche AG, which opened

Please see DRIVE page B2

Starbucks CEO Faces U.S. Challenge

By JULIE JARGON

Kevin Johnson, the tech-industry executive who officially takes over Monday as the chief executive of **Starbucks Corp.**, inherits a company facing its most prolonged slowdown in the U.S. since the recession.

For more than six years, Starbucks had been posting quarterly same-store sales growth of 5% or greater in its biggest market. But that changed last year when it began missing analysts' sales targets.

The company last year blamed everything from uncertainty about the outcome of the presidential election and weak consumer confidence to disruption brought on by changes in its loyalty program.

Then, in January, the coffee chain said a mobile-order app created to reduce long lines at the cash register caused congestion at the drink handoff area of some

cafes—leading customers to forgo a Starbucks run upon seeing crowded stores and causing the chain to miss sales expectations again. The chain lowered its revenue forecast for the year.

As Howard Schultz, the CEO who built Starbucks into a global coffee chain, steps down to focus on de-



Kevin Johnson, shown at Starbucks' headquarters in Seattle, will take the CEO reins as the company faces a slowdown in the U.S.

veloping luxury coffee shops within the company, Mr. Johnson has to make good on Starbucks' promise to restore the U.S. business to its historic growth levels of at least 5% increases in same-store sales.

Some Wall Street analysts

have expressed reservations

about whether Mr. Johnson

has the right background to steer a large, global retail business, but others have said his time running daily operations at Starbucks has prepared him well.

The 56-year-old former Microsoft executive and Juniper Networks Inc. CEO

has been on the Starbucks board since 2009 and has served as the coffee chain's operating chief for the last two years, before being tapped to take the top job late last year.

The Wall Street Journal

sat down with Mr. Johnson to talk about the CEO hand-off, the slowdown in U.S.

sales and why he doesn't

plan to back away from taking a stand on social issues,

despite recent backlash from a refugee-hiring announcement.

Edited excerpts:

WSJ: How much autonomy will you have as CEO?

Mr. Johnson: Howard has

Please see CEO page B2

Please see CEO page B2

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	G
Actelion.....B1	General Mills.....B3
Alphabet.....B4,88	GlaxoSmithKline.....B3
Apple.....B4	Glencore.....B7
Atlas Mara.....B7	H
B	HM Revenue and Customs.....B7
Barclays.....B7	I
BMW.....B1	Invitation Homes.....B5
BP.....A1	iShares MSCI Mexico Capped.....A2
C	J
CBOE Holdings.....B8	Jaguar.....B1
Chevron.....A1	L
China Evergrande Group.....B5	Lenovo Group.....B5
Credit Suisse.....B7	Lululemon.....B8
D	M
Daimler.....B1	Mead Johnson Nutrition.....B1
Danone.....B3	MuleSoft.....B5
Dow Chemical.....B3	N
DTN.....B1	O
DuPont.....B3	Nasdaq.....B8
E	P
Exxon Mobil.....A1	Odey Asset Management.....B8
F	R
Facebook.....B4	Porsche Automobil Holding.....B1
Foxconn Technology.....B4	S
G	Reckitt Benckiser Group.....B1
H	Ross Stores.....B8
I	Royal Dutch Shell.....A1
J	Samsung Electronics.....B4
K	Schneider Electric.....B1
L	Snap.....B4,B5
M	SpaceX.....B3
N	Spotify.....B8
O	Standard Chartered.....B5
P	Standard Life.....B1
Q	Starbucks.....B1
R	T - U
S	Tata Motors.....B1
T	Twitter.....B4
U	Union Bank of Nigeria.....B7
V	Virtu Financial.....B1
W	WhiteWave Foods.....B3

INDEX TO PEOPLE

B	J
Brodsky, Bill.....B8	Johnson, Kevin.....B1
C	K - L
Caldwell, Ryan.....B5	Knatz, Geraldine.....B2
Cameron, Mark.....B2	Lomer, David.....B2
Cifu, Doug.....B8	M
Concannon, Chris.....B8	Mattila, Rick.....B5
D - E	Medina, Miguel.....A4
Diamond, Robert.....B7	Moers, Tobias.....B2
Eichlinger, Robert.....B1	P
F	Pitkethly, Graeme.....B2
Faber, Emmanuel.....B3	Polik, Dean.....B2
Fareri, Luca.....B2	Yim, David.....B5
G - R - S	Repetto, Richard.....B8
H	Schultz, Howard.....B1
I	Seaman, Andy.....B5
K	Siegel, Simeon.....B8
L	T
M	Tegnér, Pierre.....B3
N	Tilly, Edward.....B8
O	W
P	Walmsley, Emma.....B3
Q	Weber, Chris.....B1
R	Y

DEAL

Continued from the prior page earnings multiple of 18.1 times, according to FactSet.

"A number of companies are looking at the wish list and thinking 'maybe I should make an approach because the circumstances won't remain here forever,'" said Luca Ferrari, head of EMEA M&A at Bank of America Merrill Lynch.

In February, Unilever PLC lent credibility to that view, in part blaming the U.S.-European stock-market valuation gap for Kraft Heinz Co.'s \$143 billion unsolicited bid for the Anglo-Dutch consumer-goods giant. In the end the Pittsburgh- and Chicago-based company dropped its bid amid stiff opposition from its Dutch rival. Five days after that decision Unilever Chief Financial Officer Graeme Pitkethly cited the recent rise in the average price/earnings ratio for U.S. companies as a contributing factor behind the bid.

Despite the sharp slowdown in M&A by China into Europe so far this year, the Asian giant's appetite for higher-end manufacturing and other expertise to help spur domestic consumption ensures that buyers will return, bankers predict, noting the capital controls are meant to be temporary. Some suggest activity could start to rally early next year, once China's power structure becomes clearer after the Communist Party congress in October.

"Chinese demand [for deals] is as strong as it has ever been," said David Lomer, J.P. Morgan co-head of M&A for EMEA, and the pace of acquisitions that support the country's strategic economic goals should pick up as China's concerns over the strength of its currency ease, he said.

of transactions in which the acquirer or target is a European company to \$322.6 billion despite a 3.6% decline in the number of deals over the same period, according to Dealogic. The total value level is the highest since 2008.

Still, any concerns of a raid by foreigners on big companies in Britain, Europe's most active M&A market, didn't seem to play out in the first quarter, Dealogic data suggest. Inbound activity measured by the number of deals rose about 10%, on a value basis while that deal making fell about 50%.

In the case of outbound deals, the number of transactions rose slightly, but the total value more than doubled, in large part driven by the pact by U.K. consumer group Reckitt to acquire Mead, a U.S. baby-food specialist.

Despite the sharp slowdown in M&A by China into Europe so far this year, the Asian giant's appetite for higher-end manufacturing and other expertise to help spur domestic consumption ensures that buyers will return, bankers predict, noting the capital controls are meant to be temporary. Some suggest activity could start to rally early next year, once China's power structure becomes clearer after the Communist Party congress in October.

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—Saabira Chaudhuri contributed to this article.

BUSINESS NEWS

France's Danone Puts Stonyfield Up for Sale

By NICK KOSTOV

Stonyfield, the organic yogurt company, is up for sale.

France's **Danone SA** said it has agreed to divest the U.S. business to clear the biggest antitrust hurdle in its proposed \$10.4-billion purchase of **WhiteWave Foods**.

The agreement in principle with the Justice Department—which had concerns about concentration in the dairy sector after the WhiteWave deal—could speed closing of that transaction, Danone said.

The company plans to sell Stonyfield in the months after the WhiteWave acquisition is completed, Danone said. Analysts say the firm could fetch between \$800 million and \$900 million, including debt.

Chief Executive Emmanuel Faber said selling Stonyfield would help Danone conclude the WhiteWave deal fast. "This is a good outcome as it addresses the DOJ's concerns and enables Danone to shortly begin to capture the benefits of the combination [with WhiteWave]," Mr. Faber said.

Founded in 1983, Stonyfield, which was one of the pioneers in tapping consumers' growing desire for simpler, more natural products, has grown to have yearly revenue of around \$370 million last year. Danone purchased a 40% stake in the company in 2001, and raised its share to 80% in 2004, which strengthened its position in the U.S. against Minneapolis-based competitor **General Mills Inc.**, maker of Yoplait yogurt. Since 2014, Danone has fully owned Stonyfield.

Danone shouldn't find it hard to find potential buyers, said Natixis analyst Pierre Tegnér. Stonyfield could appeal to companies that want to increase their portfolio in the fast-growing organic segment, he said.

New Glaxo CEO Steps Into the Fray

By DENISE ROLAND

LONDON—GlaxoSmithKline PLC's former chief executive bet big that bulking up on toothpaste, shampoo, over-the-counter painkillers and other health-related consumer goods would help anchor its risk-laden pharmaceuticals business.

Now it falls to Emma Walmsley, former head of the company's consumer-health division, to prove him right—or chart a fresh course. Ms. Walmsley succeeded Andrew Witty as CEO on Saturday.

For most of Mr. Witty's nine-year tenure, Glaxo notched lackluster growth while battling a string of patent expirations for its top-selling drugs. Between 2009 and 2015, its total shareholder return of 54% was well below the 180% returned by the S&P Global 1200 Health Care Index.

But Glaxo's prospects are brightening, aided by a \$20 billion deal signed in 2014 with Novartis AG that bolstered Glaxo's consumer-health and vaccines businesses

and trimmed the prescription-drug portfolio.

In 2016, Glaxo's core earnings climbed for the first time since 2007. Its shareholder return also has begun outpacing peers. From the start of 2016, the return is 32%, well above the sector average of 2.3%.

No one expects Ms. Walmsley to undo her predecessor's strategy. But now that it has started to bear fruit, investors are eager to see the new boss address a problem that many see as even more fundamental—improving the research productivity of Glaxo's giant pharmaceuticals division.

Ms. Walmsley's lack of drug-industry experience meant her appointment initially elicited a lukewarm reception from investors. She has recently addressed those concerns with the hiring of Luke Mels, a rising star at rival AstraZeneca PLC, to lead Glaxo's pharmaceuticals division.

"She got the best she can buy and brought him in," said Joe Walters, senior fund manager at Royal London Asset Management, which holds a 0.83% stake in Glaxo. "That's a sensible thing to do."

Pharmaceutical companies succeed or fail on the results of expensive clinical trials with uncertain outcomes. Even drugs that become blockbusters typically have just a few years of market exclusivity before their patents expire and cheap versions erode sales.

Glaxo's drug pipeline has weathered some recent high-profile failures, such as darapladib, a heart drug the company hoped would become a multibillion-dollar drug, and lung-cancer treatment MAGE-A3. These fizzles hurt Glaxo's efforts to replace revenue and earnings lost after patent protection lapsed for best-sellers.

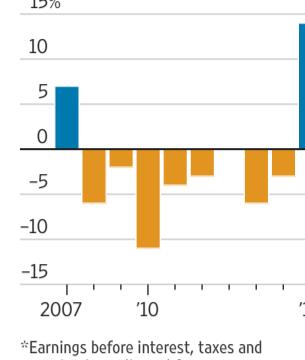
The Novartis deal was intended to reduce Glaxo's exposure to the boom-and-bust nature of pharmaceuticals. Consumer-health products and vaccines have lower research-and-development costs than prescription drugs and their commercial success isn't tied to patent life cycles.

Despite the reduced domi-

Core Growth

GlaxoSmithKline's core earnings rose last year for the first time since 2007.

Annual Ebita growth*



*Earnings before interest, taxes and amortization, adjusted for currency movements
Sources: the company; Barclays

nance of its pharmaceuticals division, Glaxo remains vulnerable to patent expirations. In February, it warned investors that the potential launch of a generic version of its best-selling inhaler Advair would scuttle earnings growth this year. But after that barrage of launches, Glaxo's late-stage pipeline is relatively bare. The company is planning to push some late-stage trials this year, hoping for another wave of new drugs between 2021 and 2025. A bevy of midstage clinical trials spanning rare diseases, cancer and respiratory disease are due to produce results in the coming year. One of Ms. Walmsley's most crucial tasks will be deciding which of those drugs to advance into expensive late-stage trials.

BUSINESS WATCH

BOX OFFICE

'Boss Baby' Scare 'Ghost' Film in Debut

"The Boss Baby," an animated comedy featuring Alec Baldwin as the voice of a petulant, pint-size executive, unexpectedly took the No. 1 spot at the box office this weekend with an estimated \$49 million in the U.S. and Canada.

Overseas grosses added an additional \$59 million to the DreamWorks Animation film's total gross.



'The Boss Baby' captured the No. 1 spot at the box office.

DOW CHEMICAL

Merger With DuPont Gets Pushed Back

Dow Chemical Co. and DuPont Co. again pushed back the completion of their merger, but said the deal remains on track as

DuPont pursues asset divestments to satisfy European regulators. The companies now expect the deal, which has been delayed by regulatory scrutiny, to close in August, rather than in the first half of the year. When first announced in December 2015, the pact was expected to

close in the second half of 2016.

U.S. antitrust regulators continue to review the deal. A Dow spokesman said Friday that the companies remain confident it will be approved.

The European Union's competition watchdog cleared the merger, conditioned on the sale of parts of DuPont's global pesticides business and associated research and development, as well as Dow's acid copolymers and ionomers business.

—Austen Hufford

TESLA

Car Maker Notches Best Quarter of Sales

Tesla Inc. on Sunday said its global sales rose 69% in the first quarter, its best quarter of sales yet, putting the auto maker on a

path to meet its goal of 50,000 deliveries in the first half of the year.

The Silicon Valley electric-car maker said it delivered roughly 25,000 vehicles—about 13,450 Model S sedans and about 11,550 Model X sport-utility vehicles—in the quarter, compared with a total of 14,820 a year earlier.

It was Tesla's best quarter of sales on record, topping the third quarter of 2016, when it delivered 24,500 vehicles, which helped the company post its second-ever profitable quarter.

The results should help fuel further investor confidence in Chief Executive Elon Musk as he works to bring out later this year a \$35,000 sedan called the Model 3. Tesla shares have risen about 30% this year.

—Tim Higgins

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Phone Giants Fan Rivalry

By TIMOTHY W. MARTIN
AND TRIPP MICKLE

It's shaping up to be a big year in the smartphone wars.

Samsung Electronics Co. fired the first shot last week with the unveiling of its newest flagship phone, the Galaxy S8, which won strong initial reviews. About six months down the road, **Apple** Inc. is set to launch a 10th-anniversary model of its iPhone, which analysts expect to be its most innovative handset in years.

The new devices are coming as the industry's boom times have faded. Brands in recent years have struggled to develop impressive new features, and consumers are holding on to their devices longer. Global sales growth has fizzled and most phone buyers stick with the brands they know, meaning Apple, Samsung and others generally have been competing for a relatively small share of consumers whose loyalties are up for grabs.

"There are fewer new customers and you're having to fight to get your customers to upgrade," said Jan Dawson, an independent technology analyst with Jackdaw Research.

But in 2017, several factors are creating a rare chance to siphon away—or lose—consumers.

Samsung's Galaxy S8 is an ambitious effort to recover from last year's battery fiasco, which led to a \$5 billion recall of three million Galaxy Note 7 phones and damaged consumer trust.

"The Galaxy S8 is our testament to regaining consumers' trust by redefining what's possible in safety and marks a new milestone in Samsung's smartphone legacy," a company spokeswoman said.

Apple is recovering from a slump of its own—it's stock price in February regained levels not seen in two years—and is aiming to overcome criticism that the iPhone 7, released last year, was but a modest improvement over its predecessor. Wall Street expects the 10th-anniversary iPhone to deliver major new features



Samsung unveiled its newest flagship smartphone, the Galaxy S8, last week in New York.

though with a price tag of \$1,000, an unusually high cost that carries risks. Samsung's Galaxy S8 will be sold for about \$750, with a larger version going for \$100 more.

Apple declined to comment on the iPhone speculation.

"This will likely be an unusually high year of switchers," said Wayne Lam, a principal analyst at market-research firm IHS Markit, partly because of the Galaxy S8's impressive design and the fact that the next iPhone won't be released until fall.

Meanwhile, smaller handset makers are gunning for the two giants, which together account for more than a third of global smartphone unit sales and an astounding 95% of the industry's profits, according to Strategy Analytics, a market-research firm.

Huawei Technologies Co., the Chinese company that aspires to overtake Samsung and Apple in market share by 2021, unveiled its own new high-end phone in February. And **Alphabet** Inc.'s unit Google—which developed the Android operating system that Samsung, Huawei and almost all other non-Apple phone makers use—is

now a bigger force in the market with the launch late last year of its Google-branded Pixel phone.

In the latest evidence of the industry's challenges, Huawei said Friday its profit growth slowed last year as margins fell and it invested more money in its consumer business. Meanwhile, Apple supplier **Foxconn Technology Group** posted its

Meanwhile, smaller handset makers are gunning for the two giants.

first annual revenue decline since going public in 1991, caused by a slump in iPhone sales.

In the U.S., the intense competition is occurring in a market that has become, in some ways, more rigid. A decade into the smartphone era, people are more loyal to their smartphones than nearly any other consumer product or purchase, researchers say.

Other markets are more

fluid, especially in China and India where price-sensitive consumers frequently jump brands. But the U.S. is the key battleground, because Americans, on average, fork over more for top-line gadgets.

Most U.S. consumers are settled either on the iPhone or on the Android system, where Samsung is the dominant player. Just 11% of Android users who bought a new device last year switched to an iPhone, according to market researcher Consumer Intelligence Research Partners LLC. Among Apple users, only 15% made the opposite move.

"It's easier to switch, but there's less motivation by consumers to do so," said Michael R. Levin, co-founder of Consumer Intelligence Research.

The shift of even a few percentage points of market share remains important, especially in a tech world speeding toward connected cars and home appliances and other devices that people access with their phones. Apple's share of U.S. smartphone shipments fell to 32.5% last year from 35.3% in 2015, while Samsung's grew to 25.7% from 23.6%, according to Strategy Analytics.

MIMS

Continued from page B1
early-2016 launch that it would raise rents by 5% on average.

Mr. Lubinsky has since changed his pitch, in part because he was wrong. Tenants on Rentberry have actually saved 5.1% on rent compared with what landlords asked, Mr. Lubinsky now says, based on calculations across all transactions on Rentberry's site, in the 10 cities where Rentberry has been active to date.

These savings were possible because Rentberry allows tenants to make offers that are lower or higher than the posted rent. It probably helps that, nationwide, there's an oversupply of apartments, says Toby Bozzuto, chief executive of the Bozzuto Group, which manages 60,000 apartments in the U.S.

Rentberry plans eventually to charge, every month, 25% of the difference between the posted and negotiated rent. Whoever got the better deal—landlord or tenant—pays the fee. It currently charges a one-time \$25 fee for every completed rental transaction.

Biddwell works almost the same way, although it uses a blind auction instead of an open one. It's a much smaller startup, with just 500 apartments, condos and homes across four Canadian cities so far. It expects to launch in the U.S. by early summer, according to co-founder and chief executive Jordan Lewis.

Early on, Vancouver's mayor, Gregor Robertson, expressed concern that Biddwell would unfairly affect housing prices. The startup has since met with members of the mayor's team to argue that this won't happen, Mr. Lewis says.

There's no economic reason why sites that allow people to bid on rentals would necessarily drive up prices. Bidding, says Sara Ellison, an economist at MIT, is actually good for markets where there isn't much information about the price of an item. That could be true for a rental property where there are few potential tenants, say in a rural area.

But in big cities, thanks to existing property listing sites,

bidding might not matter. There's already plenty of data landlords and tenants can use to determine fair-market rent, says Matthew Backus, a Columbia University economist. To see how this has played out in other markets, look at eBay, which transformed from an auction site to a market where most transactions are fixed-price sales. Auctions, after all, take time... and create stress.

Giving landlords the ability to auction off rental properties is solving the wrong problem, argues Anthemos Georgiades, chief executive of Zumper.

His company tried rental auctions but found landlords cared more about getting good tenants and filling vacancies quickly than about extracting the most rent.

Here, the essential difference between home sales and property rentals becomes apparent: With one, buyer and seller part ways; with the other, the two parties have to maintain a relationship.

Zumper is distancing itself from the stress and confrontation of haggling, Mr. Georgiades adds. The site currently offers an Instant Apply feature, which allows tenants to be prescreened so that landlords don't have to duplicate one another's efforts in running background checks.

The real revolution here is potentially that Zumper, Rentberry and Biddwell—along with property-management startups such as Cozy—automate much of the rental process, from credit checks to booking meetings between tenant and landlord.

This was the part of the service that mattered most for Shaunte Cruse, who used Rentberry to find a tenant for her sole rental property in Salem, Ore.

While 4 out of the 15 applicants who went through Rentberry offered her more rent than she was asking for, in the end she settled on one willing to pay her initial price. "They happened to be the people with the best credit," she says.

As for skyrocketing rents in America's hottest markets, there appears to be no technology yet built that can affect what are, after all, the results of supply, demand and perhaps a dash of irrational exuberance.

Snapchat Adds Search Tool for Stories

By GEORGIA WELLS

and ones Snapchat served up to them.

It is the first major change to the Snapchat app since parent company **Snap Inc.** went public in early March. Going

public has exposed Snap to more scrutiny of its user and revenue numbers—and increased investor pressure to improve both. Snap identified sustaining user growth as one of its biggest risks.

Snapchat has become popular by allowing users to share photos and videos in personal messages and among small groups, rather than the wide broadcasting that made **Twitter**

Inc. and **Facebook** Inc. popular. That one-to-one messaging drives the frequency with which users visit, according to Cowen & Co. analyst John Blackledge.

But the one-to-many communication that Snap is pushing with its Stories feature is a key driver of time spent on its platform, says Mr. Blackledge.

Snap has pushed the amount of time Snapchat users spend on the social network as a key metric of its reach, as opposed to the active user metric that Facebook and Twitter rely on.

Snap says users spend an average of 25 to 30 minutes daily

on the app.

Allowing searches on Stories could get users to hang around in the app longer. The new search tool, which is rolling out Friday in certain cities, will only display content that users submit to "Our Story" on Snapchat.

Search has been a significant host for advertising for other companies, such as **Alphabet** Inc.'s Google and Twitter, earning money by displaying sponsored results alongside organic search results. Snapchat isn't currently putting ads in the display results and declined to say if it would.

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MARKETS REVIEW & OUTLOOK | FIRST QUARTER

Chinese Firms Go Abroad to Sell Bonds

Beijing's curbs on capital outflows send domestic companies overseas to raise cash

BY RACHEL ROSENTHAL

Chinese companies struggling to get their money out of the country have come up with an alternative: raise money overseas.

Chinese firms have issued some \$52.6 billion worth of U.S. dollar bonds in the first quarter, up 72% from the previous three months, according to Dealogic, and nearly five times the amount from the first quarter of 2016.

The surge has come as Beijing has tightened curbs on capital outflows, making it harder for Chinese companies to use their yuan earned domestically overseas. Those companies looking to make acquisitions abroad, or even just pay back existing dollar debt, are increasingly turning



China Evergrande Group sold dollar bonds in the first quarter.

to the U.S. dollar markets to raise funds.

"If a company is considering an overseas acquisition and looking for financing, even if it is sitting on billions of [yuan] onshore, it may struggle to transfer [that money] offshore to pay for

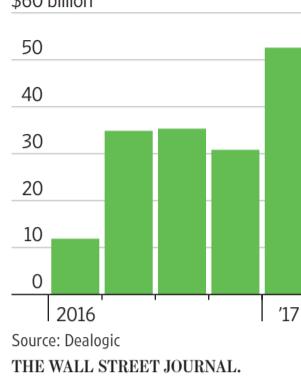
it," said David Yim, head of debt capital markets for Greater China at **Standard Chartered** in Hong Kong.

Some bankers say much of the demand for Chinese dollar bonds is coming from Chinese investors who have stowed money overseas. The pent-up

Dollar Drive

Chinese companies have rushed to issue dollar bonds this year.

Value of China's dollar-denominated bonds issued



Source: Dealogic

THE WALL STREET JOURNAL.

relative to investment grade, so the compensation isn't a good one," said Andy Seaman, London-based chief investment officer at Stratton Street Capital, which manages \$1.3 billion of assets.

Some Chinese companies are tapping the dollar debt market because Beijing officials are curbing fundraising at home in certain overheated sectors such as real estate—a reversal from the past couple of years, when regulators made it cheap and easy for such borrowers to get funding. Domestic bond issuance in the first quarter fell 64% from a year ago to \$91 billion, according to Dealogic.

In mid-March, one of China's largest and most indebted property developers,

China Evergrande Group, priced three dollar bonds in Hong Kong within a week for a total of \$2.5 billion, which the company says it will use to refinance existing debt.

Evergrande's latest issues include a \$500 million, three-

year bond with a 7% coupon; a \$1 billion, five-year bond with an 8.25% coupon; and a \$1 billion, seven-year bond with a 9.5% coupon. While those yields look "punchy," they are still too low considering Evergrande's junk rating, said Rick Mattila, international head of market strategy at MUFG Securities Asia Ltd. in Hong Kong. An Evergrande spokeswoman declined to comment.

In the near term, the yuan's rise against the dollar will make it easier to pay back dollar debt: The yuan is up 0.9% this year versus the greenback after sliding 6.6% in 2016. Longer term, however, the outlook is less certain, bankers say.

Some bankers say the fact that more than half of the first quarter's dollar issuance by Chinese companies has come from financial institutions could herald a rise in deal activity; banks need dollars to lend out to companies that are buying dollar assets.

Bargain-Hunting Investors Favor Emerging Markets

BY IRA IOSEBASHVILI

Investors are once again piling into emerging markets, drawn by an improving global economic outlook and favorable stock valuations.

The MSCI Emerging Markets stock index rose to a nearly two-year high in March, led by rallies in China, Korea and India. The Mexican peso is within striking distance of its biggest monthly gain in more than two decades, while the South African rand, Russian ruble and Brazilian real are up 30% or more against the dollar from their lows of 2016. Some \$30 billion flowed into emerging-market assets in March, the biggest inflows since January 2015, according to the Institute of International Finance.

Even following those gains, many investors believe developing markets promise potentially better returns than the U.S., where a postelection rally has driven the Dow industrials and other major indexes to new highs and pushed price/earnings ratios further above their long-run averages.

Emerging-market stocks are trading at a 26% discount to those in developed markets, based on estimated earnings over the next 12 months, analysts at UBS Wealth Management said. The average discount over the past 10 years has been 17%.

"Emerging markets are one of the few places in the world where valuations still look cheap," said Ryan Caldwell, chief investment officer at Chiron Investment Management.

Marquee Deals Reinvigorate IPO Area

BY CORRIE DRIEBUSCH

The IPO market is finally showing signs of a sustained revival.

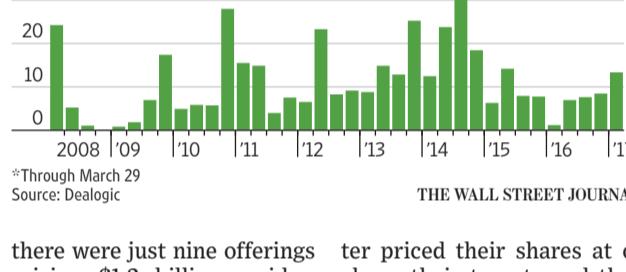
The number and dollar value of U.S. initial public offerings ballooned in the first quarter, while investor demand for the new shares was robust. That bodes well for a market that has languished in recent years as technology startups and others opted for private funding.

There were 29 IPOs in the quarter, raising about \$13.3 billion through Wednesday, according to Dealogic, as the rising stock market emboldened companies contemplating offerings. While that is broadly in line with the typical quarter in the past decade, it is up dramatically from the year-earlier period, when

Comeback

U.S. IPO listings in the first three months of the year raised the most money since the second quarter of 2015.

Deal value, quarterly



*Through March 29

Source: Dealogic

there were just nine offerings raising \$1.2 billion amid a global stock-market rout. It is also the most money raised since the second quarter of 2015.

Most companies making their debuts in the first quar-

ter priced their shares at or above their targets and then enjoyed a post-IPO bump. The group rose by an average of 12% through Wednesday, more than the 5.5% gain for the S&P 500 in the period.

The biggest U.S. IPO in the

quarter—and the biggest tech debut since 2014—was that of **Snap Inc.**, owner of the disappearing-message app Snapchat. Snap sold shares at \$17 apiece, above the range of \$14 to \$16 it had targeted. The stock surged when it began trading, and though it has retreated from its high, still closed at \$22.53 Friday—giving the five-year-old company a market value of about \$26 billion, according to FactSet.

The IPO market's rebound was broad-based, too: There were tech companies, such as Snap and enterprise-software provider **MuleSoft Inc.**; energy concerns including Keane Group Inc.; and real-estate investment trusts like Blackstone Group LP's **Invitation Homes Inc.**

—Maureen Farrell contributed to this article.

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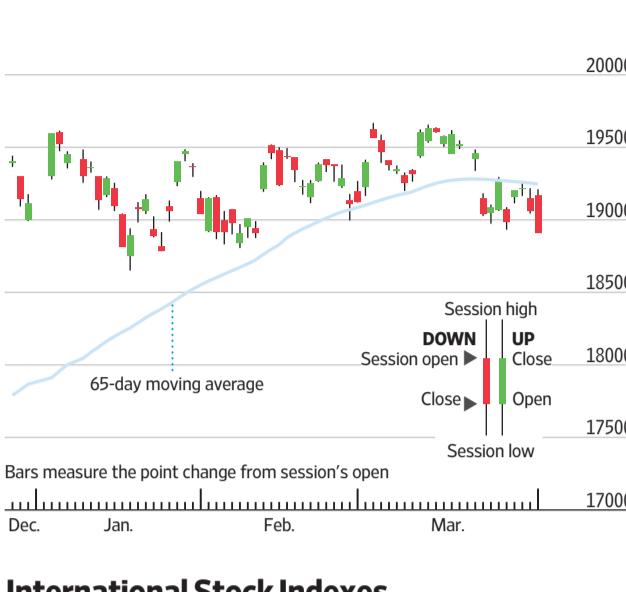
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MARKETS DIGEST

Data as of Friday, March 31, 2017

Nikkei 225 Index**18909.26** ▼153.96, or 0.81%

High, low, open and close for each trading day of the past three months.

Year-to-date
52-wk high/low
All-time high19633.75 14952.02
38915.87 12/29/89**STOXX 600 Index****381.14** ▲0.68, or 0.18%

High, low, open and close for each trading day of the past three months.

Year-to-date

52-wk high/low

All-time high

381.14 308.75

414.06 4/15/15

Close

Open

Close

Open

Session high

Session open

DOWN

UP

Close

Open

Session low

Session high

Session open

DOWN

UP

Close

Open

FINANCE & MARKETS

Atlas Mara Plans More Cuts

BY MARGOT PATRICK

LONDON—Atlas Mara Ltd. burned through \$100 million of equity last year on weaker African currencies, marking the latest setback for the listed Africa banking business co-founded by former **Barclays** PLC Chief Executive Bob Diamond.

The company said it would close its Johannesburg office and scale back in Dubai as part of a cost-cutting drive that forced out its chief executive in February. Net profit in 2016 fell to \$8.4 million from \$11.3 million, and equity in the company sank to \$526.1 million from \$625.5 million. Atlas Mara recently raised \$13.5 million in fresh equity to invest in its financial-technology and markets businesses.

Mr. Diamond co-founded Atlas Mara with entrepreneur Ashish Thakkar in 2013 to modernize and consolidate banks across sub-Saharan Africa. Backed by U.S. mutual-fund managers, it raised \$625 million and bought banks or stakes in banks in seven countries, including Botswana and Zambia.



Co-founder Bob Diamond aims to shave \$20 million in costs.

But a commodities downturn and weak African currencies hindered its plans to keep raising equity to expand, and its stock has fallen 79% since the December 2013 IPO.

Mr. Diamond in an interview Friday said the company is on track to meet a target set last year to shave \$20 million in costs from the business, including by cutting jobs in the Dubai office that until recently served as Atlas Mara's headquarters. The firm's former CEO John Vitalo left abruptly

in February and other top executives are also leaving.

Mr. Diamond said Atlas Mara's banking operations will be run from Botswana by retail and commercial banking head Sanjeev Anand, while a markets and treasury arm and the group's financial-technology unit will continue operating from Dubai. Mr. Diamond has acted as Atlas Mara's chairman since former Chairman Arnold Ekpe left in December.

The biggest drain on the

group was from the 50% fall in the Nigerian naira against the dollar last year, reducing the value of Atlas Mara's 31.15% stake in **Union Bank of Nigeria**. Bad loans across the group were flat on the year at 13.3% of total loans, from 13.5% in 2015. A large chunk of the bad debt is in Zimbabwe, where some of the largest loans are now being dealt with through remediation or transfer to a state-owned investment company.

Mr. Diamond said Atlas Mara should be able to double earnings this year to \$17 million even if economic growth and currency rates in its markets don't improve. "In less than three years we've acquired nine banks in seven countries, and we're poised for more growth," he said. "The share price is low but it reflects the investment in Nigeria more than anything else."

Some shareholders have opted to cash out rather than ride out the tough conditions, with filings showing share sales by longtime holders Janus Capital Management LLC and Clough Capital Partners LP.

Credit Suisse Is Asked About Client Tax Issues

BY BRIAN BLACKSTONE

ZURICH—**Credit Suisse Group** AG offices in three European countries were targeted by authorities in a tax investigation, a fresh headache for the Swiss lender just months after it agreed to pay billions of dollars to resolve a major legal case with the U.S.

The bank said on Friday that local authorities were in contact with its offices in London, Paris and Amsterdam.

The Dutch financial-fraud prosecutor said it is investigating dozens of people and had seized jewelry, artwork and a gold bar from homes in the Netherlands as part of its probe. It didn't specify any bank as part of the investigation.

Credit Suisse didn't provide details of the nature of the contact, though the bank said in a statement that it "continues to follow a strategy of full client tax compliance."

In the Dutch investigation, the prosecutor for financial fraud, FIOD, said it is investigating dozens of people who are "alleged to have concealed

many millions of euros from the authorities by placing them in Swiss bank accounts." Investigations are also going on in Australia, Germany, the U.K. and France. It said it has acquired information about thousands of account holders and more operations would be carried out in the weeks ahead.

The action angered Swiss authorities, who weren't consulted. The attorney general's office said it is "concerned that Switzerland was specifically excluded when this operation was organized" and that it "expects a written explanation from the responsible Dutch authorities, and is considering what further action needs to be taken."

Meanwhile, the U.K. tax authority, **HM Revenue and Customs**, said it opened a criminal investigation, jointly with other countries, into "suspected tax evasion and money laundering by a global financial institution and certain of its employees." The HMRC also didn't name the bank.

—Jenny Strasburg in London contributed to this article.

Glencore Sheds an Asset

BY SCOTT PATTERSON

Glencore PLC, one of the world's biggest oil traders, has agreed to sell a majority stake in its petroleum-products-storage and logistics business for \$775 million in cash to Chinese conglomerate HNA Group.

The move comes as China's demand for oil storage increases amid rising consumption by its expanding urban population. China is the world's second-largest oil consumer, behind the U.S.

HNA Group will purchase a 51% stake in the petroleum business, which will be called HG Storage International Ltd. The deal is subject to regula-

tory approvals and is expected to close in the second half of 2017.

Switzerland-based Glencore said the joint venture would

Chinese group HNA will buy 51% of the trader's oil-products storage operations.

be present in major trading hubs around the world, including in Europe, Africa and North and South America.

The deal appears to allow Glencore traders to continue

to benefit from market insights garnered from the company's having an oil storage business, while adding to Glencore's cash pile.

The company is still trying to cut debt as it looks to reinstate its dividend and scans the market for potential investments.

In March, Glencore entered an agreement to sell stakes in a pair of zinc mines for \$400 million.

HNA Group, owned by Chinese tycoon Chen Feng, is a Chinese conglomerate with assets spanning hotel chains, supermarkets and shipping firms. HNA acquired a sizable stake in Germany's troubled Deutsche Bank in February.

FINANCE WATCH

SOYBEANS

U.S. Farmers Are Set To Sow Record Crop

U.S. farmers are expected to plant more soybeans than ever this year, adding to a global glut

that is weighing on prices.

Soybean futures closed near a six-month low on Friday after the U.S. Department of Agriculture forecast that nearly 90 million acres of the crop will be planted across the country this year, a roughly 7% increase from 2016.

On top of a record harvest from producers in Brazil and Argentina, traders are betting huge global stockpiles of the oilseed, as well as of corn and wheat, will continue to grow.

—Benjamin Parkin and Jesse Newman

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Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866	NAV						
Fax No: 65-6835 8865, Website: www.cam.com.sg , Email: cam@cam.com.sg							
CAM-GTF Limited							
OT OT MUS 03/24 USD 310782.95	2.6	7.3	-2.1				

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Two Big Guns, One Huge Challenge

CBOE's Tilly and Bats' Concannon aim to unify exchanges amid an industry in flux

By GUNJAN BANERJI

The unlikely deal combining **CBOE Holdings** Inc. and Bats Global Markets Inc., which closed in February, puts two industry heavyweights at the top of one enterprise.

The two men—Chief Executive Edward Tilly, a trader who ascended the ranks at CBOE, and Chris Concannon, a market-structure veteran with experience in regulation and high-frequency trading—will need to forge success at the newly created \$9 billion exchange operator, as lackluster trading in options dogs the industry and rising share prices have depressed volatility to historic lows.

The purchase of Bats is a victory for Mr. Tilly, 53 years old, who became CBOE's chief in 2013 and remains CEO and chairman of the combined company. Rumors that CBOE would be the target of an acquisition by a bigger exchange had circulated for years. Mr. Tilly will work with Mr. Concannon, 49, the former head of Bats and now president and chief operating officer of CBOE, to unite the two companies.

Their chief challenges, analysts say, are to integrate the two exchanges' technologies and fight for market share in the hypercompetitive industry. CBOE, the biggest U.S. options platform by volume, issued \$1.65 billion in debt to purchase Bats. An Evercore ISI analyst in October called the merged company “one of the most levered entities to volume and volatility.” The company also estimated \$50 million in cost savings within three years.

The two executives aim to continue expanding globally



Edward Tilly, left, and Chris Concannon will need to integrate the two exchanges' technologies.

and increase CBOE's business with exchange-traded funds by leveraging its relationships with index providers.

Throughout his career, Mr. Tilly helped cultivate CBOE's golden goose, the CBOE Volatility Index, known as the VIX. It is a widely watched measure of market anxiety that the exchange has promoted. CBOE's exclusive rights to the use of the VIX and the S&P 500 in trading contracts have proved to be two of its most lucrative advantages.

But Mr. Tilly also has seen the CBOE floor dwindle from 4,500 people to 440 in 2017, and at various times has had to reposition the four-decade-old company for the future. Acquiring the younger, leaner Bats, also known for its superior technology, is the latest example. “We saw a disrupter coming in and changing the industry,” Mr. Tilly said.

The two men first met at a breakfast meeting more than 10 years ago. Mr. Tilly has a statistically minded focus on product, while Mr. Concannon

is known for his operational expertise.

“Ed is a math whiz and I know the law,” Mr. Concannon said.

Mr. Tilly is a Chicago-area native who joined CBOE straight out of Northwestern University. He responded to a recruitment notice unsure

Mr. Tilly has a focus on product, while Mr. Concannon is known for operational skills.

about what the exchange exactly did at the time. He started as a clerk, then became a trader and a member. On the trading floor, Mr. Tilly put the letters “ETT” onto his badge, his initials, and a handy nickname for traders to use in the loud trading pits.

Mr. Tilly flourished in a rowdy environment, despite his calm demeanor. His former

boss and mentor, Bill Brodsky, describes him as unflappable, a disciplined trader who understood the politics necessary to get things done.

He led CBOE through a transformation into a hybrid system in which orders could be executed electronically and via open outcry.

He coaxed reluctant traders to adapt at a time when CBOE was losing market share to rival International Securities Exchange, according to Mr. Brodsky.

“He saw the handwriting on the wall, that the floors were not going to keep running the way they had,” Mr. Brodsky said. The two preserved the company amid rapidly changing market structure and ever fiercer competition, he said.

While Mr. Tilly is a CBOE lifer, Mr. Concannon started his career as an attorney at the Securities and Exchange Commission.

A Long Island native who likes to read and surf, Mr. Concannon was a cornerback on Catholic University's foot-

ball team before getting business and law degrees.

While at law school, Mr. Concannon wrote about payment for order flow, a controversial practice in which retail brokerage firms steer client orders to market makers in exchange for compensation.

He concluded back in 1994 there was no way to ban the practice but that the SEC should require firms to disclose when they collected payments.

“I still feel the same way,” Mr. Concannon said. The SEC eventually mandated that brokerages disclose when they funnel orders elsewhere and receive compensation.

In his final letter as Bats CEO in February, Mr. Concannon predicted that Regulation National Market System, the SEC rules meant to ensure orders are carried out at the best price available, will come under review and that 2017 should be a banner year for initial public offerings.

After working at Island, an early electronic trading network, and Nasdaq Inc., where he helped scoop up stock exchanges in Philadelphia and Boston as well as Instinet Clearing Services Inc., Mr. Concannon landed at **Virtu Financial** Inc. in 2009, joining Doug Cifu, now chief executive of the New York-based high-frequency trading firm.

Back then, Virtu was a scrappy startup, and when an office dishwasher taken from Mr. Cifu's home in New Jersey was left neglected, Mr. Cifu recounts how Mr. Concannon—who once worked as a plumber—removed his suit jacket, grabbed a wrench and installed the dishwasher.

The merger's success rests on how adaptable the two leaders are, said Richard Repetto, an analyst at Sandler O'Neill + Partners LP who has covered exchanges for over a decade.

“Together, they will take the best attributes of these exchanges and move it forward,” he said.

Bearish Hedge Funds Lift Yellow Flag

By LAURENCE FLETCHER

Some hedge funds stand to profit as the rally that followed the election of Donald Trump as U.S. president fades.

A number of hedge-fund managers have grown concerned that central bank stimulus has pushed stock prices too high, and that prices remain elevated despite a recent correction. That leaves stocks vulnerable to political risks in Europe, such as Brexit or elections across Europe, or rising U.S. interest rates.

“Financial assets are in a bubble that has been inflated by central banks,” wrote Tim Bond and Dipankar Shewaram, fund managers at London-based **Odey Asset Management**, which runs \$6.8 billion in assets, in a recent letter to investors reviewed by The Wall Street Journal.

Their fund has large bets on falling European and U.K. stocks, with a particularly large position on a sell-off in North America, according to the letter.

Over the eight years of the current bull market, betting on falling stocks, one of the methods typically favored by hedge funds, has often proved costly.

One sign of recent rising caution is interest from some fund firms in opening so-called tail-risk funds—portfolios designed to profit from rare events such as huge market sell-offs. These funds became popular in the wake of the credit crisis, but many have lost money and investors as markets have risen.

Paris-based La Française Investment Solutions recently has opened up its internal tail-risk fund, which aims to profit from big spikes upward in market volatility, which tend to accompany sell-offs, to external investors.

HEARD ON THE STREET

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Returns Disappoint At YouTube

Google's embattled YouTube business could use all the friends it can get these days. In the music industry, it may need to buy some.

YouTube, owned by parent company **Alphabet**, has long been a major music destination. A survey by RBC Capital last year found it was the most widely used service for music listening, outranking CDs, radio and paid-streaming outfits like **Spotify**. But most of that is free to listeners, so the money generated comes from ads YouTube sells. The music industry has long griped that the returns are insufficient relative to YouTube's size.

They may have a point. According to new data from the Recording Industry Association of America, revenue generated from on-demand, ad-supported services that include YouTube totaled \$469 million last year. While that is up 26% from the previous year, it ranks well below many other sources, even declining ones.

YouTube at one time could argue that its service was better considered as a promotional tool, allowing users to try music they may eventually buy. But that argument holds less weight today as the music business has shifted to one in which listeners pay more for access than for specific songs.

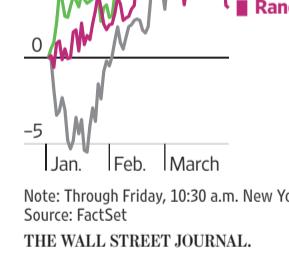
According to the RIAA, combined revenue from paid digital downloads and physical music sales was \$3.5 billion last year, down 19% from the year before and falling below total revenue for streaming services for the first time. That makes YouTube look like just another stream, which may require Google paying more to stay tuned in.

—Dan Gallagher

An Opportunity in South Africa

Rand Reversal

Performance against U.S. dollar



South Africa's Finance Minister Malusi Gigaba

Reversals in emerging markets come at you fast. Just look at the South African rand, which has plummeted as a political crisis has deepened, leading to the overnight firing of Finance Minister Pravin Gordhan along with 19 other ministers and deputy ministers. South Africa looks now at risk of losing its investment-grade ratings. But that may end up being a buying opportunity in disguise.

Until very recently, South Africa was a great trade for investors. By March 24, the rand had risen more than 10% against the dollar and the 10-year government bond yield had fallen by close to 0.5 percentage point since the start of the year, helped by a benign market reaction to rising U.S. interest rates. But both have gone into sharp reverse; the rand has fallen 7% from its peak.

President Jacob Zuma's decision to fire Mr. Gordhan and replace him with an ally,

Malusi Gigaba, echoes a storm in December 2015, when South Africa had three finance ministers within a week. Mr. Gordhan took the helm then as a figure able to maintain the trust of international investors. But back then, emerging markets were deeply unloved.

Times have changed:

South Africa has been a pop-

ular high-yielding destination, helped by some stabilization in its economy. The current-account deficit, a particular source of concern for investors in the past, narrowed to 3.3% of gross domestic product in 2016 from a 2013 peak of 5.9%.

Growth is finally expected to turn upward, albeit at an anemic pace of 0.8% this

year and 1.6% next, according to International Monetary Fund forecasts.

Investors had been increasing bets on bonds and cutting back exchange-rate hedges in recent weeks, J.P. Morgan analysts note. That raises the risk of a sharp pullback as investors head for the exit.

The political storm means the country may now lose its investment-grade credit ratings from Standard & Poor's and Fitch, which could force South Africa out of key bond indexes and cause some investors to sell. Both firms have fingered political risk as a potentially decisive factor in their outlook.

Downgrades, however, could act as a catalyst for buying if the political dust settles, and the lure of high yields remains a powerful one. If South Africa's economy isn't damaged too much by political turmoil, the current crisis may be an entry point.

—Richard Barley

OVERHEARD

Another year, another disappointment for investors.

Stock investors underperformed the market again last year, according to financial-research firm Dalbar. Its study released Friday found the average investor in U.S. stock mutual funds earned 7.3% last year, sharply lagging behind the S&P 500's 12% total return.

The good news is that spread improved from the past three and five years, when investors underperformed annually by 5.5 and 4.8 percentage points, respectively, according to Boston-based Dalbar, which has published this study annually since 1994.

Dalbar's methodology has been criticized for overstating how much investors lag behind the market.

Even if that is the case, though, other studies have confirmed that investors typically fall behind the market. Maybe next year.

For Retailers, Consistent Results Are in Fashion This Year



BRENDAN McDERMID/REUTERS

Most investors will pay a premium for growth. In the volatile world of retail stocks, many are increasingly willing to pay up for consistency too.

Before their 23% tumble last Thursday on downbeat guidance, shares of **Lululemon Athletica** fetched 26 times forward earnings estimates. That reflected expectations that sales would climb an impressive 16% this fiscal year. Now the athletic-wear maker's sales are only expected to grow 9%, yet its multiple still stands at 22 times.

For a similar multiple of 21 times investors could have owned shares of off-price retailer **Ross Stores**.

Its sales are only expected to climb 7%, but there is little

abandon these bastions of relative safety than other retailers' shares.

“You're not looking at the multiple like you used to,” said Instinet analyst Simeon Siegel. “You are looking for the peace of mind that comes with not having to worry about a double-digit decline.”

Among those that Mr. Siegel puts in that camp are Ross and its off-price rival TJX Cos., as well as home improvement stores **Home Depot** and Lowe's. Apart from Lowe's, all trade at 20 times or higher, despite expected sales growth of only 5% to 7%.

Ross and TJX have benefited from the weakness at department stores, which has given them access to

higher-quality merchandise. The retailers' constantly changing assortment, which shoppers dig through to find gems, also helps them avoid margin eroding e-commerce sales.

While both companies' shares have underperformed the S&P 500 over the past year, they have more than doubled over the past five. Neither has reported a quarterly same-store sales decline since the end of fiscal 2009.

The story is similar for Home Depot and Lowe's, which sell goods that often require a trip to a store, making them more immune than most retailers to competition from Amazon.com. Home Depot's shares have nearly tripled over the past five years, while Lowe's

shares have more than doubled. Home Depot hasn't had a same-store sales decline in more than six years and Lowe's hasn't for over three.

Investors are growing fonder of consistency. Forward multiples for Ross, TJX and Home Depot are well above their five-year averages and have been so for much of the past two years. Lowe's, where performance has lagged behind a bit, trades just below its five-year average.

This premium versus the rest of retail could widen as the movement of sales online continue to take their course.

For jittery retail investors, these steady stocks may be a panacea.

—Miriam Gottfried